

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**FOR**

**BITREZ LIMITED**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**BITREZ LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**DIRECTORS:**

Mr B Allen  
Mr P H Jones

**REGISTERED OFFICE:**

Bradley Hall Trading Estate  
Bradley Lane  
Standish  
Wigan  
Lancashire  
WN6 0XQ

**REGISTERED NUMBER:**

04138468 (England and Wales)

**AUDITORS:**

Walter Dawson & Son  
Chartered Accountants  
First Floor Offices, Unit A4  
Old Power Way  
Lowfields Business Park  
Elland  
HX5 9DE

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

The principal activity of the company continues to be that of design, development and manufacture of specialist synthetic polymers supplied to a diverse range of industries.

2021 was again a year that presented us all with challenges yet maintaining our preventative control measures ensured the protection of our workforce, manufacturing continuity, and provision of the essential products we supply to the variety of markets we serve. Whilst we had predicted and forecast significant growth during the year, the actual rate of expansion was even greater than originally envisaged, and the adoption of products that provide regulatory compliance in new regions is an upward moving and continuing trend. This is a trend that strongly supports our position and will increase demand further.

**Future Developments**

This is the second consecutive year that we can report to have been like no other. However, this year we are reporting on a growth level and rate that is unprecedented. The annual turnover increased by in excess of £10 Million, from £22.02 to £ 32.8 Million which produced a consolidated gross profit of 28% and a pre-tax net profit of 14.8%. The sales distribution this year moved from a 50/50 export/UK percentage split to a 55/45 percentage split in favour of exports where we see our future growth potential with emphasis on sales in North America.

**Research and Development**

With ever increasing awareness and regulatory restriction, organisations are facing a rationalised product portfolio, or a need to seek to qualify new innovative alternative products that allow compliance and line continuity. Our disruptive chemistry is providing the solution and the ever-increasing recognition the business is afforded for business acumen, innovation, and service excellence is driving further interest and subsequent growth.

We have amassed a specialist team and aside from collective business awards members of our senior management have also received a multitude of honours including the prestigious Royal Society of Chemistry, Chemical World Entrepreneur of the Year for 2021. These accolades are further testament to the both the individual and collective performance of the business. With our inclusion in the ITN/Chemical industry Association documentary aptly entitled the "Route to Net Zero", we had the opportunity to showcase our bio-based product range formulated to address the anthropogenic damage to the environment. All of these factors have contributed to reinforcing our reputation as the UK's leading speciality polymer manufacturer and have made a huge contribution to the current and future success of the business.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

At the time of compiling this report there are numerous geo-political factors that are influencing business, aside from the Pandemic. The uncertainty and tensions centred around Eastern Europe could potentially be a lengthy affair and irrespective of the outcome, may have a significant impact on the manufacturing sector and supply continuity. We also see that the demand that has been forecast for many materials will exceed the supply growth. This deficit will be problematic for many, but we have always developed using intelligent techniques and avoidance of exotic feedstocks in order to minimise risk and maintain our breadth of options.

Transport delays with increasing, or misunderstood bureaucracy is something that is also disruptive, but recognising the problem we have taken some measures to increase stocks to mitigate the impact of interrupted flow. We have been responsible for troubleshooting and resolving customer or market issues for many years. Whilst we have established products derived from sustainable feedstocks, it is only more recently that these materials have gained an extraordinary level of traction as there is greater environmental concern and awareness. Our products are not only derived from sustainable materials, but many are used in the manufacture of parts for equipment that is used to harvest clean energy, transmit and distribute the energy, or improve efficiency during consumption.

We have achieved exceptional growth over the last 12 months and with increasing legislative restrictions our ingenuity and ability to respond quickly and efficiently will continue to stand us in good stead. Continuing to use innovative chemistry that not only protects people from toxic substances, suspected carcinogens, or other significant human health hazards, we will also push forward to assist in the drive to rectify the environmental damage reaped on our planet and eco-systems for the good of everyone and everything therein.

**ON BEHALF OF THE BOARD:**

Mr B Allen - Director

15 March 2022

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**DIVIDENDS**

Particulars of recommended dividends are detailed in the notes to the accounts.

**DIRECTORS**

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

Mr B Allen  
Mr P H Jones

**QUALIFYING INDEMNITY PROVISION**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

Certain matters required by regulation to be dealt with in the annual report have been dealt with in the strategic report rather than in the directors report. These include the review of business and the principal risks and uncertainties.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**AUDITORS**

The auditors, Walter Dawson & Son, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mr B Allen - Director

15 March 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BITREZ LIMITED**

**Opinion**

We have audited the financial statements of Bitrez Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Balance Sheet, Cash Flow Statement and Notes to the Cash Flow Statement, 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 2021 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 Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BITREZ LIMITED**

**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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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 set out on page four, 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BITREZ LIMITED**

**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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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: Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and form our commercial knowledge and experience of the sector;
- we focussed on specific laws and regulations which considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting any 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 financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was a 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;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates and where indicative of potential bias; and
- investigated the rationale behind any 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 disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**BITREZ LIMITED**

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**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 a Report of the Auditors 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.

Graham D Atkinson (Senior Statutory Auditor)  
for and on behalf of Walter Dawson & Son  
Chartered Accountants  
First Floor Offices, Unit A4  
Old Power Way  
Lowfields Business Park  
Elland  
HX5 9DE

15 March 2022

**STATEMENT OF INCOME AND  
RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	4	32,796,549	22,019,916
Cost of sales		<u>23,496,232</u>	<u>16,738,128</u>
<b>GROSS PROFIT</b>		9,300,317	5,281,788
Administrative expenses		<u>4,474,756</u>	<u>4,337,886</u>
		4,825,561	943,902
Other operating income	5	<u>17,187</u>	<u>20,941</u>
<b>OPERATING PROFIT</b>	7	4,842,748	964,843
Interest receivable and similar income	8	<u>23</u>	<u>2,899</u>
<b>PROFIT BEFORE TAXATION</b>		4,842,771	967,742
Tax on profit	9	<u>657,652</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		4,185,119	967,742
Profit and loss account at beginning of year		10,292,509	10,524,767
Dividends	10	(1,200,000)	(1,200,000)
<b>PROFIT AND LOSS ACCOUNT AT END OF YEAR</b>		<u>13,277,628</u>	<u>10,292,509</u>

The notes form part of these financial statements

**BITREZ LIMITED (REGISTERED NUMBER: 04138468)**

**BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>CURRENT ASSETS</b>			
Stocks	12	7,748,090	5,873,750
Debtors	13	7,838,189	4,650,934
Cash at bank and in hand		2,880,423	3,410,419
		<u>18,466,702</u>	<u>13,935,103</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	5,188,074	3,641,594
<b>NET CURRENT ASSETS</b>		<u>13,278,628</u>	<u>10,293,509</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,278,628</u>	<u>10,293,509</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,000	1,000
Profit and loss account	17	13,277,628	10,292,509
<b>SHAREHOLDERS' FUNDS</b>		<u>13,278,628</u>	<u>10,293,509</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2022 and were signed on its behalf by:

Mr B Allen - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,518,241	1,517,178
Tax paid		<u>(106,000)</u>	<u>(31,440)</u>
Net cash from operating activities		<u>1,412,241</u>	<u>1,485,738</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>23</u>	<u>2,899</u>
Net cash from investing activities		<u>23</u>	<u>2,899</u>
<b>Cash flows from financing activities</b>			
Loans from group undertakings movement		(742,260)	1,660,508
Equity dividends paid		<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net cash from financing activities		<u>(1,942,260)</u>	<u>460,508</u>
(Decrease)/increase in cash and cash equivalents		<u>(529,996)</u>	<u>1,949,145</u>
Cash and cash equivalents at beginning of year	2	<u>3,410,419</u>	<u>1,461,274</u>
Cash and cash equivalents at end of year	2	<u>2,880,423</u>	<u>3,410,419</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS</b>		
	<b>2021</b>	<b>2020</b>
	£	£
Profit before taxation	4,842,771	967,742
Finance income	<u>(23)</u>	<u>(2,899)</u>
	4,842,748	964,843
(Increase)/decrease in stocks	(1,874,340)	562,908
Increase in trade and other debtors	(3,240,254)	(241,807)
Increase in trade and other creditors	<u>1,790,087</u>	<u>231,234</u>
<b>Cash generated from operations</b>	<u><u>1,518,241</u></u>	<u><u>1,517,178</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2021**

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>2,880,423</u>	<u>3,410,419</u>

**Year ended 31 December 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>3,410,419</u>	<u>1,461,274</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>3,410,419</u>	<u>(529,996)</u>	<u>2,880,423</u>
	3,410,419	(529,996)	2,880,423
<b>Debt</b>			
Debts falling due within 1 year	<u>(1,721,070)</u>	<u>742,260</u>	<u>(978,810)</u>
	(1,721,070)	742,260	(978,810)
<b>Total</b>	<u><u>1,689,349</u></u>	<u><u>212,264</u></u>	<u><u>1,901,613</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. STATUTORY INFORMATION**

Bitrez 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.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**BASIS OF PREPARING THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention.

**SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**TURNOVER**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**INTANGIBLE ASSETS**

Environmental registration fees are valued at cost less accumulated amortisation. Amortisation is provided equally over the useful life at the rate of 10% per year.

**GOVERNMENT GRANTS**

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

Government grants are recognised using the accrual model and the performance model.

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

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

**3. ACCOUNTING POLICIES - continued**

**STOCKS**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**FINANCIAL INSTRUMENTS**

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

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

**TAXATION**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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 balance sheet date.

**3. ACCOUNTING POLICIES - continued**  
**DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

**RESEARCH AND DEVELOPMENT**

Expenditure on research is written off in the year in which it is incurred.

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

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

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

**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.

**OPERATING LEASES**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

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

**PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**INCOME RECOGNITION**

Income is recognised when goods have been delivered to customers such that the risks and rewards of ownership have transferred to them.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
United Kingdom	14,747,029	10,975,335
Europe	10,428,938	6,971,325
Rest of World	7,620,582	4,073,256
	<u>32,796,549</u>	<u>22,019,916</u>

**5. OTHER OPERATING INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other operating income	9,578	20,941
CJRS government grant	7,609	-
	<u>17,187</u>	<u>20,941</u>

**6. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,343,596	3,438,613
Social security costs	353,372	369,445
Other pension costs	72,842	76,376
	<u>3,769,810</u>	<u>3,884,434</u>

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

	<b>2021</b>	<b>2020</b>
Production staff	71	76
Administrative staff	25	21
	<u>96</u>	<u>97</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	446,739	602,326
Directors' pension contributions to money purchase schemes	<u>6,810</u>	<u>10,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>340,859</u>	<u>340,859</u>

**7. OPERATING PROFIT**

The operating profit is stated after charging:

	2021	2020
	£	£
Hire of plant and machinery	165,172	159,965
Other operating leases	276,869	301,263
Auditors' remuneration	16,500	15,900
Audit-related assurance services	3,106	1,600
Taxation advisory services	5,000	4,000
Foreign exchange differences	<u>135,395</u>	<u>6,624</u>

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2021	2020
	£	£
Deposit account interest	23	2,326
Other interest receivable	-	573
	<u>23</u>	<u>2,899</u>

**9. TAXATION**

**Analysis of the tax charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	<u>657,652</u>	-
Tax on profit	<u>657,652</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

9. **TAXATION - continued**

**RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS**

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

	2021 £	2020 £
Profit before tax	<u>4,842,771</u>	<u>967,742</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	920,126	183,871
Effects of:		
Expenses not deductible for tax purposes	1,040	422
Utilisation of tax losses	-	81,114
Enhanced tax allowances	<u>(263,514)</u>	<u>(265,407)</u>
Total tax charge	<u>657,652</u>	<u>-</u>

10. **DIVIDENDS**

	2021 £	2020 £
Ordinary shares of 1 each		
Final	<u>1,200,000</u>	<u>1,200,000</u>

11. **INTANGIBLE FIXED ASSETS**

	Env reg fees £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>48,675</u>
<b>AMORTISATION</b>	
At 1 January 2021 and 31 December 2021	<u>48,675</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

12. **STOCKS**

	2021 £	2020 £
Raw materials	4,010,520	2,569,475
Finished goods	<u>3,737,570</u>	<u>3,304,275</u>
	<u>7,748,090</u>	<u>5,873,750</u>

**BITREZ LIMITED (REGISTERED NUMBER: 04138468)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade debtors	6,765,491	4,305,143
Other debtors	7,772	5,550
Tax	-	52,999
VAT	614,079	19,133
Prepayments and accrued income	450,847	268,109
	<u>7,838,189</u>	<u>4,650,934</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade creditors	3,488,677	1,635,784
Amounts owed to group undertakings	978,810	1,721,070
Tax	498,653	-
Social security and other taxes	94,235	104,348
Accruals and deferred income	127,699	180,392
	<u>5,188,074</u>	<u>3,641,594</u>

**15. LEASING AGREEMENTS**

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

	2021	2020
	£	£
Within one year	277,904	295,896
Between one and five years	434,699	699,862
	<u>712,603</u>	<u>995,758</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

Ordinary shares carry equal rights in all respects.

**17. RESERVES**

Profit and loss account - This reserve records retained earnings and accumulated losses.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. PENSION COMMITMENTS**

The amount recognised in profit and loss as an expense in relation to defined contribution plans was £ 72,842 ( 2020 £ 76,376 ) £ 15,603 ( 2020 £ 15,179 ) in contributions were owing as at the year end date.

**19. ULTIMATE PARENT COMPANY**

Bitrez Group Limited registered in England and Wales, is the company's immediate and ultimate parent undertaking. Consolidated accounts are available from the registered office.

**20. CONTINGENT LIABILITIES**

There is an inter company guarantee in place at Nat West Bank plc as part of their security held in respect of all companies of the Bitrez Group.

There is an arrangement in place to discount certain sales invoices. Any liability is secured by a first charge over trade debtors.

**21. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Entities that provide key management personnel services to the entity**

	2021	2020
	£	£
Sales	52,409	-
Services received	999,981	746,765
Amount due from related party	65,642	-
Amount due to related party	<u>754,079</u>	<u>-</u>

**22. ULTIMATE CONTROLLING PARTY**

The controlling party is the directors.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.