

Company registration number 09298775 (England and Wales)

BILLIONS EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

BILLIONS EUROPE LTD

COMPANY INFORMATION

Directors	Y Dong J M Reid Q Shen R Xu	(Appointed 16 February 2023)
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Company number	09298775
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Registered office	Winder House Kingfisher Way Stockton-on-Tees TS18 3EX
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Auditor	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
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BILLIONS EUROPE LTD

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BILLIONS EUROPE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Principal activities

The principal activity of the company is the sale of titanium dioxide (TiO₂) pigment.

Review of the business

Billions Europe Ltd., is a wholly owned subsidiary of Billions (Hong Kong) Corporation Limited which is in turn a wholly owned subsidiary of LB Group Co., Ltd.

Billions Europe was formed on 6 November 2014 in order to receive the TR52 business divested by Huntsman. TR52 is a high performing specialty grade of titanium dioxide, a fine white pigment with exceptional opacity, dispersion and gloss, used primarily, but not exclusively, for the production of printing ink.

The strategy for the company in 2023 was as follows:

- 1) Maintain existing global inks business and develop sales of BILLIONS™ TR53, a new reverse printing ink TiO₂ pigment
- 2) Develop sales in Europe into other sectors (e.g., coatings, paper, plastics etc)
- 3) Extend enhanced local support to European customers in all sectors

Key performance indicators

The key performance indicators were:

- 1) Sales volume – 30% increase compared with 2022 and the highest since incorporation.
- 2) Profit – Higher than previous year, reduced average sales prices offset by significant reductions in cost of goods sold
- 3) Quality rate – including on time in full delivery – targets met
- 4) Inventory – expanded to meet local supply

Principal risks and uncertainties

Macro-economic risk – Billions Europe is no different to any business in being exposed to the risks of the global economy. The main sales in 2023 were with Europe and South America, but the risk of a down-turn in a single country or region is balanced by the growing potential in other regions.

Global supply chain crisis – the unprecedented disruption in the supply chain experienced during 2021 and 2022 started to ease in 2023 resulting in a reduction in variable costs per ton compared to 2022.

Supply risk – Billions Europe Ltd maintains a safety inventory in key regions to mitigate potential disruption in supply. Inventory was strongly managed in 2023 and saw an overall reduction in holdings whilst controlling the demand experienced from the 30% increase in sales volume.

Section 172(1) statement

The board of directors of Billions Europe Ltd consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the act) in the decisions taken during the year ended 31 December 2023.

Engagement with suppliers, customers, and other relationships

The directors ensure that management operate the business in a responsible manner with high standards of conduct and governance as set out in the company's policies. The company recognises the benefit of building strong relationships with its suppliers to ensure a high level of service for our customers.

BILLIONS EUROPE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

On behalf of the board

J M Reid
Director

16 September 2024

BILLIONS EUROPE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Y Dong	
J M Reid	
Q Shen	(Appointed 16 February 2023)
Y Chen	(Resigned 10 February 2023)
D Liu	(Resigned 10 February 2023)
G Yao	(Resigned 10 February 2023)
R Xu	

Financial instruments

Objectives and policies

The company finances its activities with a combination of group borrowings, cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations.

Price risk, credit risk, liquidity risk and cash flow risk

See disclosures in the Strategic Report in respect of the financial risk management of the company.

Future developments

See disclosures within the Strategic Report regarding future developments of the company.

Going concern

The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations with the support of its parent undertaking. At the year end the company had net current assets of \$7.0m including cash at bank of \$9.26m. The company has no external borrowings.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of fluctuating shipping costs and potential duty increases. This also considers the effectiveness of available measures to assist in mitigating the impact of such. In the directors' assessment of possible changes, they have considered a fall in demand, potential cost savings and increases in sales unit prices.

Although the forecast prepared taking account of the matters above support the ability of the company to remain a going concern and to be able to trade and meets its debts as they fall due, the full impact of inflation increases on the economy and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

However, based on the factors set out above, the directors believe that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing of the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

BILLIONS EUROPE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The company has taken the exemption from the Streamlined Energy and Carbon reporting requirement as it did not consume in excess of 40,000kWh of energy in the period.

Statement of disclosure to auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

On behalf of the board

J M Reid

Director

16 September 2024

BILLIONS EUROPE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the annual 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

BILLIONS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BILLIONS EUROPE LTD

Opinion

We have audited the financial statements of Billions Europe Ltd (the 'company') for the year ended 31 December 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2023 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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

BILLIONS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BILLIONS EUROPE LTD

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 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 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 directors' responsibilities statement, 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 the 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BILLIONS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BILLIONS EUROPE LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

We identified the following areas as those most likely to have a material impact on the financial statements; Health and Safety; employment law; and compliance with the UK Companies Act and tax legislation.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- reviewing minutes of meetings of those charged with governance;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 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.

Christopher Potter BA (Hons) ACA
Senior Statutory Auditor
For and on behalf of Azets Audit Services

24 September 2024

Chartered Accountants
Statutory Auditor

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

BILLIONS EUROPE LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
Turnover	3	325,677,095	308,951,706
Cost of sales		(253,553,577)	(306,072,122)
Gross profit		72,123,518	2,879,584
Distribution costs		(40,904,965)	(47,187,771)
Administrative expenses		(2,401,628)	(2,346,832)
Other operating expenses		(67,995)	(2,864,661)
Operating profit/(loss)	4	28,748,930	(49,519,680)
Interest receivable and similar income	8	862,988	960,478
Interest payable and similar expenses	9	-	(190,126)
Profit/(loss) before taxation		29,611,918	(48,749,328)
Tax on profit/(loss)	10	(6,817,251)	11,764,620
Profit/(loss) for the financial year		22,794,667	(36,984,708)

The income statement has been prepared on the basis that all operations are continuing operations.

BILLIONS EUROPE LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	\$	\$
Profit/(loss) for the year	22,794,667	(36,984,708)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>22,794,667</u>	<u>(36,984,708)</u>

BILLIONS EUROPE LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023	2022
	Notes	\$	\$
Fixed assets			
Tangible assets	11	195,730	187,746
Current assets			
Stocks	12	83,182,579	134,648,224
Debtors	13	68,810,215	57,019,488
Cash at bank and in hand		9,256,728	21,566,104
		161,249,522	213,233,816
Creditors: amounts falling due within one year	14	(154,253,124)	(229,024,101)
Net current assets/(liabilities)		6,996,398	(15,790,285)
Net assets/(liabilities)		7,192,128	(15,602,539)
Capital and reserves			
Called up share capital	17	613,335	613,335
Profit and loss reserves		6,578,793	(16,215,874)
Total equity		7,192,128	(15,602,539)

The financial statements were approved by the board of directors and authorised for issue on 16 September 2024 and are signed on its behalf by:

J M Reid
Director

Company Registration No. 09298775

BILLIONS EUROPE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Profit and loss reserves	Total
	\$	\$	\$
Balance at 1 January 2022	613,335	20,768,834	21,382,169
Year ended 31 December 2022:			
Loss and total comprehensive income for the year	-	(36,984,708)	(36,984,708)
Balance at 31 December 2022	613,335	(16,215,874)	(15,602,539)
Year ended 31 December 2023:			
Profit and total comprehensive income for the year	-	22,794,667	22,794,667
Balance at 31 December 2023	613,335	6,578,793	7,192,128

BILLIONS EUROPE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	\$	2022 \$	\$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19	(12,259,612)		36,605,828	
Interest paid		-		(190,126)	
Income taxes paid		-		(1,123,230)	
Net cash (outflow)/inflow from operating activities		(12,259,612)		35,292,472	
Investing activities					
Purchase of tangible fixed assets		(49,764)		(7,186)	
Interest received		-		80	
Net cash used in investing activities		(49,764)		(7,106)	
Financing activities					
Repayment of bank loans		-		(19,210,703)	
Net cash used in financing activities		-		(19,210,703)	
Net (decrease)/increase in cash and cash equivalents		(12,309,376)		16,074,663	
Cash and cash equivalents at beginning of year		21,566,104		5,491,441	
Cash and cash equivalents at end of year		9,256,728		21,566,104	

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Winder House, Kingfisher Way, Stockton on Tees, Cleveland, TS18 3EX.

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.

The financial statements are prepared in US Dollars which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.
- Disclosures in respect of each class of share capital have not been presented.

The financial statements of the company are consolidated in the financial statements of LB Group. These consolidated financial statements are available from its registered office.

Parent and ultimate parent undertaking

The company's immediate parent is Billions (Hong Kong) Corporation Limited, incorporated in Hong Kong.

The ultimate parent is LB Group. Co. Ltd, incorporated in China.

The most senior parent entity producing publicly available consolidated financial statements is LB Group. Co. Ltd. These financial statements are available upon request from Zhongzhan District, Jiaozu City, Henan Province, China.

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations with the support of its parent undertaking. At the year end the company had net current assets of \$7.0m including cash at bank of \$9.26m. The company has no external borrowings.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of fluctuating shipping costs and potential duty increases. This also considers the effectiveness of available measures to assist in mitigating the impact of such. In the directors' assessment of possible changes, they have considered a fall in demand, potential cost savings and increases in sales unit prices.

Although the forecast prepared taking account of the matters above support the ability of the company to remain a going concern and to be able to trade and meets its debts as they fall due, the full impact of inflation increases on the economy and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

However, based on the factors set out above, the directors believe that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing of the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts, rebates and value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 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:

Fixtures and fittings	20% straight line
Office equipment	20% straight line

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.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.6 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.

1.7 Financial instruments

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

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

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.

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.8 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 income statement 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.

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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 income statement, 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.

1.9 Retirement benefits

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

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.11 Foreign exchange

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Non-monetary items measured in terms of historical cost in a foreign currency are not translated.

2 Judgements and key sources of estimation uncertainty

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.

Critical judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Utilisation of deferred tax asset

A deferred tax asset has been recognised on the basis that the directors believe that it is probable that it will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Forecasts are used to determine the profitability of the company going forward, these are used to support the recoverability of the deferred tax asset.

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

Valuation of stock

The price of TR52 is determined by market rates and therefore is subject to fluctuation and a significant decline can affect the whole measurement of stock. Management monitor the price of TR52 and have a transfer price agreement in place with the parent. Management also assess whether a provision is required depending on the price activity of TR52 in the year.

3 Turnover and other revenue

	2023	2022
	\$	\$
Turnover analysed by class of business		
Sale of goods	325,677,095	308,951,706
	<u>325,677,095</u>	<u>308,951,706</u>
	2023	2022
	\$	\$
Turnover analysed by geographical market		
UK	22,502,626	33,741,023
Europe	238,871,978	185,340,925
Rest of the world	64,302,491	89,869,758
	<u>325,677,095</u>	<u>308,951,706</u>
	2023	2022
	\$	\$
Other revenue		
Interest income	-	80
Foreign exchange gain	862,988	960,398
	<u>862,988</u>	<u>960,398</u>

4 Operating profit/(loss)

	2023	2022
	\$	\$
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	41,780	34,587
Operating lease charges	252	1,589
	<u>42,032</u>	<u>36,176</u>

5 Auditor's remuneration

	2023	2022
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	19,252	18,029
	<u>19,252</u>	<u>18,029</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Employees

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

	2023 Number	2022 Number
Management, administrative and other staff	22	19
Directors	3	3
Total	25	22

Their aggregate remuneration comprised:

	2023 \$	2022 \$
Wages and salaries	1,801,274	1,497,515
Social security costs	217,395	215,537
Pension costs	122,672	112,425
	2,141,341	1,825,477

7 Directors' remuneration

	2023 \$	2022 \$
Remuneration for qualifying services	284,928	446,735
Company pension contributions to defined contribution schemes	19,790	35,372
	304,718	482,107

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 \$	2022 \$
Remuneration for qualifying services	143,718	219,471
Company pension contributions to defined contribution schemes	16,616	25,785

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Interest receivable and similar income

	2023	2022
	\$	\$
Interest income		
Interest on bank deposits	-	80
Other income		
Exchange differences	862,988	960,398
Total income	862,988	960,478

9 Interest payable and similar expenses

	2023	2022
	\$	\$
Interest on bank overdrafts and loans	-	178,269
Other interest on financial liabilities	-	11,857
	-	190,126

10 Taxation

	2023	2022
	\$	\$
Current tax		
UK corporation tax on profits for the current period	2,749,411	(10,923)
Deferred tax		
Origination and reversal of timing differences	4,220,644	(9,250,707)
Changes in tax rates	(152,804)	(2,502,990)
Total deferred tax	4,067,840	(11,753,697)
Total tax charge/(credit)	6,817,251	(11,764,620)

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2023 \$	2022 \$
Profit/(loss) before taxation	29,611,918	(48,749,328)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	6,964,723	(9,262,372)
Tax effect of expenses that are not deductible in determining taxable profit	5,332	11,665
Under/(over) provided in prior years	-	(10,923)
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(152,804)	(2,502,990)
Taxation charge/(credit) for the year	6,817,251	(11,764,620)

11 Tangible fixed assets

	Fixtures and fittings \$	Office equipment \$	Total \$
Cost			
At 1 January 2023	261,926	160,725	422,651
Additions	-	49,764	49,764
Disposals	-	(1,368)	(1,368)
At 31 December 2023	261,926	209,121	471,047
Depreciation and impairment			
At 1 January 2023	93,317	141,588	234,905
Depreciation charged in the year	25,653	16,127	41,780
Eliminated in respect of disposals	-	(1,368)	(1,368)
At 31 December 2023	118,970	156,347	275,317
Carrying amount			
At 31 December 2023	142,956	52,774	195,730
At 31 December 2022	168,609	19,137	187,746

12 Stocks

	2023 \$	2022 \$
Other inventories	83,182,579	134,648,224

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Debtors

	2023	2022
	\$	\$
Amounts falling due within one year:		
Trade debtors	58,707,913	44,514,738
Amounts owed by group undertakings	319,555	317,033
Other debtors	-	366,727
Prepayments and accrued income	2,109,426	79,829
	<u>61,136,894</u>	<u>45,278,327</u>
Deferred tax asset (note 15)	7,673,321	-
	<u>68,810,215</u>	<u>45,278,327</u>
	2023	2022
	\$	\$
Amounts falling due after more than one year:		
Deferred tax asset (note 15)	-	11,741,161
	<u>-</u>	<u>11,741,161</u>
Total debtors	<u>68,810,215</u>	<u>57,019,488</u>

14 Creditors: amounts falling due within one year

	2023	2022
	\$	\$
Trade creditors	1,324,059	741,089
Amounts owed to group undertakings	135,756,508	212,471,925
Corporation tax	2,749,411	-
Other taxation and social security	538,500	731,197
Other creditors	16,230	493,690
Accruals and deferred income	13,868,416	14,586,200
	<u>154,253,124</u>	<u>229,024,101</u>

15 Deferred taxation

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

	Assets	Assets
	2023	2022
	\$	\$
Balances:		
Fixed asset timing differences	(26,520)	(17,617)
Tax losses	7,699,841	11,758,778
	<u>7,673,321</u>	<u>11,741,161</u>

BILLIONS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Deferred taxation (Continued)

	2023
	\$
Movements in the year:	
Asset at 1 January 2023	(11,741,161)
Charge to profit or loss	4,067,840
Asset at 31 December 2023	<u>(7,673,321)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% from 19%, as previously enacted. This new law was substantively enacted on 24 May 2021. The deferred tax balances at 31 December 2023 have been calculated based on these enacted tax rates.

16 Retirement benefit schemes

	2023	2022
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>122,672</u>	<u>112,425</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2023	2022	2023	2022
	Number	Number	\$	\$
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>613,335</u>	<u>613,335</u>

18 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	\$	\$
Within one year	39,683	45,881
Between two and five years	<u>-</u>	<u>41,622</u>
	<u>39,683</u>	<u>87,503</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Cash (absorbed by)/generated from operations

	2023 \$	2022 \$
Profit/(loss) for the year after tax	22,794,667	(36,984,708)
Adjustments for:		
Taxation charged/(credited)	6,817,251	(11,764,620)
Finance costs	-	190,126
Other income	(862,988)	(960,478)
Depreciation and impairment of tangible fixed assets	41,780	34,587
Foreign exchange gains on cash equivalents	862,988	960,398
Movements in working capital:		
Decrease in stocks	51,465,645	610,133
Increase in debtors	(15,858,567)	(7,192,010)
(Decrease)/increase in creditors	(77,520,388)	91,712,400
Cash (absorbed by)/generated from operations	(12,259,612)	36,605,828

20 Analysis of changes in net funds

	1 January 2023 \$	Cash flows \$	31 December 2023 \$
Cash at bank and in hand	21,566,104	(12,309,376)	9,256,728

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.