

**MAGNOMATICS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**PAGES FOR FILING WITH REGISTRAR**



# MAGNOMATICS LIMITED

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# MAGNOMATICS LIMITED

## BALANCE SHEET

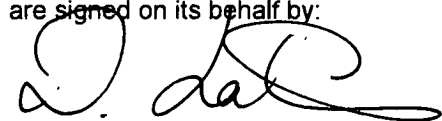
AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets			3,000,977		2,873,460
Tangible assets	5		85,888		117,178
<b>Current assets</b>					
Stocks		140,284		3,770	
Debtors	6	559,832		956,045	
Cash at bank and in hand		285,772		288,314	
		985,888		1,248,129	
<b>Creditors: amounts falling due within one year</b>	7	(564,099)		(911,692)	
<b>Net current assets</b>			421,789		336,437
<b>Total assets less current liabilities</b>			3,508,654		3,327,075
<b>Creditors: amounts falling due after more than one year</b>	8		(265,000)		-
<b>Net assets</b>			3,243,654		3,327,075
<b>Capital and reserves</b>					
Called up share capital	9		57,862		57,862
Share premium account			5,742,033		5,742,033
Revaluation reserve	10		2,708,980		2,708,980
Profit and loss reserves			(5,265,221)		(5,181,800)
<b>Total equity</b>			3,243,654		3,327,075

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

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

The financial statements were approved by the board of directors and authorised for issue on 1 April 2020 and are signed on its behalf by:



D Latimer  
Director

Company Registration No. 05878200

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Magnomatics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Park House, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the continued support of the company's investors.

At 31 December the company has reported net assets of £3,243,654 and a loss before tax of (£83,421).

The directors have considered the impact of COVID-19 and are confident that the company will continue to be in existence for at least twelve months, they recognise that significant uncertainty exists which may cast doubt on that assumption. The financial statements do not include any adjustments that may be required if the company was unable to continue as a going concern.

#### 1.3 Turnover

Turnover represents amounts receivable for goods, services, royalties and licences net of VAT and trade discounts. Turnover includes grants received from UK and EU Project Collaborations.

#### 1.4 Intangible fixed assets other than goodwill

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

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

Internally generated intangible assets are initially measured at cost and are subsequently measured at fair value and are amortised over the life of the project to which they relate.

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 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 property improvements	Over term of lease
Plant and machinery	25% straight line
Fixtures, fittings & equipment	33% straight line
Motor vehicles	25% 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.

#### 1.6 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).

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price.

#### 1.8 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs, and thereafter are assessed for indicators of impairment at each reporting end date.

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 trade and other payables, 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 receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.9 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

##### 1.10 Share capital

Share capital 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

##### 1.11 Taxation

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

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

##### 1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

##### 1.14 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.

##### 1.15 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.

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	9,000	8,220

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 24 (2018 - 23).

### 4 Intangible fixed assets

	Intellectual Property £
<b>Cost or valuation</b>	
At 1 January 2019	2,918,460
Additions	127,517
At 31 December 2019	3,045,977
<b>Amortisation and impairment</b>	
At 1 January 2019 and 31 December 2019	45,000
<b>Carrying amount</b>	
At 31 December 2019	3,000,977
At 31 December 2018	2,873,460

The intellectual property has been revalued at the year end to reflect the expected future economic benefits. The valuation has been performed by the directors and is based on the present value of the expected future economic benefits.

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:

	2019	2018
	£	£
Cost	209,480	209,480
Accumulated amortisation	45,000	45,000
Carrying value	164,480	164,480

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Tangible fixed assets

	Leasehold property improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2019	290,379	204,279	215,485	5,295	715,438
Additions	-	8,967	20,877	7,495	37,339
Disposals	-	-	-	(5,295)	(5,295)
At 31 December 2019	290,379	213,246	236,362	7,495	747,482
<b>Depreciation and impairment</b>					
At 1 January 2019	204,152	174,288	214,525	5,295	598,260
Depreciation charged in the year	31,884	29,750	6,527	468	68,629
Eliminated in respect of disposals	-	-	-	(5,295)	(5,295)
At 31 December 2019	236,036	204,038	221,052	468	661,594
<b>Carrying amount</b>					
At 31 December 2019	54,343	9,208	15,310	7,027	85,888
At 31 December 2018	86,227	29,991	960	-	117,178

### 6 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	89,249	156,395
Corporation tax recoverable	89,978	259,978
Other debtors	380,605	539,672
	559,832	956,045

### 7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	256,780	276,820
Taxation and social security	21,684	102,231
Other creditors	285,635	532,641
	564,099	911,692



# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Convertible loans		265,000	-

### 9 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
16,479 Ordinary shares of £1 each	16,479	16,479
41,202 Ordinary A shares of £1 each	41,202	41,202
18,100 Ordinary B and C shares of 1p each	181	181
	<u>57,862</u>	<u>57,862</u>

On 17 July 2018, the company issued 1,507 ordinary shares of £1 each at a premium of £51.25 each.

The ordinary shares of 1p each comprise of 10,750 ordinary B shares and 7,350 ordinary C shares.

### 10 Revaluation reserve

	2019 £	2018 £
At the beginning of the year	2,708,980	-
Revaluation surplus arising in the year	-	2,708,980
	<u>2,708,980</u>	<u>2,708,980</u>

### 11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Adrian Staniforth.

The auditor was BHP LLP.

# MAGNOMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 12 Operating lease commitments

#### Lessee

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

	2019 £	2018 £
Within one year	59,100	59,100
Between two and five years	48,850	107,950
	<u>107,950</u>	<u>167,050</u>

Lease payments recognised as an expense during the year totalled £58,500 (2018: £58,500).

### 13 Events after the reporting date

At 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. At that date there was no scientific evidence of human to human transmission. The subsequent spread of the virus and its identification as a new coronavirus does not impact on the financial statements at 31 December 2019.