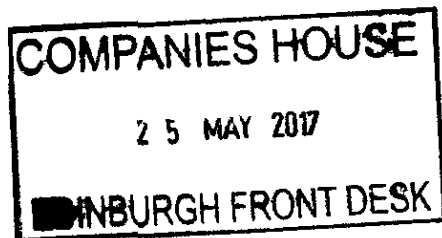


BITWISE GROUP LIMITED

Company registration number SC164481

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



BITWISE GROUP LIMITED

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BITWISE GROUP LIMITED

COMPANY INFORMATION

Directors	P C McWhirter A McWhirter J B Clarke
Company secretary	CCW Secretaries Limited
Registered number	SC164481
Registered office	Crescent House Carnegie Campus Dunfermline KY11 8GR
Independent auditor	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	Clydesdale Bank plc 19 Stuart Street East Kilbride G74 4NF
Solicitors	CCW LLP Crescent House Carnegie Campus Dunfermline KY11 8GR

BITWISE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the company's financial statements 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.

Directors

The directors who served during the year were:

P C McWhirter
A McWhirter
J B Clarke

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BITWISE GROUP LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies within part 15 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



P C McWhirter
Director

Date: 15/5/2017

BITWISE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITWISE GROUP LIMITED

We have audited the financial statements of Bitwise Group Limited for the year ended 31 December 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 20 of the financial statements.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit or loss 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

BITWISE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITWISE GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemptions from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Michael Harkness

Michael Harkness (Senior Statutory Auditor)
for and on behalf of
Scott-Moncrieff, Chartered Accountants
Statutory Auditor
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Date: *15 May 2017*

BITWISE GROUP LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	5	99,818	141,706
Gross profit		99,818	141,706
Administrative expenses		(12,086)	(43,726)
Operating profit		87,732	97,980
Interest receivable and similar income		-	11,536
Interest payable and expenses		(5,235)	(14,665)
Profit on ordinary activities before taxation		82,497	94,851
Taxation on profit on ordinary activities	9	(13,031)	(16,284)
Profit for the financial year		69,466	78,567
Retained earnings at the beginning of the year		1,171,601	1,993,034
		1,171,601	1,993,034
Profit for the financial year		69,466	78,567
Dividends declared and paid		-	(900,000)
Retained earnings at the end of the year		1,241,067	1,171,601

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 21 form part of these financial statements.

BITWISE GROUP LIMITED
REGISTERED NUMBER: SC164481

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	-	13,448
Investments		25,000	-
Investment property		814,328	814,328
		<u>839,328</u>	<u>827,776</u>
Current assets			
Debtors	13	250,590	622,413
Current asset investments	14	152,303	-
Cash at bank and in hand		209,992	75,138
		<u>612,885</u>	<u>697,551</u>
Creditors: amounts falling due within one year	15	(129,654)	(170,647)
Net current assets		<u>483,231</u>	<u>526,904</u>
Total assets less current liabilities		<u>1,322,559</u>	<u>1,354,680</u>
Creditors: amounts falling due after more than one year	16	(81,392)	(182,979)
Net assets		<u><u>1,241,167</u></u>	<u><u>1,171,701</u></u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account		1,241,067	1,171,601
		<u><u>1,241,167</u></u>	<u><u>1,171,701</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P C McWhirter
Director

Date: 16/5/2017

The notes on pages 8 to 21 form part of these financial statements.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

The financial statements are presented in Pounds Sterling (GBP) as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 December 2016.

The continuing activity of Bitwise Group Limited is property rental.

Bitwise Group Limited is a private company limited by shares incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The company registration number is SC164481.

2. Statement of compliance

The financial statements of Bitwise Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) (FRS 102) and the Companies Act 2006. The company's date of transition to FRS 102 is 1 January 2015.

Before the year ended 31 December 2016 the financial statements were prepared in accordance with UK GAAP, the accounting standard applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council, and referred to below as 'previous UK GAAP'.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under FRS 102.

Information on the impact of first-time adoption to FRS102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Associates

Associates are held at cost less impairment.

3.3 Going concern

The directors of the company are of the opinion that the company can meet its obligations as they fall due for the foreseeable future and as a consequence have prepared the financial statements on a going concern basis.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (continued)

3.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings when received.

3.6 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Accounting policies (continued)

3.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within administrative expenses. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within administrative expenses.

3.8 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

3.9 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (continued)

3.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Motor vehicles	- 20% - 33% straight line
Fixtures and fittings	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

3.10 Investment property

Investment property is measured at cost at initial recognition and subsequently measured at fair value at each reporting date with changes in fair value recognised in the Statement of Income and Retained Earnings.

3.11 Valuation of investments

Investments are measured at cost less accumulated impairment.

3.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.14 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (continued)

3.14 Financial instruments (continued)

market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

3.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.16 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.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates which have been deemed appropriate for the class of asset, and the directors' assessment of the fair value of investment properties.

5. Turnover

All turnover arose within the United Kingdom and it attributable to the principal activity of the company.

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets owned by the company	-	30,718
Profit/loss on sale of tangible assets	(16,567)	(38,016)

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	1,655	2,650
Fees payable to the company's auditor in respect of: All other non-audit services	8,945	3,640

8. Employees

The company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	12,547	16,284
Adjustments in respect of previous periods	484	-
	13,031	16,284
Total current tax	13,031	16,284

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	82,497	94,851
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	16,499	13,607
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	932
Adjustments to tax charge in respect of prior periods	484	(360)
Other differences leading to a (decrease)/increase in the tax charge	(75)	912
Deferred tax not recognised	(3,877)	(4,404)
Ineligible depreciation	-	5,597
Total tax charge for the year	13,031	16,284

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Tangible fixed assets

	Motor vehicles £
Cost	
At 1 January 2016	92,059
Disposals	(92,059)
At 31 December 2016	-
At 1 January 2016	78,611
Disposals	(78,611)
At 31 December 2016	-
Net book value	
At 31 December 2016	-
At 31 December 2015	13,448

11. Fixed asset investments

	Investments in associates £
Cost or valuation	
Additions	25,000
At 31 December 2016	25,000
Net book value	
At 31 December 2016	25,000
At 31 December 2015	-

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Fixed asset investments (continued)

Participating interests

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
KDM Enterprises Limited	Scotland	Ordinary	50%	Business support service activities

12. Investment property

	Freehold investment property £
Valuation	
At 1 January 2016	814,328
At 31 December 2016	814,328

The value of investment properties represents their initial cost; the directors are of the opinion that this is not materially different to the fair value as at 31 December 2014, 2015 and 2016.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	814,328	-
	814,328	-

13. Debtors

	2016 £	2015 £
Trade debtors	-	28,000
Amounts owed by group and other undertakings	250,590	593,737
Other debtors	-	676
	250,590	622,413

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Current asset investments

	2016	2015
	£	£
Cost at 1 January 2016	-	10,368
Additions in year	152,303	-
Disposal in year	-	(10,368)
At 31 December 2016	152,303	-

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Bank loans	101,604	99,736
Trade creditors	1,100	2,142
Amounts owed to group undertakings	8,564	35,361
Corporation tax	12,547	16,160
Accruals and deferred income	5,839	17,248
	129,654	170,647

16. Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
Bank loans	81,392	182,979
	81,392	182,979

Secured loans

The bank loans are secured by a Bond and Floating Charge over the whole assets of the company and also by a standard security over Crescent House, Carnegie Campus, Dunfermline. Finance leases and hire purchases are secured over the asset to which they relate.

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	101,604	99,736
	<u>101,604</u>	<u>99,736</u>
Amounts falling due 1-2 years		
Bank loans	81,392	103,173
	<u>81,392</u>	<u>103,173</u>
Amounts falling due 2-5 years		
Bank loans	-	79,806
	<u>-</u>	<u>79,806</u>
	<u>182,996</u>	<u>282,715</u>

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Ordinary shares have full voting and participation rights.

19. Reserves

Profit and loss account

The profit and loss account includes current and prior year retained profit and losses, and dividends declared and paid.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

20. Related party transactions

During the year Bitwise Limited, a company owned by Bitwise Group BV in which P C McWhirter, a director, is a controlling shareholder, used the property owned by the company for their company trade and a commercial rent of £99,818 (2015: £99,818) was paid in the year. Bitwise Limited also paid the company car rental charges of £nil (2015: £41,888) and in 2015 purchased a car from the company for £5,000. At the year end the company was due £nil (2015: £22,405) from Bitwise Limited.

During the year a loan of £320,742 was repaid in full by Bitwise Resources Limited, a company owned by Nesco Holding BV in which P C McWhirter, a director, is a controlling shareholder. No interest was accrued in the year (2015: £9,342).

Included in debtors is an amount due from Estonian Estates OU, a company in which P C McWhirter is controlling shareholder, of £250,590 (2015: £250,590).

Included in other creditors is £nil (2015: £16,961) due to P C McWhirter. No interest was charged on the loan.

During the year the company provided a loan of £24,998 (2015: nil) to KDM Enterprises Limited, a company in which Bitwise Group Limited owns 50% of the issued share capital. At the year end £24,998 (2015: £nil) is outstanding and is included in other debtors.

21. Controlling party

The ultimate controlling party is deemed to be P C McWhirter who owns 82% of Bitwise Group BV, a company registered in the Netherlands, which owns 100% of the issued share capital. The registered address of Bitwise Group BV is Udenseweg 33A, 5411 SD Zeeland, Netherlands.

22. Other professional services provided by the auditor

In common with many other businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

BITWISE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

23. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 January 2015	Effect of transition (as restated) 1 January 2015	FRS 102 1 January 2015	As previously stated 31 December 2015	Effect of transition (as restated) 31 December 2015	FRS 102 31 December 2015
Note	£	£	£	£	£	£
Fixed assets	361,920	327,558	689,478	474,572	353,204	827,776
Current assets	1,804,800	-	1,804,800	697,549	-	697,549
Creditors: amounts falling due within one year	(203,394)	-	(203,394)	(170,647)	-	(170,647)
Net current assets	1,601,406	-	1,601,406	526,902	-	526,902
Total assets less current liabilities	1,963,326	327,558	2,290,884	1,001,474	353,204	1,354,678
Creditors: amounts falling due after more than one year	(295,750)	-	(295,750)	(182,979)	-	(182,979)
Net assets	1,667,576	327,558	1,995,134	818,495	353,204	1,171,699
Capital and reserves	1,667,576	327,558	1,995,134	818,497	353,202	1,171,699

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

23. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Turnover		141,706	-	141,706
Administrative expenses		141,706 (71,372)	- 27,646	141,706 (43,726)
Operating profit		70,334	27,646	97,980
Interest receivable and similar income		11,536	-	11,536
Interest payable and similar charges		(14,665)	-	(14,665)
Taxation		(16,284)	-	(16,284)
Profit on ordinary activities after taxation and for the financial year		50,921	27,646	78,567

Explanation of changes to previously reported profit and equity:

- 1 On transition to FRS102 the company's properties, classified as property plant and equipment under old UK GAAP, meet the definition of investment properties. The adjustments above reflect the changes made to recognise and present these assets as investment properties in the financial statements from the date of transition.

BITWISE GROUP LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Rental income		99,818	141,706
Gross profit		<u>99,818</u>	<u>141,706</u>
Less: overheads			
Administrative expenses		(12,086)	(43,726)
Operating profit		<u>87,732</u>	<u>97,980</u>
Interest receivable		-	11,536
Interest payable		(5,235)	(14,665)
Tax on profit on ordinary activities		(13,031)	(16,284)
Profit for the year		<u>69,466</u>	<u>78,567</u>

BITWISE GROUP LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
Turnover		
Property rental	99,818	99,818
Vehicle rental	-	41,888
	99,818	141,706
	2016	2015
	£	£
Administrative expenses		
Motor running costs	-	150
Consultancy	-	450
Legal and professional	9,351	14,288
Auditors' remuneration	1,655	2,650
Auditors' remuneration - non-audit	8,945	3,640
Bank charges	235	116
Bad debts	-	12,062
Difference on foreign exchange	1,819	(732)
Sundry expenses	(1,916)	1
Depreciation - plant and machinery	-	30,717
Profit/loss on sale of tangible assets	(16,567)	(38,016)
Management charges	8,564	18,400
	12,086	43,726
	2016	2015
	£	£
Interest receivable		
Group interest receivable - intercompany	-	11,536
	-	11,536
	2016	2015
	£	£
Interest payable		
Hire purchase interest payable	-	3,066
Mortgage interest payable	5,235	11,599
	5,235	14,665