

COMPANY REGISTRATION NUMBER: 07622985

MTIX LIMITED

FILLETED UNAUDITED FINANCIAL STATEMENTS

30 November 2022

MTIX LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2022

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MTIX LIMITED

BALANCE SHEET

30 November 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	2,596,214	2,849,586
Current assets			
Debtors	7	105,145	63,051
Cash at bank and in hand		76,480	424,633
		181,625	487,684
Creditors: amounts falling due within one year	8	(12,893,295)	(10,433,694)
Net current liabilities		(12,711,670)	(9,946,010)
Total assets less current liabilities		(10,115,456)	(7,096,424)
Net liabilities		(10,115,456)	(7,096,424)
Capital and reserves			
Called up share capital	9	198	198
Profit and loss account		(10,115,654)	(7,096,622)
Shareholders deficit		(10,115,456)	(7,096,424)

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the profit and loss account has not been delivered.

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

Director's responsibilities:

- 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 ;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements .

These financial statements were approved by the board of directors and authorised for issue on 16 August 2023 , and are signed on behalf of the board by:

P E Mansour Director

Company registration number: 07622985

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 35 Westgate, Huddersfield, HD1 1PA.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company has incurred a further loss for the period of £3,019,032 and the deficit on the balance sheet at 30 November 2022 is £10,115,456. The company is reliant upon the parent company, Avalanche International Corp (t/a MTIX International Inc), and two related companies, Bitnile Holdings Inc. (formerly DPW Holdings Inc.) and Digital Power Corporation, to provide the necessary working capital facilities for it to be able to continue trading. These companies have provided extended credit terms to the company to enable new revenue generating machines to be manufactured and put into use. Based on the company's latest financial forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would be required if the company was not able to continue as a going concern due to the withdrawal of or lack of working capital facilities.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill and patents	-	20% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	33% straight line

Assets under construction are depreciated from the date they are first brought into use.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 6 (2021: 6).

5. Intangible assets

	Goodwill and patents £
Cost	
At 1 December 2021 and 30 November 2022	250,000
Amortisation	
At 1 December 2021 and 30 November 2022	250,000
Carrying amount	
At 30 November 2022	—
At 30 November 2021	—

6. Tangible assets

	Assets under construction £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 December 2021	1,755,029	2,788,243	8,869	22,524	4,574,665
Additions	—	26,978	—	2,665	29,643
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At 30 November 2022	1,755,029	2,815,221	8,869	25,189	4,604,308
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Depreciation					
At 1 December 2021	—	1,706,429	3,096	15,554	1,725,079
Charge for the year	—	277,198	1,443	4,374	283,015
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At 30 November 2022	—	1,983,627	4,539	19,928	2,008,094
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Carrying amount					
At 30 November 2022	1,755,029	831,594	4,330	5,261	2,596,214
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At 30 November 2021	1,755,029	1,081,814	5,773	6,970	2,849,586
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7. Debtors

	2022 £	2021 £
Trade debtors	12,000	—
Prepayments and accrued income	27,231	7,355
VAT recoverable	57,646	48,346
Other debtors	8,268	7,350
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	105,145	63,051
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8. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	47,194	21,406
Amounts owed to group undertakings	7,990,963	5,477,120
Amounts owed to related undertakings	3,981,992	3,764,437
Accruals and deferred income	809,601	704,641
Social security and other taxes	—	466,090
Director's loan account	63,545	—
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	12,893,295	10,433,694
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9. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
'A' Ordinary shares of £ 1 each	132	132	132	132
'B' Ordinary shares of £ 1 each	66	66	66	66
	<u>198</u>	<u>198</u>	<u>198</u>	<u>198</u>

The issued shares are designated as 132 ordinary A shares of £1 each and 66 ordinary B shares of £1 each. The two classes of share rank pari passu in all material respects.

10. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2022	2021
	£	£
Tangible assets	<u>3,500,000</u>	<u>750,000</u>

11. Related party transactions

Included in creditors is a director's loan account of £63,545 (2021: £Nil) set out at note 9 above which is unsecured, repayable on demand and currently interest free. At the year end £7,990,963 (2021: £5,477,120) was owed to the parent company, Avalanche International Corp. This loan was unsecured, repayable on demand and currently interest free. At the year end £1,750,375 (2021: £1,750,375) was owed to a related company, Digital Power Corporation. This is unsecured, repayable on demand and currently interest free. £2,231,617 (2021: £2,014,062) was owed to another related company, Bitnile Holdings Inc. on similar terms. Both these companies have certain common directors with the parent company. The company has traded with these companies during the year on normal commercial terms.

12. Controlling party

There is no one ultimate controlling party of the company.

13. Contingencies

The company has guaranteed and secured certain financial obligations of the parent company.

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.