

Company registration number 02308367 (England and Wales)



**THE MAGSTIM COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

Helping you prosper

## THE MAGSTIM COMPANY LIMITED

### COMPANY INFORMATION

---

<b>Directors</b>	Mr J M Mackowski	
	Ms R Stolce-Campo	(Appointed 28 March 2022)
	Mr D G L Davies	(Appointed 5 September 2022)
<b>Company number</b>	02308367	
<b>Registered office</b>	Spring Gardens Whitland Carmarthenshire SA34 0HR	
<b>Auditor</b>	UHY Hacker Young Bradbury House Mission Court Newport Gwent United Kingdom NP20 2DW	
<b>Bankers</b>	Barclays Bank PLC 9/10 Guildhall Square Carmarthen SA31 1PW	

---

**THE MAGSTIM COMPANY LIMITED**

**CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 24

---

**THE MAGSTIM COMPANY LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present the strategic report for the year ended 31 December 2022.

**Business review**

The directors are satisfied with the revenue growth and results during a calendar year which saw lingering economic and public health effects of the Covid-19 pandemic. Turnover increased modestly from 2021 while the gross profit margin decreased as a result of increased supply chain and carriage expenses; overhead costs remained well managed, resulting in continued UK profitability.

The organisation will continue to invest in the development of new products and new markets in the global neurotech device space while directing additional attention and resources to the improvement of operational areas with the goal of strengthening future growth and profitability of the organisation.

Severe price pressure in the private practice markets has continued, resulting in significant margin erosion (GP% has decreased from 55% in 2019 to 39% in 2022) and a decline in overall profitability with profit before tax of £474k compared to £2.3m for the year ended 31 December 2021.

The Company maintained investment in product development during the year. The Company continues to position itself for improved future growth.

The directors are satisfied with the performance of the Company during the year under review and with the financial position at 31 December 2022. Net assets have increased to £7.2m from £6.3m at 31 December 2021.

**Principal risks and uncertainties**

There are a number of risks that are outside the scope of management's control that can affect the Company. Directors and management aim to reduce the impact of these risks at all times by ensuring appropriate control within the business and structuring the business in a way that the effects of risks can be minimised.

The Board considers the principal risks of the business are as follows:

**Money market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company manage exposure to foreign exchange fluctuations through maintaining foreign currency bank accounts.

**Market conditions**

The Company operates in dynamic and competitive markets and therefore close working relations are maintained with both the Company's suppliers and customers in order to monitor market and technology changes. Close contact with customers ensures that the Company's products continue to meet their requirements.

**Debtors and credit risk**

The principal credit risk arises from trade debtors, many of whom are small businesses. The directors regard the scale and spread of customers as being a safeguard against the risk of default. Stringent daily credit control procedures are undertaken.

**Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

**THE MAGSTIM COMPANY LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Going concern and future prospects**

Similar to other medical device manufacturers, the global Covid-19 pandemic negatively affected Magstim UK, primarily in supply chain, with longer lead times and erratic availability of materials, but also by unanticipated increases in transportation costs compared to the previous year and a number of customer business failures. The Company has taken measures to adjust stock levels where possible in order to minimize production disruptions. These changes required a significantly higher than normal investment in working capital. Furthermore, our bank facilitated a temporary financing (in the form of a current account credit) to partly finance the working capital expansion.

Expense controls have been enacted including the postponement of travel and participation in trade fairs in addition to a freeze on adding new or replacing headcount. The development of business critical projects has been continued, albeit at a slower than usual pace, to lay the foundation for new product improvements and/or modifications which will contribute to further growth of the organisation.

The management closely monitors the market, and has put in place more stringent pre-purchase credit reviews of customer as well as now requiring pre-payment as a normal course activity. The Company's overall strategy and financial goals are adjusted dynamically to reflect the present market circumstances.

The management, supported by the Board, foresees further developments that may contribute to a stronger financial position and thus future continuity of the organisation.

On behalf of the board

Ms R Stolec-Campo

**Director**

31 July 2023

## **THE MAGSTIM COMPANY LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company continued to be the development, manufacture and selling of nerve stimulation and nerve monitoring medical devices which are both sold in research and clinicals market.

The directors do not envisage any change to the current principal activity of the Company.

The Company's ultimate parent is Welcony Inc., which also owns Magstim Inc., a fellow subsidiary involved in the selling and distribution of the Company's products within the US market. Welcony Inc. also owns Technomed Engineering BV, a company whose main activity is the development, manufacture and selling of intraoperative nerve monitoring accessories.

#### **Results and dividends**

The results for the year are set out on page 8. A business review is presented in the Strategic Report on page 1.

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

#### **Directors**

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

Mr L Krinke	(Resigned 24 March 2022)
Mr J M Mackowski	
Mr W T Campbell	(Resigned 5 September 2022)
Ms R Stolec-Campo	(Appointed 28 March 2022)
Mr D G L Davies	(Appointed 5 September 2022)

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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.

On behalf of the board

Ms R Stolec-Campo

**Director**

31 July 2023

**THE MAGSTIM COMPANY LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

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 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.

## THE MAGSTIM COMPANY LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF THE MAGSTIM COMPANY LIMITED

---

##### Opinion

We have audited the financial statements of The Magstim Company Limited (the 'Company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2022 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.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## **THE MAGSTIM COMPANY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE MAGSTIM COMPANY LIMITED**

---

#### **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 strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**THE MAGSTIM COMPANY LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF THE MAGSTIM COMPANY LIMITED**

---

To address risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our 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.

**Mr John Griffiths (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

31 July 2023

**Chartered Accountants**  
**Statutory Auditor**

Newport  
Gwent  
United Kingdom

**THE MAGSTIM COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	15,153,787	14,883,316
Cost of sales		(9,277,890)	(6,320,474)
<b>Gross profit</b>		5,875,897	8,562,842
Administrative expenses		(5,223,392)	(6,078,385)
Other operating income		-	84
<b>Operating profit</b>	<b>4</b>	652,505	2,484,541
Interest receivable and similar income	<b>7</b>	300	73
Interest payable and similar expenses	<b>8</b>	(179,208)	(183,277)
<b>Profit before taxation</b>		473,597	2,301,337
Tax on profit	<b>9</b>	462,897	(85,396)
<b>Profit for the financial year</b>		936,494	2,215,941

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**THE MAGSTIM COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	936,494	2,215,941
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>936,494</u>	<u>2,215,941</u>

**THE MAGSTIM COMPANY LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Intangible assets	10		11,421		13,999
Tangible assets	11		625,862		745,858
			<u>637,283</u>		<u>759,857</u>
<b>Current assets</b>					
Stocks	12	2,733,472		5,083,532	
Debtors	13	15,326,632		10,858,376	
Cash at bank and in hand		4,672		370,124	
		<u>18,064,776</u>		<u>16,312,032</u>	
<b>Creditors: amounts falling due within one year</b>	14	(11,338,652)		(10,567,635)	
<b>Net current assets</b>			<u>6,726,124</u>		<u>5,744,397</u>
<b>Total assets less current liabilities</b>			<u>7,363,407</u>		<u>6,504,254</u>
<b>Creditors: amounts falling due after more than one year</b>	15		-		(56,900)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	119,540		139,981	
		<u>(119,540)</u>		<u>(139,981)</u>	
<b>Net assets</b>			<u><u>7,243,867</u></u>		<u><u>6,307,373</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		37,331		37,331
Share premium account	20		446,335		446,335
Capital redemption reserve	21		186,589		186,589
Profit and loss reserves			6,573,612		5,637,118
<b>Total equity</b>			<u><u>7,243,867</u></u>		<u><u>6,307,373</u></u>

The financial statements were approved by the board of directors and authorised for issue on 31 July 2023 and are signed on its behalf by:

Ms R. Stolcc-Campo  
Director

Company Registration No. 02308367

**THE MAGSTIM COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 January 2021</b>	37,331	446,335	186,589	3,421,177	4,091,432
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year	-	-	-	2,215,941	2,215,941
<b>Balance at 31 December 2021</b>	37,331	446,335	186,589	5,637,118	6,307,373
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income for the year	-	-	-	936,494	936,494
<b>Balance at 31 December 2022</b>	37,331	446,335	186,589	6,573,612	7,243,867

**THE MAGSTIM COMPANY LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26	(54,243)		220,424	
Interest paid		(179,208)		(183,277)	
Income taxes (paid)/refunded		(115)		124,414	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(233,566)</b>		<b>161,561</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(51,456)		(71,789)	
Interest received		300		73	
<b>Net cash used in investing activities</b>			<b>(51,156)</b>		<b>(71,716)</b>
<b>Financing activities</b>					
Repayment of bank loans		(177,395)		(200,459)	
<b>Net cash used in financing activities</b>			<b>(177,395)</b>		<b>(200,459)</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(462,117)</b>		<b>(110,614)</b>
Cash and cash equivalents at beginning of year			370,124		480,738
<b>Cash and cash equivalents at end of year</b>			<b>(91,993)</b>		<b>370,124</b>
<b>Relating to:</b>					
Cash at bank and in hand			4,672		370,124
Bank overdrafts included in creditors payable within one year			(96,665)		-

## THE MAGSTIM COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### **1 Accounting policies**

##### **Company information**

The Magstim Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Spring Gardens, Whitland, Carmarthenshire, SA34 0HR.

##### **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 freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

The management closely monitors the market, and has put in place more stringent pre-purchase credit reviews of customer as well as now requiring pre-payment as a normal course activity. The Company's overall strategy and financial goals are adjusted dynamically to reflect the present market circumstances.

The management, supported by the Board, foresees further developments that may contribute to a stronger financial position and thus future continuity of the organisation.

The Board is therefore satisfied that the company will have sufficient resources to meet debts as they fall due for the foreseeable future.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **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.

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.

##### **1.4 Research and development expenditure**

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.

##### **1.5 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.



**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies (Continued)**

Amortisation 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:

Patents & licences	15 years
--------------------	----------

**1.6 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. Land is not depreciated.

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	Over the life of the lease
Plant and equipment	10% straight line
Fixtures and fittings	3-10 years straight line
Motor vehicles	20% 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.

**1.7 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 cost and replacement 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.

**1.8 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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

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.

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**(Continued)**

**1.9 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.

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.

**1.10 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.

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**

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

**1.12 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 leased asset are consumed.

**1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.14 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 in the period are included in profit or loss.

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.

**Depreciation**

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

**Amortisation**

The Company exercises judgement to determine useful lives of intangible fixed assets. The assets are amortised over their estimated useful lives.

**Provisions for trade debtors**

Provisions have been made for potential trade debtors which will not be collected. This provision is an estimate based on management's understanding, knowledge of customers and historic trends.

**Allocation of labour and overheads to stock**

Labour and overheads which are deemed to be direct to the production of stock have been allocated to the cost of stock held on the Balance Sheet at the year end. Management have estimated hourly allocation rates for direct labour and direct overheads which are incorporated into the stock standard costing model.

**Stock provisions**

Management estimates stock provisions required for slow moving and obsolete stock. Provisions are calculated based on the ageing of the stock. The total provisions at 31 December 2022 was £1,167,046 (2021: £713,787). The board believes that this is the most appropriate way of accounting for stock, however this involves considerable estimation uncertainty.

**3 Turnover and other revenue**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Product sales	15,153,787	14,883,316
	<b>=====</b>	<b>=====</b>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom & Ireland	1,431,489	1,346,623
Rest of the world	13,722,298	13,536,693
	<b>=====</b>	<b>=====</b>
	<b>15,153,787</b>	<b>14,883,316</b>

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**3 Turnover and other revenue (Continued)**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Other revenue</b>		
Interest income	300	73
Grants received	-	84
	<u>          </u>	<u>          </u>

**4 Operating profit**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,009,857)	297,868
Research and development costs	1,155,533	604,728
Government grants	-	(84)
Fees payable to the Company's auditor for the audit of the company's financial statements	16,500	15,000
Depreciation of owned tangible fixed assets	140,163	154,348
Loss on disposal of tangible fixed assets	31,289	-
Amorisation of intangible assets	2,578	2,585
Operating lease charges	17,569	3,171
	<u>          </u>	<u>          </u>

**5 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Sales	11	11
Operations	61	55
R&D	17	14
Admin	12	12
Management	1	2
	<u>          </u>	<u>          </u>
Total	102	94
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,273,811	2,490,031
Social security costs	443,247	372,760
Pension costs	326,541	155,953
	<u>          </u>	<u>          </u>
	3,043,599	3,018,744
	<u>          </u>	<u>          </u>

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**6 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	106,867	173,549
Company pension contributions to defined contribution schemes	10,167	13,304
	<u>117,034</u>	<u>186,853</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

**7 Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Other interest income	300	73
	<u>300</u>	<u>73</u>

**8 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	172,306	171,170
Other interest on financial liabilities	6,902	12,107
	<u>179,208</u>	<u>183,277</u>

**9 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	(442,571)	-
Adjustments in respect of prior periods	115	5,819
Total current tax	<u>(442,456)</u>	<u>5,819</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(20,441)	59,416
Changes in tax rates	-	19,336
Adjustment in respect of prior periods	-	825
Total deferred tax	<u>(20,441)</u>	<u>79,577</u>
Total tax (credit)/charge	<u>(462,897)</u>	<u>85,396</u>

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9 Taxation**

**(Continued)**

The actual (credit)/charge 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit before taxation	473,597	2,301,337
	<u>473,597</u>	<u>2,301,337</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	89,983	437,254
Tax effect of expenses that are not deductible in determining taxable profit	601	491
Tax effect of utilisation of tax losses not previously recognised	579,920	-
Adjustments in respect of prior years	115	6,644
Effect of change in corporation tax rate	(3,980)	20,551
Permanent capital allowances in excess of depreciation	-	576
Depreciation on assets not qualifying for tax allowances	(3,860)	-
Research and development tax credit	(1,125,676)	(443,403)
Other non-reversing timing differences	-	63,283
	<u>(462,897)</u>	<u>85,396</u>
Taxation (credit)/charge for the year	<u>(462,897)</u>	<u>85,396</u>

**10 Intangible fixed assets**

	<b>Patents &amp; licences £</b>
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	38,787
	<u>38,787</u>
<b>Amortisation and impairment</b>	
At 1 January 2022	24,788
Amortisation charged for the year	2,578
	<u>27,366</u>
At 31 December 2022	<u>27,366</u>
<b>Carrying amount</b>	
At 31 December 2022	11,421
	<u>11,421</u>
At 31 December 2021	<u>13,999</u>

THE MAGSTIM COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2022	554,172	607,641	384,134	8,990	1,554,937
Additions	-	48,197	3,259	-	51,456
Disposals	-	(56,055)	-	-	(56,055)
At 31 December 2022	554,172	599,783	387,393	8,990	1,550,338
<b>Depreciation and impairment</b>					
At 1 January 2022	201,679	369,779	232,826	4,795	809,079
Depreciation charged in the year	36,944	54,532	46,889	1,798	140,163
Eliminated in respect of disposals	-	(24,766)	-	-	(24,766)
At 31 December 2022	238,623	399,545	279,715	6,593	924,476
<b>Carrying amount</b>					
At 31 December 2022	315,549	200,238	107,678	2,397	625,862
At 31 December 2021	352,493	237,862	151,308	4,195	745,858

12 Stocks

	2022 £	2021 £
Raw materials and consumables	1,335,296	2,871,446
Work in progress	545,753	549,822
Finished goods and goods for resale	852,423	1,662,264
	2,733,472	5,083,532

13 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,155,272	822,580
Corporation tax recoverable	442,571	-
Amounts owed by group undertakings	13,469,779	8,744,690
Other debtors	197,842	781,462
Prepayments and accrued income	61,168	509,644
	15,326,632	10,858,376

Included within amounts owed by group undertakings above is an amount of £13,383,375 (2021: £8,721,792) which is due in more than 1 year.

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14 Creditors: amounts falling due within one year**

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	157,326	181,156
Trade creditors		1,156,247	1,667,564
Amounts owed to group undertakings		8,498,287	6,990,055
Taxation and social security		118,150	81,068
Other creditors		608,803	928,940
Accruals and deferred income		799,839	718,852
		<u>11,338,652</u>	<u>10,567,635</u>

Barclays Bank PLC hold the following securities:

Debenture dated 31 August 2006.

**15 Creditors: amounts falling due after more than one year**

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	-	56,900
		<u>-</u>	<u>56,900</u>

**16 Loans and overdrafts**

	2022 £	2021 £
Bank loans	60,661	238,056
Bank overdrafts	96,665	-
	<u>157,326</u>	<u>238,056</u>
Payable within one year	157,326	181,156
Payable after one year	-	56,900
	<u>-</u>	<u>56,900</u>

Barclays Bank PLC hold the following securities:

Debenture dated 31 August 2006.



**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**17 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities 2022 £</b>	<b>Liabilities 2021 £</b>
<b>Balances:</b>		
Accelerated capital allowances	119,540	139,981
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2022 £</b>
Liability at 1 January 2022		139,981
Credit to profit or loss		(20,441)
		<u>          </u>
Liability at 31 December 2022		119,540
		<u>          </u>

The deferred tax liability set out above relates predominantly to accelerated capital allowances and this is expected to reverse over the useful economic lived of the related assets.

**18 Retirement benefit schemes**

	<b>2022 £</b>	<b>2021 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	326,541	155,953
	<u>          </u>	<u>          </u>

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.

**19 Share capital**

	<b>2022 Number</b>	<b>2021 Number</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	49,750	49,750	49,750	49,750
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	37,331	37,331	37,331	37,331
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Preference share capital</b>				
<b>Authorised</b>				
Preference shares of £1 each	125,000	125,000	125,000	125,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**20 Share premium account**

The share premium account represents the difference between the nominal value of ordinary shares and the amount paid for the shares.

**21 Capital redemption reserve**

The capital redemption reserve was created in accordance with the requirements of the Companies Act following a redemption of the Company's shares.

**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:

	2022	2021
	£	£
Within one year	152,535	152,535
Between two and five years	465,865	502,323
In over five years	396,819	490,828
	<u>1,015,219</u>	<u>1,145,686</u>

**23 Related party transactions**

**Magstim Inc.**

During the year, the Company sold goods totalling £9,290,771 (2021: £8,281,365) to Magstim Inc. and made purchases of £312,300 (2021: £21,769). An amount of £13,383,375 (2021: £8,721,792) was owed to the Company at the year-end.

**Welcony Inc.**

As at the year-end, the closing balance of the loan provided from Welcony Inc to the Company was £8,082,782 (2021: £6,688,959).

**Technomed Engineering BV**

During the year, the company sold goods totalling £59,437 (2021: £nil) to Technomed Engineering BV and made purchases of £450,821 (2021: £508,671).

An amount of £415,505 (2021: £301,096) was owed by the Company at the year-end, this is included in creditors due within one year.

**Welcony GmbH**

An amount of £nil (2021: £22,898) was owed to the Company at the year-end.

**Neurosign UK**

An amount of £86,405 (2021: £nil) was owed to the Company at the year end.

**THE MAGSTIM COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**24 Ultimate controlling party**

The directors regard Welcony Inc., a company registered in the USA, as the ultimate parent company and controlling party.

Welcony Inc. is the parent of the smallest and largest group of which the Company is a member for which consolidated accounts will be prepared. Copies of the consolidated accounts of Welcony Inc. will be available from the company's registered office: 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, USA, 19808.

**25 Comparative reclassification**

Certain costs have been reclassified (from administrative expenses to costs of sales) as the directors believe that this provides a more accurate reflection on the true nature of the costs.

**26 Cash (absorbed by)/generated from operations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	936,494	2,215,941
<b>Adjustments for:</b>		
Taxation (credited)/charged	(462,897)	85,396
Finance costs	179,208	183,277
Investment income	(300)	(73)
Loss on disposal of tangible fixed assets	31,289	-
Amorisation and impairment of intangible assets	2,578	2,585
Depreciation and impairment of tangible fixed assets	140,163	154,348
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	2,350,060	(846,020)
Increase in debtors	(4,025,685)	(2,111,905)
Increase in creditors	794,847	536,875
<b>Cash (absorbed by)/generated from operations</b>	<b>(54,243)</b>	<b>220,424</b>

**27 Analysis of changes in net funds/(debt)**

	<b>1 January 2022</b>	<b>Cash flows</b>	<b>31 December 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	370,124	(365,452)	4,672
Bank overdrafts	-	(96,665)	(96,665)
	370,124	(462,117)	(91,993)
Borrowings excluding overdrafts	(238,056)	177,395	(60,661)
	132,068	(284,722)	(152,654)

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.