

**Financial Statements for the Year Ended 31 December 2022**

**for**

**Magnomatics Limited**

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*for the year ended 31 December 2022*

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# **Magnomatics Limited**

## **Company Information**

*for the year ended 31 December 2022*

**DIRECTORS:**

IP2IPO Services Limited  
D Latimer  
I Williamson

**SECRETARY:**

D Latimer

**REGISTERED OFFICE:**

Park House  
Bernard Road  
Sheffield  
South Yorkshire  
S2 5BQ

**REGISTERED NUMBER:**

05878200 (England and Wales)

**ACCOUNTANTS:**

Atraxa Consulting Limited  
Brooke's Mill  
Armitage Bridge  
Huddersfield  
West Yorkshire  
HD4 7NR

**Magnomatics Limited (Registered number: 05878200)**

**Balance Sheet**

**31 December 2022**

		<b>2022</b>		<b>2021</b> as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		<b>1,804,496</b>		2,059,389
Tangible assets	5		<b>63,073</b>		<b>54,981</b>
			<b>1,867,569</b>		<b>2,114,370</b>
<b>CURRENT ASSETS</b>					
Stocks		<b>161,591</b>		78,534	
Debtors	6	<b>1,102,801</b>		234,841	
Cash at bank and in hand		<b>664,780</b>		<b>1,140,852</b>	
		<b>1,929,172</b>		<b>1,454,227</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<b>668,168</b>		<b>776,170</b>	
<b>NET CURRENT ASSETS</b>			<b>1,261,004</b>		<b>678,057</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,128,573</b>		<b>2,792,427</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	8		<b>29,923</b>		<b>39,690</b>
<b>NET ASSETS</b>			<b>3,098,650</b>		<b>2,752,737</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			<b>68,054</b>		<b>68,054</b>
Share premium			<b>6,536,214</b>		<b>6,536,214</b>
Revaluation reserve	9		<b>1,580,239</b>		<b>1,805,987</b>
Retained earnings			<b>(5,085,857)</b>		<b>(5,657,518)</b>
			<b>3,098,650</b>		<b>2,752,737</b>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

**Magnomatics Limited (Registered number: 05878200)**

**Balance Sheet - continued**

***31 December 2022***

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2023 and were signed on its behalf by:

D Latimer - Director

**Notes to the Financial Statements**  
*for the year ended 31 December 2022*

**1. STATUTORY INFORMATION**

Magnomatics Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis.

At 31 December 2022 the company had net assets of £3,098,650 and had a cash balance of £664,780.

The directors have prepared financial forecasts which cover a period of at least 12 months from the date of approval of these financial statements. Based on the assumptions within the forecasts, the directors are confident that the company will have sufficient financial resources to remain in existence and continue to be a going concern for at least 12 months.

**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.

**Notes to the Financial Statements - continued**

*for the year ended 31 December 2022*

**2. ACCOUNTING POLICIES - continued**

**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.

**Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Expenditure on research activities undertaken internally by the company is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following criteria are satisfied:

- (a) completion of the intangible asset is technically feasible so that it will be available for use or sale;
- (b) the company intends to complete the intangible asset and use or sell it;
- (c) the company has the ability to use or sell the intangible asset and the intangible asset will generate probable future economic benefits over and above cost;
- (d) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (e) the expenditure attributable to the intangible asset during its development can be measured reliably.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. In some circumstances, certain intangible assets may be revalued to fair value. Intangible assets are amortised on a straight-line basis over their estimated useful lives and the amortisation charge for the period is included within 'administrative expenses' in the Income Statement.

The useful economic lives of intangible assets are as follows:

Development costs - 5 to 12 years

Patents - 5 to 12 years

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period, previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life will be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**Notes to the Financial Statements - continued**  
*for the year ended 31 December 2022*

**2. ACCOUNTING POLICIES - continued**

**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 and 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.

**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).

**Stocks**

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are 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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**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 lease s asset are consumed.



**Notes to the Financial Statements - continued**  
*for the year ended 31 December 2022*

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-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.

**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.

**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.

**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.

**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.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 26 (2021 - 24) .

**Notes to the Financial Statements - continued**  
*for the year ended 31 December 2022*

**4. INTANGIBLE FIXED ASSETS**

	<b>Other intangible assets (as restated) £</b>
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u><b>3,103,711</b></u>
<b>AMORTISATION</b>	
At 1 January 2022	<b>1,044,322</b>
Charge for year	<u><b>254,893</b></u>
At 31 December 2022	<u><b>1,299,215</b></u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u><b>1,804,496</b></u>
At 31 December 2021	<u><b>2,059,389</b></u>

The intellectual property is held at a revalued amount following a revaluation in 2018. The carrying amount reflects the expected future economic benefits and was performed by the directors 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:

	2022 £	2021 £
Cost	394,731	394,731
Accumulated amortisation	<u>(170,473)</u>	<u>(141,328)</u>
Carrying value	<u><b>224,258</b></u>	<u><b>253,403</b></u>

**Notes to the Financial Statements - continued**  
*for the year ended 31 December 2022*

**5. TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements £</b>	<b>Plant and machinery £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2022	293,331	513,280	806,611
Additions	-	36,483	36,483
Disposals	(542)	-	(542)
At 31 December 2022	<u>292,789</u>	<u>549,763</u>	<u>842,552</u>
<b>DEPRECIATION</b>			
At 1 January 2022	292,431	459,199	751,630
Charge for year	900	27,491	28,391
Eliminated on disposal	(542)	-	(542)
At 31 December 2022	<u>292,789</u>	<u>486,690</u>	<u>779,479</u>
<b>NET BOOK VALUE</b>			
At 31 December 2022	<u>-</u>	<u>63,073</u>	<u>63,073</u>
At 31 December 2021	<u>900</u>	<u>54,081</u>	<u>54,981</u>

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022 £</b>	<b>2021 £</b>
Trade debtors	734,307	147,843
Other debtors	<u>368,494</u>	<u>86,998</u>
	<u><b>1,102,801</b></u>	<u><b>234,841</b></u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022 £</b>	<b>2021 £</b>
Bank loans and overdrafts	9,768	9,527
Trade creditors	262,201	29,218
Taxation and social security	29,086	70,809
Other creditors	<u>367,113</u>	<u>666,616</u>
	<u><b>668,168</b></u>	<u><b>776,170</b></u>

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2022 £</b>	<b>2021 £</b>
Bank loans	<u><b>29,923</b></u>	<u><b>39,690</b></u>

**Notes to the Financial Statements - continued**  
*for the year ended 31 December 2022*

9. **RESERVES**

	<b>Revaluation reserve £</b>
At 1 January 2022	<b>1,805,987</b>
Transfer	<u><b>(225,748)</b></u>
At 31 December 2022	<u><u><b>1,580,239</b></u></u>

10. **PRIOR YEAR ADJUSTMENT**

In the financial statements for the four years ending 31 December 2018 to 31 December 2021, no amortisation charge was made in respect of capitalised development expenditure and patent costs. A prior year adjustment has been made in these financial statements to account for the amortisation charge which should have been made in those accounts.

As a result of the prior year adjustment, the net book value of intangible assets at 31 December 2021 has been reduced by £999,322, the loss for that year has been increased by £254,893 and the retained reserve balance at 1 January 2021 has been reduced by £744,429.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.