

Registered number
1564814

Hirst Magnetic Instruments Limited

Abbreviated Accounts

30 June 2004



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Hirst Magnetic Instruments Limited

Independent Auditors' Report

Auditors' report to Hirst Magnetic Instruments Limited under section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 3 to 7, together with the full accounts of the company for the year ended 30 June 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the full accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Fundamental uncertainty

Statement of Auditing Standard 600 requires auditors to consider whether the view given in the financial statements could be affected by inherent uncertainties which in their opinion are fundamental.

An inherent uncertainty is defined as an uncertainty which it is not possible for the Directors to remove by obtaining more information at the date on which they approve the financial statements.

A fundamental uncertainty is an inherent uncertainty which is so significant that if it is not fully disclosed the financial statements would be seriously misleading.

In forming our opinion, we have considered the values of stock and work in progress and capitalised development expenditure shown in the accounts, in particular those costs which relate to the Pulsed Field Magnetometry (PFM) projects.

Hirst Magnetic Instruments Limited
Independent Auditors' Report

Fundamental uncertainty (continued)

The new PFM technology is currently in the pre-production stage and there is therefore no proven track record or equivalent technology with which to make comparisons. We have, therefore, had to rely upon representations from the Directors that the eventual sale proceeds are expected to exceed cost.

£69,147 of work in progress relates to these projects and £420,980 of development costs have been capitalised. Grants have been received from the Small Business Service who were aware of the level of this expenditure and have offered a SMART award for further development in this area.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 7 are properly prepared in accordance with those provisions.



Peter Crane and Company
Chartered Accountants and Registered Auditors

30/32 Trebarwith Crescent
Newquay
Cornwall
TR7 1DX

13 December 2004.

Hirst Magnetic Instruments Limited
Abbreviated Balance Sheet
as at 30 June 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	2	420,601	393,991
Tangible assets	3	49,480	36,827
Investments	4	398	398
		<u>470,479</u>	<u>431,216</u>
Current assets			
Debtors	128,103	141,590	
Stock	212,723	234,565	
Cash at bank and in hand	379	206	
	<u>341,205</u>	<u>376,361</u>	
Creditors: amounts falling due within one year	(313,811)	(344,824)	
Net current assets		<u>27,394</u>	<u>31,537</u>
Total assets less current liabilities		<u>497,873</u>	<u>462,753</u>
Creditors: amounts falling due after more than one year		(91,667)	(58,333)
Provisions for liabilities and charges		-	(2,431)
Net assets		<u>406,206</u>	<u>401,989</u>
Capital and reserves			
Called up share capital	6	30,040	30,040
Profit and loss account		376,166	371,949
Shareholders' funds		<u>406,206</u>	<u>401,989</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.



J Dudding
Director

Approved by the board on 13th Dec 2004

Hirst Magnetic Instruments Limited
Notes to the Abbreviated Accounts
for the year ended 30 June 2004

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Research and development costs written off to the profit and loss account during the year are normally included in administrative and/or distribution costs. These have, however, been shown separately on the face of the profit and loss account under gross profit. The reason for this is to show a true and fair view. These costs are funded by grants received shown under other operating income.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Patents

Patents costs have been incurred in relation to ISO 9002 compliance costs and Pulsed Field Magnetometry. They are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over five years.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred. It will be amortised over ten years, i.e. the minimum period during which the company is expected to benefit once the development expenditure has been completed. The directors believe this would be twenty years, however, ten years is a more prudent estimation.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Leasehold property improvements	equally over 10 year lease
Plant and machinery	20 - 25% per annum on reducing balance
Office equipment	25% per annum on reducing balance, straight line basis and some equally over period of the lease
Web site	equally over the period of two years

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

Investments

Fixed asset investments are stated at cost.

Hirst Magnetic Instruments Limited
Notes to the Abbreviated Accounts
for the year ended 30 June 2004

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that a liability to taxation is unlikely to crystallise.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Grants

Revenue grants are credited direct to the profit and loss account.

Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss as the related expenditure is incurred.

2 Intangible fixed assets	£
Cost	
At 1 July 2003	427,124
Additions	28,765
Disposals	(1,730)
At 30 June 2004	<u>454,159</u>
Amortisation	
At 1 July 2003	33,133
Provided during the year	2,036
On disposals	(1,611)
At 30 June 2004	<u>33,558</u>
Net book value	
At 30 June 2004	<u>420,601</u>
At 30 June 2003	<u>393,991</u>

Hirst Magnetic Instruments Limited
Notes to the Abbreviated Accounts
for the year ended 30 June 2004

3 Tangible fixed assets	£			
Cost				
At 1 July 2003			195,212	
Additions			32,890	
Disposals			(25,938)	
			<u>202,164</u>	
At 30 June 2004				
Depreciation				
At 1 July 2003			158,384	
Charge for the year			14,693	
On disposals			(20,393)	
			<u>152,684</u>	
At 30 June 2004				
Net book value				
At 30 June 2004			<u>49,480</u>	
At 30 June 2003			<u>36,828</u>	
4 Investments	£			
Cost				
At 1 July 2003			398	
			<u>398</u>	
At 30 June 2004				
5 Loans		2004	2003	
		£	£	
Creditors include:				
Secured bank loans and overdraft		<u>209,759</u>	<u>152,788</u>	
6 Share capital		2004	2003	
		£	£	
Authorised:				
Ordinary shares of £1 each		<u>100,000</u>	<u>100,000</u>	
	2004	2003	2004	2003
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>30,040</u>	<u>30,040</u>	<u>30,040</u>	<u>30,040</u>

Hirst Magnetic Instruments Limited
Notes to the Abbreviated Accounts
for the year ended 30 June 2004

7 Related parties

Included in creditors due within one year is an amount of £8,750 (£8,750) owed to Mr K G Aldous, the husband of Mrs J M Aldous a shareholder of the company. The terms of the loan are that Mr K G Aldous receives interest at 4% above the base rate. The interest due for the year ended 30 June 2004 was £686 (£691). The interest owed to Mr K G Aldous at 30 June 2004 was £136 (£1,781). The loan is to be repaid by 30 June 2005.

Included in creditors due within one year is an amount of £24,522 (£25,159) due to Mr K G Aldous.

8 Controlling party

The company is controlled by the Directors and Mrs M E Cole, the wife of Mr M W Cole.

9 Going concern

The company is reliant upon the continued support of its bankers and the directors and shareholders. Since the year end the company has continued to receive Government funded grants. The Directors are confident that the company will continue trading for the foreseeable future.