



Scott Moncrieff
business advisers and accountants
With Campbell Dallas
a Cogges company

BITWISE GROUP LIMITED

Company registration number SC164481

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



BITWISE GROUP LIMITED

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BITWISE GROUP LIMITED

COMPANY INFORMATION

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

BITWISE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 to 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

BITWISE GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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.

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



**P C McWhirter
Director**

Date:

21/4/2020

BITWISE GROUP LIMITED

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

Opinion

We have audited the financial statements of Bitwise Group Limited for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the 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 December 2019 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 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 United Kingdom, including the Financial Reporting Council'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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

BITWISE GROUP LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's 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 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

BITWISE GROUP LIMITED

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

Responsibilities of the directors

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, 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.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. The description forms part of our Auditor's 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, as a body, 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.

Michael Harkness

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

Date: *21 April 2020*

BITWISE GROUP LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 130,000 | 130,000 |
| Gross profit | | 130,000 | 130,000 |
| Administrative expenses | | (93,222) | (86,607) |
| Other operating income | | 250,000 | - |
| Operating profit | 5 | 286,778 | 43,393 |
| Interest receivable and similar income | | 4,925 | 1,061 |
| Interest payable and expenses | | (10,633) | (5,677) |
| Profit before tax | | 281,070 | 38,777 |
| Tax on profit | 7 | (13,585) | (8,788) |
| Profit after tax | | 267,485 | 29,989 |
| | | | |
| Retained earnings at the beginning of the year | | 1,256,955 | 1,226,966 |
| | | 1,256,955 | 1,226,966 |
| Profit for the year | | 267,485 | 29,989 |
| Retained earnings at the end of the year | | 1,524,440 | 1,256,955 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 21 form part of these financial statements.

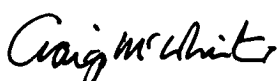
BITWISE GROUP LIMITED
REGISTERED NUMBER: SC164481

BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 861,697 | 899,065 |
| Investments | 9 | 25,000 | 25,000 |
| Investment property | 10 | 195,000 | 195,000 |
| | | <u>1,081,697</u> | <u>1,119,065</u> |
| Current assets | | | |
| Debtors | 11 | 182,591 | 253,238 |
| Current asset investments | 12 | 1,207,398 | 1,103,568 |
| Cash at bank and in hand | | 240,153 | 41,560 |
| | | <u>1,630,142</u> | <u>1,398,366</u> |
| Creditors: amounts falling due within one year | 13 | (58,633) | (348,490) |
| Net current assets | | <u>1,571,509</u> | <u>1,049,876</u> |
| Total assets less current liabilities | | <u>2,653,206</u> | <u>2,168,941</u> |
| Creditors: amounts falling due after more than one year | 14 | (1,120,649) | (904,516) |
| Provisions for liabilities | | | |
| Deferred tax | 15 | (8,017) | (7,370) |
| | | <u>(8,017)</u> | <u>(7,370)</u> |
| Net assets | | <u><u>1,524,540</u></u> | <u><u>1,257,055</u></u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 100 | 100 |
| Profit and loss account | 17 | 1,524,440 | 1,256,955 |
| | | <u><u>1,524,540</u></u> | <u><u>1,257,055</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


P C McWhirter
Director
Date: 21/4/2020

The notes on pages 9 to 21 form part of these financial statements.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

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. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Associates

Associates are held at cost less impairment.

2.3 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 2019

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the rent 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 rent 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 rent 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.

2.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 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.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-----------------------|---------------------------|
| Land and buildings | - 4.5% straight line |
| 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.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 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.

2.10 Valuation of investments

Investments in associates are measured at cost less accumulated impairment.

2.11 Debtors

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

2.12 Current asset investments

Current asset investments are measured at cost, less any impairment.

2.13 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.

2.14 Financial instruments

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

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

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

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.15 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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

In preparing the financial statements, managements 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.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| Exchange differences | 121 | 21 |
| Depreciation of tangible fixed assets owned by the company | 42,968 | 27,870 |
| Auditor's remuneration | 2,366 | 2,230 |

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

7. Taxation

| | 2019 £ | 2018 £ |
|--|---------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 13,298 | 1,418 |
| s455 tax refund | (360) | - |
| | <u>12,938</u> | <u>1,418</u> |
| Total current tax | <u>12,938</u> | <u>1,418</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 647 | 7,370 |
| Total deferred tax | <u>647</u> | <u>7,370</u> |
| Taxation on profit on ordinary activities | <u>13,585</u> | <u>8,788</u> |

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

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 2019

8. Tangible fixed assets

| | Land and buildings £ |
|-------------------------------------|----------------------------|
| Cost | |
| At 1 January 2019 | 954,805 |
| Additions | 5,600 |
| At 31 December 2019 | <u>960,405</u> |
| Depreciation | |
| At 1 January 2019 | 55,740 |
| Charge for the year on owned assets | 42,968 |
| At 31 December 2019 | <u>98,708</u> |
| Net book value | |
| At 31 December 2019 | <u>861,697</u> |
| <i>At 31 December 2018</i> | <u>899,065</u> |

The historical cost of the property is £960,405.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Fixed asset investments

| | Investments in associates £ |
|--------------------------|--------------------------------------|
| Cost or valuation | |
| At 1 January 2019 | 25,000 |
| At 31 December 2019 | <u>25,000</u> |
| Net book value | |
| At 31 December 2019 | <u>25,000</u> |
| At 31 December 2018 | <u>25,000</u> |

Associate

The following was an associate of the company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-------------------------|-------------------|--------------------------|--------------------|---------|
| KDM Enterprises Limited | Scotland | Business support service | Ordinary | 50% |

The aggregate of the share capital and reserves at 31 December 2019 and the profit or loss for the year ended on that date for KDM Enterprises Limited was £100,142 and £14,718 respectively.

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Investment property

| | Freehold investment property £ |
|----------------------------|---|
| Valuation | |
| At 1 January 2019 | 195,000 |
| At 31 December 2019 | 195,000 |

The investment property was valued at open market value on 31 December 2019 by an independent valuer, DM Hall Chartered Surveyors.

11. Debtors

| | 2019 £ | 2018 £ |
|-------------------------------------|----------------|----------------|
| Due after more than one year | | |
| Amounts owed by related parties | - | 102,872 |
| | - | 102,872 |
| Due within one year | | |
| Trade debtors | 8,603 | 3,219 |
| Amounts owed by related parties | 172,545 | 147,128 |
| Other debtors | 1,443 | 19 |
| | 182,591 | 253,238 |

12. Current asset investments

| | 2019 £ | 2018 £ |
|---------------------------------|------------------|------------------|
| Cost at 1 January 2019 | 1,103,568 | 728,766 |
| Additions in year | 322,530 | 374,802 |
| Disposals in year | (218,700) | - |
| Cost at 31 December 2019 | 1,207,398 | 1,103,568 |

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|---------------|----------------|
| Trade creditors | 20,600 | 11,040 |
| Amounts owed to group undertakings | 20,000 | 260,000 |
| Corporation tax | 13,298 | 1,418 |
| Accruals and deferred income | 4,735 | 76,032 |
| | <u>58,633</u> | <u>348,490</u> |

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

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|----------------|
| Amounts owed to group undertakings | 1,120,649 | 904,516 |
| | <u>1,120,649</u> | <u>904,516</u> |

15. Deferred taxation

| | 2019 £ |
|---------------------------|-----------------------|
| At beginning of year | (7,370) |
| Charged to profit or loss | (647) |
| At end of year | <u><u>(8,017)</u></u> |

The provision for deferred taxation is made up as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | (8,017) | (7,370) |
| | <u>(8,017)</u> | <u>(7,370)</u> |

BITWISE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Share capital

| | 2019 £ | 2018 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2018 - 100) Ordinary shares of £1.00 each | 100 | 100 |
| Ordinary shares have full voting and participation rights. | | |

17. Reserves

Profit and loss account

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

18. Related party transactions

During the year Bitwise Limited, a fellow subsidiary, used the property owned by Bitwise Group Limited for their company trade and a commercial rent of £130,000 (2018: £195,000; of which £65,000 was deferred as the balance related to rent for the year ended 31 December 2019). Bitwise Limited also incurred costs of £16,721 (2018: £74,223) on behalf of the company and charged the company a management charge of £20,000 (2018: £nil) during the year. £21,351 (2018: £nil) was due to Bitwise Limited at the year end.

Bitwise Limited loaned the company £250,000 in the prior year, the full amount of which was forgiven during the year. The amount outstanding at the year end is £nil (2018: £250,000). No interest accrued on this loan.

During the year the loan received from Nesco Holding BV the ultimate holding company and in which P C McWhirter, a director, is a controlling shareholder was increased to £1,105,000 from £900,000 in the previous year. Interest of £10,663 (2018: £4,516) has accrued in the year. At the year end, £1,120,649 (2018: £904,516) was due to Nesco Holding BV.

Bitwise Group Limited incurred management charges of £10,000 due to Bitwise Group BV (2018: £10,000). At the year end £20,000 (2018: £10,000) was owed to Bitwise Group BV; this is included within trade creditors.

Nesco Holding BV has a majority shareholding in KDM Shopfitting Limited. During the year there was transactions totalling £4,920 (2018: £18,000) with KDM Shopfitting Limited. Bitwise Group Limited also loaned KDM Shopfitting Limited £250,000 in 2018. Repayments were made during the year of £83,727, £4,920 of which related to interest on the loan. £171,194 (2018: £250,000) was due from KDM Shopfitting Limited at the year end.

Bitwise Group Limited incurred costs on behalf of Estonian Estates OU of £8,605 (2018: £11,390 incurred but not recharged). The amount recharged and outstanding at the year end was £8,605 (2018: £nil).

BITWISE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Controlling party

The ultimate controlling party is deemed to be P C McWhirter who owns 100% of Nesco Holding BV, a company registered in the Netherlands, which itself owns 100% of Bitwise Group BV which is the immediate parent company of Bitwise Group Limited. The registered address of Nesco Holding BV is Udenseweg 33A, 5411 SD Zeeland, Netherlands.

20. 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.