

Company registration number 02936365 (England and Wales)

BIT SYSTEMS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022
PAGES FOR FILING WITH REGISTRAR

BIT SYSTEMS LIMITED

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BIT SYSTEMS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	3		140,000		140,000
Tangible assets	4		24,244		51,959
			<u>164,244</u>		<u>191,959</u>
Current assets					
Stocks		5,977		16,008	
Debtors	5	405,353		268,741	
		<u>411,330</u>		<u>284,749</u>	
Creditors: amounts falling due within one year	6	(414,416)		(469,061)	
Net current liabilities			(3,086)		(184,312)
Total assets less current liabilities			161,158		7,647
Creditors: amounts falling due after more than one year	7		(830,091)		(457,739)
Net liabilities			<u>(668,933)</u>		<u>(450,092)</u>
Capital and reserves					
Called up share capital			20,000		20,000
Profit and loss reserves			(688,933)		(470,092)
Total equity			<u>(668,933)</u>		<u>(450,092)</u>

BIT SYSTEMS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2022

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 September 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 3 March 2023 and are signed on its behalf by:

Mr G Morgan

Director

Company Registration No. 02936365

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

BIT Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Maltings, East Tyndall Street, Cardiff, United Kingdom, CF24 5EA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT. The fair value of consideration takes into account trade and settlement discounts. Revenue is recognised in the period to which it relates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software development	20% straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	20% - 33% straight line
Motor vehicles	33% straight line

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	16	15

3 Intangible fixed assets

	Other £
Cost	
At 1 October 2021 and 30 September 2022	140,000
Amortisation and impairment	
At 1 October 2021 and 30 September 2022	-
Carrying amount	
At 30 September 2022	140,000
At 30 September 2021	140,000

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

4 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Total £
Cost			
At 1 October 2021	35,742	57,934	93,676
Additions	5,037	-	5,037
Disposals	-	(24,336)	(24,336)
At 30 September 2022	40,779	33,598	74,377
Depreciation and impairment			
At 1 October 2021	15,616	26,101	41,717
Depreciation charged in the year	10,873	15,221	26,094
Eliminated in respect of disposals	-	(17,678)	(17,678)
At 30 September 2022	26,489	23,644	50,133
Carrying amount			
At 30 September 2022	14,290	9,954	24,244
At 30 September 2021	20,126	31,833	51,959

5 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	143,202	107,183
Corporation tax recoverable	-	46,157
Other debtors	9,003	10,685
	152,205	164,025
Deferred tax asset	253,148	104,716
	405,353	268,741

6 Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	197,959	232,484
Trade creditors	1,387	12,500
Amounts owed to group undertakings	160,000	130,000
Taxation and social security	47,835	78,654
Other creditors	7,235	15,423
	414,416	469,061

BIT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Creditors: amounts falling due after more than one year	2022	2021
	£	£
Amounts owed to group undertakings	820,000	435,000
Other creditors	10,091	22,739
	<u>830,091</u>	<u>457,739</u>

8 Loans and overdrafts	2022	2021
	£	£
Bank overdrafts	197,959	232,484
	<u>197,959</u>	<u>232,484</u>
Payable within one year	197,959	232,484
	<u>197,959</u>	<u>232,484</u>

On 26 July 2011, HSBC Bank Plc secured a fixed and floating charge over the company and all property and assets, present and future.

Assets held under hire purchase contracts included within other creditors are secured over the assets to which they relate.

9 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets	Assets
	2022	2021
	£	£
Balances:		
Accelerated capital allowances	(9,215)	(6,483)
Tax losses	262,363	111,199
	<u>253,148</u>	<u>104,716</u>
		2022
		£
Movements in the year:		
Asset at 1 October 2021		(104,716)
Credit to profit or loss		(148,432)
		<u>(253,148)</u>
Asset at 30 September 2022		<u>(253,148)</u>

