Company Registration No. 04838458 (England and Wales)

ENERGIST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

ENERGIST LIMITED

COMPANY INFORMATION

Directors	Mr S F Jones Mr M J Humber
Company number	04838458
Registered office	2 Park Pavilions Clos Llyn Cwm Valley Way, Enterprise Park SWANSEA West Glamorgan UK SA6 8QY
Auditor	MHA Broomfield Alexander Charter Court Phoenix Way Enterprise Park SWANSEA UK SA7 9FS

ENERGIST LIMITED

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ENERGIST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities
The principal activity of the company continued to be that of the design, manufacture and distribution of both light based and plasma equipment for cosmetic, aesthetic and medical markets.

Business review, strategy and key performance indicators

	Year ended 31 Dec 17 £'000	**Year ended 31 Dec 16 £'000**
Turnover	2,404	2,254
Gross profit	1,100	1,273
Operating profit	235	14
Profit for the financial year	358	165

EBITDA loss before exceptional items and foreign exchange for the year was (£427k) compared to (£152k) prior year. The main driver of the loss was a significant increase in administrative expenses, which relates to the investments made by the directors to improve infrastructure, developing sales channels and operations, in order to position the company to meet significant sales growth in 2018.

Future developments

The 2018 forecast is to achieve a significant increase in turnover and generate an increased operating profit for the period. The increase in turnover can be attributed to the continued growth in Asia, as well as a wider and more effective distribution network. As at June 2018, YTD sales are ahead of budget and up 38% on prior year, demonstrating that the current strategies are achieving the ambitious forecast for 2018. Much of the growth in sales is driven by the NeoGen product line, having sold more than twice as many systems in the first half of 2018 than the whole of 2017. The primary goal is to continue replicating the success of our patented NeoGen plasma technology in Asia to the rest of the world. Initial steps have been taken to develop rapid growth in the US, with significant sales growth expected in the second half of the year. In the recent months, the number of active distributors in Asia and Europe has grown significantly and it is our intention to appoint a strategic distributor in the Middle East during Q3.

We have recently made some senior personnel changes which will improve our quality, procurement and product development capability, and it is our intention to invest further in the management team in the second half of the year.

Investment in product development and marketing continues, aimed at upgrading and broadening the current product portfolio.

Going concern

The company is reporting EBITDA of £254,673 (2016: £165,782) for the year ended 31 December 2017 but at this date had net current liabilities of £4,775 (2016: £191,634 assets). Further the Energist group, headed by the ultimate parent company Energist (Holdings) Limited, continues to report EBITDA losses. The company has amounts owing to Energist (Holdings) Limited, of £2,211,350 (2016: £2,846,011), amounts for which the company has received confirmation that they will not fall due for repayment until at least 12 months from the date of approval of these financial statements.

The directors have undertaken a review of the group's financial position. The directors have prepared forecasts that indicate, with on-going shareholder support, and based on the anticipated level of sales, there is a reasonable expectation that the company and group will be able to operate within its current level of agreed facilities for a period of 12 months from the date of approval of these financial statements.

The group's shareholders (Westbridge SME Fund LP and Beaubridge Energist LLP) continue to demonstrate their commitment and support to the group, and during the year invested additional loans into Energist (Holdings) Limited as well as waiving the commencement of repayments on these and existing loans until 30 September 2019. Further the directors have obtained confirmation from the group's shareholders that it is their current intention to support the business to enable the group to meet its financial commitments for a period of 12 months from the date of approval of these financial statements, as demonstrated by further investments of £454,000 in September 2017 and £50,000 in January 2018.

After considering the above matters, and the expected continued support of the group's bankers and shareholders, the directors are satisfied that it is appropriate to continue to prepare the financial statements on a going concern basis. The financial statements therefore do not include the adjustments required should the company be unable to continue as a going concern.

Directors

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

Mr S F Jones
Mr M J Humber

Results and dividends

The results for the year are set out on page 6.

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

Auditor
The auditor, MHA Broomfield Alexander, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102). 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, comprising FRS102, subject to any material departures disclosed and explained in the financials statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of financial statements; and
- 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 of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

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Mr S F Jones
Director
09/08/2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENERGIST LIMITED

Opinion

We have audited the financial statements of Energist Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and 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 FRS 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 2017 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.

Material uncertainty related to going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

MHA Broomfield Alexander

James Edward Dobson BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of MHA Broomfield Alexander

09/08/2018

Chartered Accountants
Statutory Auditor

Charter Court
Phoenix Way
Enterprise Park
SWANSEA
UK
SA7 9FS

ENERGIST LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	2,404,359	2,254,012
Cost of sales		(1,303,945)	(981,379)
Gross profit		1,100,414	1,272,633
Administrative expenses		(1,726,058)	(1,142,017)
Exceptional items	4	860,783	16,725
EBITDA* before exceptional items and foreign exchange (losses)/gains		(427,402)	(152,280)
Depreciation of tangible assets		(19,534)	(18,441)
Foreign exchange (losses)/gains		(178,708)	301,337
Exceptional items		860,783	16,725
Operating profit	5	235,139	147,341
Interest payable and similar expenses	8	(19,570)	(18,511)
Profit before taxation		215,569	128,830
Taxation	9	142,643	36,408
Profit for the financial year		358,212	165,238
Total comprehensive income for the year		358,212	165,238

*EBITDA is earnings before interest, tax, depreciation and amortisation.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

ENERGIST LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		496,154		502,199
Current assets					
Stocks	14	397,375		376,737	
Debtors	15	213,985		278,766	
Cash at bank and in hand		52,023		14,213	
		663,383		669,716	
Creditors: amounts falling due within one year	16	(668,158)		(478,082)	
Net current (liabilities)/assets			(4,775)		191,634
Total assets less current liabilities			491,379		693,833
Creditors: amounts falling due after more than one year	17		(2,535,899)		(3,096,565)
Net liabilities			(2,044,520)		(2,402,732)
Capital and reserves					
Called up share capital	20		161,887		161,887
Share premium account			5,244,944		5,244,944
Revaluation reserve			145,333		145,333
Profit and loss reserves			(7,596,684)		(7,954,896)
Total equity			(2,044,520)		(2,402,732)

These financial statements have been prepared 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 09/08/2018 and are signed on its behalf by:

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Mr S F Jones
Director

Company Registration No. 04838458

ENERGIST LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2016	161,887	5,244,944	145,333	(8,120,134)	(2,567,970)
Year ended 31 December 2016:					
Profit and total comprehensive income for the year	-	-	-	165,238	165,238
Balance at 31 December 2016	161,887	5,244,944	145,333	(7,954,896)	(2,402,732)
Year ended 31 December 2017:					
Profit and total comprehensive income for the year	-	-	-	358,212	358,212
Balance at 31 December 2017	161,887	5,244,944	145,333	(7,596,684)	(2,044,520)

1 Accounting policies

Company information
The principal activity of the company continued to be that of the design, manufacture and distribution of both light based and plasma equipment for cosmetic, aesthetic and medical markets.

Energist Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Park Pavilions, Clos Llyn Cwm, Valley Way, Enterprise Park, SWANSEA, West Glamorgan, UK, SA6 8QY.

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 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 the revaluation of leasehold properties and to include certain financial instruments at fair value as applicable. 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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of Energist (Holdings) Limited as at 31 December 2017 and these consolidated financial statements may be obtained from Companies House.

The company has taken advantage of the exemption afforded to wholly owned subsidiaries not to disclose details of related party transactions with wholly owned subsidiaries of the group.

1 Accounting policies (Continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company is reporting EBITDA of £254,673 (2016: £165,782) for the year ended 31 December 2017 but at this date had net current liabilities of £4,775 (2016: £191,634 assets). Further the Energist group, headed by the ultimate parent company Energist (Holdings) Limited, continues to report EBITDA losses. The company has amounts owing to Energist (Holdings) Limited, of £2,211,350 (2016: £2,846,011), amounts for which the company has received confirmation that they will not fall due for repayment until at least 12 months from the date of approval of these financial statements.

The directors have undertaken a review of the group's financial position. The directors have prepared forecasts that indicate, with on-going shareholder support, and based on the anticipated level of sales, there is a reasonable expectation that the company and group will be able to operate within its current level of agreed facilities for a period of 12 months from the date of approval of these financial statements.

The group's shareholders (Westbridge SME Fund LP and Beaubridge Energist LLP) continue to demonstrate their commitment and support to the group, and during the year invested additional loans into Energist (Holdings) Limited as well as waiving the commencement of repayments on these and existing loans until 30 September 2019. Further the directors have obtained confirmation from the group's shareholders that it is their current intention to support the business to enable the group to meet its financial commitments for a period of 12 months from the date of approval of these financial statements, as demonstrated by further investments of £454,000 in September 2017 and £50,000 in January 2018.

After considering the above matters, and the expected continued support of the group's bankers and shareholders, the directors are satisfied that it is appropriate to continue to prepare the financial statements on a going concern basis. The financial statements therefore do not include the adjustments required should the company be unable to continue as a going concern.

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 and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1 Accounting policies (Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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:

Leasehold land and buildings	2% straight line
Plant and equipment	20 - 50% straight line
Fixtures and fittings	12% straight line
Motor vehicles	33% 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.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies (Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash at bank and in hand 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.

1.10 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.

1 Accounting policies (Continued)

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.

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 Accounting policies (Continued)

1.11 Equity instruments

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

1.12 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.

1.13 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.

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.

1.14 Retirement benefits

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

1.15 Leases

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.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling 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 are included in the profit and loss account for the period.

1 Accounting policies (Continued)

1.17 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that sufficient funds will be available for the company to continue in operational existence for the foreseeable future. More details are set out in note 1.2.

Inventory provisioning

The company designs, manufactures and sells pulsed light, laser and plasma-based equipment for cosmetic, aesthetic and medical markets, the demand for which can fluctuate due to market conditions. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature, age and condition of the inventory, as well as applying the assumptions around anticipated saleability of finished goods and future usage of raw materials.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

Non-recognition of deferred tax asset

Under FRS102, unrelieved tax losses and other deferred tax assets shall be 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.

Carried forward tax losses and other timing differences have created a potential deferred tax asset for the company (as set out in note 9), however this asset has not been recognised within the financial statements due to uncertainty over the future recoverability of the asset.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Goods	2,317,364	2,150,170
Services	86,995	103,842
	2,404,359	2,254,012

	2017	2016
	£	£
Turnover analysed by geographical market		
UK	280,298	408,452
Rest of the world	2,124,061	1,845,560
	2,404,359	2,254,012

4 Exceptional costs/(income)

	2017	2016
	£	£
Forgiveness of intercompany balances	(1,000,000)	(1,000,000)
Impairment of intercompany balances	139,217	983,275
	(860,783)	(16,725)

During the year a debt waiver agreement was reached for the forgiveness of £1,000,000 (2016: £1,000,000) owed to the ultimate parent company, Energist (Holdings) Limited.

The impairment in both 2017 and 2016 relates to amounts due from other group companies that were deemed irrecoverable.

5 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	178,708	(301,337)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,000
Depreciation of owned tangible fixed assets	19,534	18,441
Cost of stocks recognised as an expense	976,303	664,491
Impairment of trade debtors	76,518	24,743
Operating lease charges	5,370	7,544

5 Operating profit (Continued)

Fees payable to the company's auditor in respect of other services relating to taxation amounted to £5,000 (2016: £5,000), and in respect of all other services amounted to £2,620 (2016: £nil).

Research and development expenditure charged as an expense amounts to £262,257 (2016: £265,877).

6 Employees

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

	2017 Number	2016 Number
Production	7	7
Service	2	2
Office and sales	17	14
	26	23

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,052,885	972,915
Social security costs	88,069	99,615
Pension costs	32,048	36,302
	1,173,002	1,108,832

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	193,833	305,431
Company pension contributions to defined contribution schemes	12,200	14,325
	206,033	319,756

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 3).

7 Directors' remuneration (Continued)

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

	2017	2016
	£	£
Remuneration for qualifying services	110,000	110,133
Company pension contributions to defined contribution schemes	7,500	7,500

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	19,570	18,511

9 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of prior periods	(142,643)	(36,408)

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

	2017	2016
	£	£
Profit before taxation	215,569	128,830
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 19.00%)	40,958	24,478
Tax effect of expenses that are not deductible in determining taxable profit	29,907	165,522
Tax effect of income not taxable in determining taxable profit	(190,000)	(190,000)
Unutilised tax losses carried forward	119,135	-
Adjustments in respect of prior years	(62,643)	(36,408)
Research and development tax credit	(80,000)	-
Taxation credit for the year	(142,643)	(36,408)

A deferred tax asset of £569,150 (2016: £463,425) relating to losses has not been recognised due to uncertainty over the future recoverability of the asset.

10 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2017 and 31 December 2017	608,186
Amortisation and impairment	
At 1 January 2017 and 31 December 2017	608,186
Carrying amount	
At 31 December 2017	-
At 31 December 2016	-

11 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2017	481,632	40,050	63,830	21,653	607,165
Additions	-	13,488	-	-	13,488
At 31 December 2017	481,632	53,538	63,830	21,653	620,653
Depreciation and impairment					
At 1 January 2017	12,245	7,237	63,830	21,653	104,965
Depreciation charged in the year	9,926	9,608	-	-	19,534
At 31 December 2017	22,171	16,845	63,830	21,653	124,499
Carrying amount					
At 31 December 2017	459,461	36,693	-	-	496,154
At 31 December 2016	469,386	32,813	-	-	502,199

Leasehold land and buildings were revalued at 30 September 2015 to £480,000 by Cooke & Arkwright, Chartered Surveyors, independent valuers not connected with the company, on the basis of open market value for existing use. The valuation conforms to International Valuation Standards.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017	2016
	£	£
Cost	499,766	499,766
Accumulated depreciation	(189,084)	(179,089)
Carrying value	310,682	320,677

12 Fixed asset investments

	Investments in group undertakings £
Cost or valuation	
At 1 January 2017	2,524,135
Disposals	(60,525)
At 31 December 2017	2,463,610
Impairment	
At 1 January 2017	2,524,135
Disposals	(60,525)
At 31 December 2017	2,463,610
Carrying amount	
At 31 December 2017	-
At 31 December 2016	-

During the year the company disposed of its investment in wholly owned subsidiary MedArt A/S, a company incorporated in Denmark, and in MedArt Gmbh and MedArt Corporation, wholly owned subsidiaries of MedArt A/S. No gain was recognised nor loss incurred on the disposal of these investments.

13 Subsidiaries

Details of the company's subsidiaries as at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Energist Holdings Inc	USA	Holding Company	Ordinary	100%	
Energist NA Inc	USA	Distribution of light-based equipment for cosmetic, aesthetic and medical markets	Ordinary		100%
Energist US Inc	USA	Dormant	Ordinary		100%

Energist US Inc and Energist NA Inc are wholly owned subsidiaries of Energist Holdings Inc.

14 Stocks

	2017	2016
	£	£
Raw materials and consumables	198,933	251,292
Finished goods and goods for resale	198,442	125,445
	397,375	376,737

15 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	49,694	123,433
Corporation tax recoverable	80,000	40,848
Other debtors	10,348	5,476
Prepayments and accrued income	73,943	109,009
	213,985	278,766

16 Creditors: amounts falling due within one year

		2017	2016
	Notes	£	£
Bank loans and overdrafts	18	74,263	80,487
Trade creditors		252,507	147,123
Other taxation and social security		73,852	53,639
Other creditors		113,713	29,451
Accruals and deferred income		153,823	167,382
		668,158	478,082

17 Creditors: amounts falling due after more than one year

		2017	2016
	Notes	£	£
Bank loans and overdrafts	18	125,000	155,000
Amounts due to group undertakings		2,211,350	2,744,714
Other creditors		199,549	196,851
		2,535,899	3,096,565

The amounts due to group undertakings are due to the ultimate parent company, Energist (Holdings) Limited. The amount is interest-free and secured. The directors of Energist (Holdings) Limited have confirmed that the balance will not fall due for payment until at least 12 months from the date of approval of these financial statements.

18 Loans and overdrafts

	2017	2016
	£	£
Bank loans	155,000	185,000
Bank overdrafts	44,263	50,487
	199,263	235,487
Payable within one year	74,263	80,487
Payable after one year	125,000	155,000

Bank loans and overdrafts are secured by fixed and floating charges over the company's leasehold property and by a cross guarantee and debenture from Belmont Investments Limited and Energist (Holdings) Limited.

Bank loans of £5,000 (2016: £35,000) are due after more than five years.

19 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	32,048	36,302

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.

20 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
355,200 Ordinary of 1p each	3,552	3,552
15,833,534 Ordinary A shares of 1p each	158,335	158,335
	161,887	161,887

The Ordinary 'A' shares rank before the Ordinary shares in the distribution of assets on the winding up of the company. Dividends require the prior approval of not less than 75% of the issued Ordinary 'A' shares before payment. The shares are equal for voting rights.

The Ordinary 'A' shares are convertible to Ordinary shares at the written request of the holder at any time. There were no share options outstanding as at 31 December 2017 as all options had been waived.

21 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee to secure the loans and loan notes of its Ultimate Parent Company. As at 31 December 2017 the value of these outstanding loan notes, including accrued interest and redemption premiums was £15,401,713 (2016: £11,993,713).

22 Operating lease commitments

Lessee

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:

	2017	2016
	£	£
Within one year	704	1,027
Between two and five years	665	1,368
	1,369	2,395

23 Related party transactions

The directors consider the only key management personnel to be the directors. For details of the directors remuneration see note 7.

Beaubridge Energist LLP is a director and significant shareholder of the Ultimate Parent Company. During the year Beaubridge Energist LLP were paid £54,000 (2016: £46,740) in directors' fees, monitoring fees and expenses for services.

Westbridge SME Fund LLP is a director and significant shareholder of the Ultimate Parent Company. During the year Westbridge SME Fund LLP were paid £55,642 (2016: £47,384) in directors' fees, monitoring fees and expenses for services.

24 Controlling party

The directors regard Belmont Investments Limited, a company registered in England and Wales as the immediate parent company. Belmont Investments Limited has a 100% interest in the equity capital of Energist Limited.

The directors regard Energist (Holdings) Limited, a company registered in England and Wales as the ultimate parent company. Energist (Holdings) Limited has a 100% interest in the equity capital of Belmont Investments Limited.

The parent company of the largest and smallest group to include the Company in its consolidated financial statements is Energist (Holdings) Limited, a company registered in England and Wales. Copies of its consolidated financial statements are available from Companies House.

The directors consider there to be no ultimate controlling party.