Company Registration No. 05878200 (England and Wales)

MAGNOMATICS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PAGES FOR FILING WITH REGISTRAR

MAGNOMATICS LIMITED

COMPANY INFORMATION

Directors	D Latimer	
	IP2IPO Services Ltd	
	I Williamson	
	V D Hallam	(Appointed 4 October 2017)
Secretary	A Noble	
Company number	05878200	
Registered office	Park House Bernard Road Sheffield South Yorkshire S2 5BQ	
Auditor	BHP LLP 57-59 Saltergate Chesterfield Derbyshire S40 1UL	
Bankers	NatWest Bank PLC 244 Fulwood Road Sheffield South Yorkshire S10 3AA	

MAGNOMATICS LIMITED

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MAGNOMATICS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	5		192,753		277,715
Current assets					
Stocks		19,993		15,295	
Debtors	6	637,385		685,308	
Cash at bank and in hand		636,856		719,830	
		1,294,234		1,420,433	
Creditors: amounts falling due within one year	7	(759,817)		(774,536)	
Net current assets			534,417		645,897
Total assets less current liabilities			727,170		923,612
Capital and reserves					
Called up share capital	9		56,355		55,033
Share premium account	8		5,664,799		5,365,837
Profit and loss reserves			(4,993,984)		(4,497,258)
Total equity			727,170		923,612

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 24/9/2018 and are signed on its behalf by:

....
D Latimer
Director

Company Registration No. 05878200

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 company has made a loss for the year of £496,726 and has net assets at 31 December 2017 of £727,170. 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 subject to the agreement of the current investors to support the company. Following a detailed review of the most recent financial forecasts and budgets the directors' are confident that by restructuring the company, existing and other financial providers' will further support the working capital requirement of the company.

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 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.

1.5 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 Accounting policies **(Continued)**

1.6 Stocks

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

1.7 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.

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.

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.

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 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.

1.8 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.

1.9 Taxation

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

1 Accounting policies (Continued)

1.10 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.

1.11 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.

1.12 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.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 23 (2016 - 29).

3 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax	(80,000)	(60,000)
Adjustments in respect of prior periods	(91,776)	(100,723)
Total current tax	(171,776)	(160,723)

4 Intangible fixed assets

	Intellectual Property
	£
Cost	
At 1 January 2017 and 31 December 2017	45,000
Amortisation and impairment	
At 1 January 2017 and 31 December 2017	45,000
Carrying amount	
At 31 December 2017	-
At 31 December 2016	-

5 Tangible fixed assets

	Leasehold property improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2017 and 31 December 2017	290,379	204,279	215,485	5,295	715,438
Depreciation and impairment					
At 1 January 2017	140,384	108,112	184,387	4,840	437,723
Depreciation charged in the year	31,884	34,611	18,012	455	84,962
At 31 December 2017	172,268	142,723	202,399	5,295	522,685
Carrying amount					
At 31 December 2017	118,111	61,556	13,086	-	192,753
At 31 December 2016	149,995	96,167	31,098	455	277,715

6 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	68,418	62,303
Corporation tax recoverable	80,000	200,723
Other debtors	488,967	422,282
	637,385	685,308

7 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	157,880	111,064
Other taxation and social security	20,669	29,083
Other creditors	581,268	634,389
	759,817	774,536

8 Share premium account

8 Share premium account (Continued)

	2017	2016
	£	£
At beginning of year	5,365,837	5,365,837
Issue of new shares	298,962	-
At end of year	5,664,799	5,365,837

9 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
14,972 Ordinary shares of £1 each	14,972	13,698
41,202 Ordinary A shares of £1 each	41,202	41,202
18,100 Ordinary B and C shares of 1p each	181	133
	56,355	55,033

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

The company granted share options on 5 July 2013 under an Enterprise Management Incentive Scheme.

At the year end 5,276 granted options remained (2016: 6,160) and were allocated to nine employees within the EMI scheme.

10 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.

Emphasis of matter in respect of the going concern assumption

We draw your attention to note 1.2 in the financial statements, which indicates that although the directors are confident that by restructuring the company, existing and other financial providers' will further support the working capital requirement of the company, there is a material uncertainty of this support and therefore may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The senior statutory auditor was Adrian Staniforth.
The auditor was BHP LLP.

11 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:

	2017	2016
	£	£
Within one year	59,100	58,850
Between two and five years	167,050	220,900
In over five years	-	5,250
	226,150	285,000

Lease payments recognised as an expense during the year totalled £58,500 (2016: £56,833).