

Company Registration No. 05878200 (England and Wales)

MAGNOMATICS LIMITED
REPORTS AND FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

TUESDAY



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COMPANIES HOUSE

MAGNOMATICS LIMITED

COMPANY INFORMATION

Directors

C J Kirby
S D Calverley
D G Baynes
R E Clark
J R McCormick
D Crisp

Secretary

P A Webster

Company number

05878200

Registered office

Sheffield Technology Parks
Cooper Buildings
Arundel Street
Sheffield
South Yorkshire
S1 2NS

Auditors

Barber Harrison & Platt
57-59 Saltergate
Chesterfield
Derbyshire
S40 1UL

Business address

Sheffield Technology Parks
Cooper Buildings
Arundel Street
Sheffield
South Yorkshire
S1 2NS

Bankers

Natwest Bank PLC
243 Glossop Road
Sheffield
South Yorkshire
S10 2HA

MAGNOMATICS LIMITED

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MAGNOMATICS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the period ended 31 December 2010

Principal activities

The principal activity of the company continued to be that of the design and manufacture of electromagnetic and magnetic assemblies

Directors

The following directors have held office since 1 August 2009

C J Kirby
S D Calverley
D G Baynes
R E Clark
J R McCormick
D Crisp

Auditors

Barber Harrison & Platt were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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,
- 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

MAGNOMATICS LIMITED

DIRECTORS' REPORT (CONTINUED)

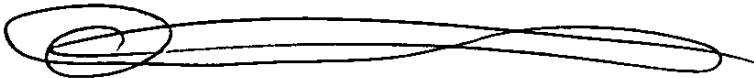
FOR THE PERIOD ENDED 31 DECEMBER 2010

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to be 'C J Kirby', written over a horizontal line.

C J Kirby

Director

3 March 2011

MAGNOMATICS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNOMATICS LIMITED

We have audited the financial statements of Magnomatics Limited for the period ended 31 December 2010 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MAGNOMATICS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF MAGNOMATICS LIMITED

Matters on which we are required to report by exception

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

Adrian Staniforth (Senior Statutory Auditor)
for and on behalf of Barber Harrison & Platt

18 May 2011

Chartered Accountants
Statutory Auditor

57-59 Saltergate
Chesterfield
Derbyshire
S40 1UL

MAGNOMATICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2010

		17 Months ended 31 December 2010 £	Year ended 31 July 2009 £
	Notes		
Turnover		1,233,000	317,899
Cost of sales		(231,589)	(18,857)
Gross profit		1,001,411	299,042
Administrative expenses		(1,187,287)	(801,859)
Other operating income		223,394	69,747
Operating profit/(loss)	2	37,518	(433,070)
Other interest receivable and similar income	3	412	2,886
Interest payable and similar charges	4	(10,906)	(2,783)
Profit/(loss) on ordinary activities before taxation		27,024	(432,967)
Tax on profit/(loss) on ordinary activities	5	41,743	17,504
Profit/(loss) for the period	13	68,767	(415,463)

MAGNOMATICS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	6	32,625		39,000	
Tangible assets	7	48,801		9,360	
			81,426		48,360
Current assets					
Debtors	8	259,825		153,692	
Cash at bank and in hand		333,537		303,815	
			593,362		457,507
Creditors: amounts falling due within one year	9	(544,185)		(387,860)	
Net current assets			49,177		69,647
Total assets less current liabilities			130,603		118,007
Creditors: amounts falling due after more than one year	10		-		(56,171)
			130,603		61,836
Capital and reserves					
Called up share capital	12	19,811		19,811	
Share premium account	13	563,591		563,591	
Profit and loss account	13	(452,799)		(521,566)	
Shareholders' funds			130,603		61,836

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Board for issue on 3 March 2011


C J Kirby
Director

Company Registration No. 05878200

MAGNOMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Intellectual Property

Intangible fixed assets purchased separately from a business are capitalised at their cost

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their estimated useful economic lives of 10 years

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	25% straight line
Fixtures, fittings & equipment	33% straight line
Motor vehicles	25% straight line

2 Operating profit/(loss)	2010 £	2009 £
Operating profit/(loss) is stated after charging		
Amortisation of intangible assets	6,375	4,500
Depreciation of tangible assets	16,137	3,842
Directors' remuneration	323,928	170,522
and after crediting		
Government grants	223,394	69,747

3 Investment income	2010 £	2009 £
Bank interest	412	1,797
Other interest	-	1,089
	412	2,886

MAGNOMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2010

4	Interest payable	2010 £	2009 £
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Included in interest payable is the following amount

On amounts payable to group companies

10,906	2,783
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5	Taxation	2010 £	2009 £
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Domestic current year tax

U K corporation tax

Adjustment for prior years

87	-
(41,830)	(17,504)

Total current tax

(41,743)	(17,504)
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6 Intangible fixed assets

Intellectual Property £

Cost

At 1 August 2009 & at 31 December 2010

45,000

Amortisation

At 1 August 2009

Charge for the period

6,000

6,375

At 31 December 2010

12,375

Net book value

At 31 December 2010

32,625

At 31 July 2009

39,000

MAGNOMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2010

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2009	-	16,145	-	16,145
Additions	33,512	20,127	2,850	56,489
Disposals	-	(911)	-	(911)
At 31 December 2010	33,512	35,361	2,850	71,723
Depreciation				
At 1 August 2009	-	6,785	-	6,785
Charge for the period	4,960	11,058	119	16,137
At 31 December 2010	4,960	17,843	119	22,922
Net book value				
At 31 December 2010	28,552	17,518	2,731	48,801
At 31 July 2009	-	9,360	-	9,360

8 Debtors

	2010 £	2009 £
Trade debtors	193,409	101,330
Other debtors	66,416	52,362
	259,825	153,692

9 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	68,761	84,728
Taxation and social security	27,160	7,174
Other creditors	448,264	295,958
	544,185	387,860

MAGNOMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2010

10 Creditors: amounts falling due after more than one year	2010 £	2009 £
Amounts owed to related parties	-	56,171

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. During the period the company paid contributions totalling £45,246 (2009 £24,385) into the scheme. Contributions of £20,109 were outstanding at the end of the year (2009 £7,291).

	2010 £	2009 £
Contributions payable by the company for the period	45,246	24,385

12 Share capital	2010 £	2009 £
Allotted, called up and fully paid		
19,811 of £1 each	19,811	19,811

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 August 2009	563,591	(521,566)
Profit for the period	-	68,767
Balance at 31 December 2010	563,591	(452,799)

MAGNOMATICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2010

14 Related party relationships and transactions

During the year the company purchased services and re-imbursed expenses to D Crisp, a Non Executive Director of the company, totalling £26,265 (2009 £8,695) At 31 December 2010 the company owed D Crisp £Nil (2009 £13,695)

During the year the company purchased services and re-imbursed expenses to J McCormick, a Non Executive Director of the company, totalling £27,795 (2009 £11,984) At 31 December 2010 the company owed J McCormick £5,000 (2009 £3,333)

During the year the company purchased services and re-imbursed expenses to C Kirby, a Director of the company, totalling £3,728 (2009 £3,658) At 31 December 2010 the company owed C Kirby £Nil (2009 £Nil)

During the year the company re-imbursed expenses to S Calverley totalling £3,374 (2009 £1,377) At 31 December 2010 the company owed S Calverley £Nil (2009 £Nil)

During the year the company re-imbursed expenses to R Clark totalling £4,350 (2009 £976) At 31 December 2010 the company owed R Clark £Nil (2009 £Nil)

During the year the company purchased rent, office expenses and seconded staff from the University of Sheffield totalling £23,065 (2009 £36,675) At 31 December 2010 the company owed the University of Sheffield £Nil (2009 £1,520)

During the year the company purchased management services from Sheffield University Enterprises Limited totalling £19,767 (2009 £12,171) At 31 December 2010 the company owed Sheffield University Enterprises Limited £2,239 (2009 £4,514) The company also received a loan from Sheffield University Enterprises Limited totalling £52,875 (2009 £52,875) with accrued interest totalling £5,172 (2009 £3,296)

During the year the company re-imbursed expenditure and purchased services from Fusion IP Sheffield Limited totalling £19,514 (2009 £1,184) At 31 December 2010 the company owed Fusion IP Sheffield Limited £3,576 (2009 £702)

During the previous year the company was loaned £200,000 from Fusion IP Cardiff Limited with accumulated interest totalling £7,500 (2009 £186) An option exists to convert this loan and interest into shares of the company

During the previous year the company was loaned £50,000 from White Rose Technology Limited with accumulated interest totalling £1,871 (2009 £65) An option exists to convert this loan and interest into shares of the company

MAGNOMATICS LIMITED
MANAGEMENT INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2010

MAGNOMATICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2010

	17 Months ended 31 December 2010		Year ended 31 July 2009	
	£	£	£	£
Turnover				
Sales		1,233,000		317,899
Cost of sales				
Subcontract labour	15,346		-	
Consultancy	10,000		6,562	
Consumables	202,162		12,295	
Grant costs	4,081		-	
		(231,589)		(18,857)
Gross profit	81 22%	1,001,411	94 07%	299,042
Administrative expenses		(1,187,287)		(801,859)
		(185,876)		(502,817)
Other operating income				
Government grants received		223,394		69,747
Operating profit/(loss)		37,518		(433,070)
Other interest receivable and similar income				
Bank interest received	412		1,797	
Other interest received	-		1,089	
		412		2,886
Interest payable				
Interest paid to group companies		(10,906)		(2,783)
Profit/(loss) before taxation	2 19%	27,024	136 20%	(432,967)

MAGNOMATICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE PERIOD ENDED 31 DECEMBER 2010

	17 Months ended 31 December 2010 £	Year ended 31 July 2009 £
Administrative expenses		
Wages and salaries	344,481	104,525
Directors' remuneration	295,314	154,613
Employer's N I contributions	60,688	24,319
Directors' pension costs	24,005	12,748
Staff pension costs	21,241	11,637
Secondment fees	4,609	3,161
Staff training	9,298	-
Rent re licences and other	40,389	10,559
Insurance	10,136	2,916
Light and heat	4,205	-
Service charge payable	661	467
Printing, postage and stationery	6,395	2,253
Advertising	15,600	24,563
Telephone	8,730	1,942
Computer running costs	43,920	25,011
Travelling expenses	64,776	33,616
Research & development costs	26,534	253,677
Legal and professional fees	140,923	112,055
Accountancy	22,252	13,871
Bank charges	991	479
Sundry expenses	17,638	-
Subscriptions	1,989	1,105
Depreciation on intangible assets	6,375	4,500
Depreciation on plant and machinery	4,960	-
Depreciation on equipment	11,058	3,842
Depreciation on motor vehicles	119	-
	<u>1,187,287</u>	<u>801,859</u>