

**IPULSE LIMITED**  
**GROUP STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2019**

Bevan Buckland LLP  
Chartered Accountants  
And Statutory Auditors  
Langdon House  
Langdon Road  
SA1 Swansea Waterfront  
Swansea  
SA1 8QY

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>5</b>
<b>Report of the Independent Auditors</b>	<b>7</b>
<b>Consolidated Income Statement</b>	<b>9</b>
<b>Consolidated Other Comprehensive Income</b>	<b>10</b>
<b>Consolidated Balance Sheet</b>	<b>11</b>
<b>Company Balance Sheet</b>	<b>12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Company Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Cash Flow Statement</b>	<b>15</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>16</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>17</b>

**IPULSE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS:**

Sir N R Rudd  
Prof R M Clement  
T E Beckett  
Ms A M C Avis  
G Davies  
J M Reeve

**REGISTERED OFFICE:**

Office Block A  
Bay Studios Business Park  
Fabian Way  
Swansea  
SA1 8QB

**REGISTERED NUMBER:**

08306196 (England and Wales)

**AUDITORS:**

Bevan Buckland LLP  
Chartered Accountants  
And Statutory Auditors  
Langdon House  
Langdon Road  
SA1 Swansea Waterfront  
Swansea  
SA1 8QY

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES**

The group activities consist of the design, development, manufacture and sale of intense pulsed light (IPL) devices for home-based hair removal. The group sells its products as an Outsourced Design Manufacturer (ODM) to a single large customer and internationally under its own brand, Smoothskin.

**REVIEW OF BUSINESS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Turnover £'000	48,419	27,393
Gross Profit Margin	24%	20%
Average Number of Employees	104	51

The Directors are pleased to report that there has been a significant increase in turnover year on year and an improvement in gross margin. Investment in the Smoothskin own brand in recent years has grown the business and helped mitigate customer concentration risk.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial Risk:**

The group uses various financial instruments which include cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main financial risks arising from the group's financial instruments are interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

**Liquidity Risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability.

**Credit Risk**

The group's principal financial assets are cash and trade debtors. The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

**Trading Risks**

**(i) Single Customer:**

The group has been heavily reliant on a single customer which has an inherent risk should they cease to participate in the category. Recently, the success of its own brand business has significantly mitigated this risk.

**(ii) Regulatory Framework:**

IPL hair removal devices are increasingly being classified as medical devices in global markets. The group has had significant success in obtaining medical device clearances in certain territories around the world e.g. US already. There is however a risk that as territories switch classification of home use IPL devices from 'over the counter' to being medical a period of adjustment is required which may adversely affect trading. If this were to occur there is likely only a short term effect while the necessary clearances are obtained, the longer term outlook would not be effected.

**Compliance with GDPR**

(i) There is a risk that the group is not compliant with GDPR with potential for penalties to be imposed. The group has made sure that decision makers and data controllers within the organisation maintain awareness of the latest GDPR requirements.

**Information Technology**

The business continues to rely heavily on its IT infrastructure to enable it to function efficiently. A continuing policy of appraisal and development ensures we keep pace with this ever changing environment. As a means to safeguard the integrity of our data we have systems in place to regularly update and back up all relevant information.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Health & Safety, Quality and Environment**

The business has in place a rigorous and far reaching health & safety policy and is committed to adhering to all legislative requirements imposed on it through the various enforcing authorities.

The company holds quality management accreditations e.g. MDSAP / ISO-13485 (US-FDA, Health Canada) and Korean MFDS K-GMP, which ensure customers can have confidence in our supply chain management.

**Future Development**

The directors are very pleased with the overall results this year and the group expects to continue to grow its operations in line with customers demand.

A note on the COVID-19 pandemic post balance sheet date - COVID-19 has widely impacted the UK economy however beyond a slight delay in supply of components from China early in 2020 the Company has experienced no adverse impact on performance caused by the virus. Strategy has been put in place to mitigate any financial and operational risks whilst ensuring the safety of our staff.

**ON BEHALF OF THE BOARD:**

G Davies - Director

8 December 2020

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2019.

**RESEARCH AND DEVELOPMENT**

The group is currently undertaking research and development to enhance its offerings to customers. The directors regard such investment as an integral part of the continuing strength of the business.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Sir N R Rudd  
Prof R M Clement  
Ms A M C Avis  
G Davies  
J M Reeve

Other changes in directors holding office are as follows:

T E Beckett - appointed 2 April 2019  
A D Brampton - resigned 2 April 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

G Davies - Director

8 December 2020



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPULSE LIMITED**

### **Opinion**

We have audited the financial statements of IPulse Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPULSE LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit
- have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Alison Vickers (Senior Statutory Auditor)  
for and on behalf of Bevan Buckland LLP  
Chartered Accountants  
And Statutory Auditors  
Langdon House  
Langdon Road  
SA1 Swansea Waterfront  
Swansea  
SA1 8QY

8 December 2020

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	4	48,418,660	27,392,619
Cost of sales		<u>(36,803,358)</u>	<u>(21,958,414)</u>
<b>GROSS PROFIT</b>		11,615,302	5,434,205
Administrative expenses		<u>(4,315,720)</u>	<u>(3,417,511)</u>
		7,299,582	2,016,694
Other operating income		<u>32,254</u>	<u>169,734</u>
<b>OPERATING PROFIT</b>	6	7,331,836	2,186,428
Interest receivable and similar income		<u>2,360</u>	<u>1,487</u>
		7,334,196	2,187,915
Interest payable and similar expenses	7	<u>(327,295)</u>	<u>(59,404)</u>
<b>PROFIT BEFORE TAXATION</b>		7,006,901	2,128,511
Tax on profit	8	<u>1,333,747</u>	<u>(41,255)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>8,340,648</u>	<u>2,087,256</u>
Profit attributable to:			
Owners of the parent		<u>8,340,648</u>	<u>2,087,256</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>PROFIT FOR THE YEAR</b>		8,340,648	2,087,256
<b>OTHER COMPREHENSIVE INCOME</b>			
Share option fair value		190,065	166,817
EBT share purchase		(1,075,000)	-
Income tax relating to components of other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(884,935)</u>	<u>166,817</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>7,455,713</u>	<u>2,254,073</u>
Total comprehensive income attributable to: Owners of the parent		<u>7,455,713</u>	<u>2,254,073</u>

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		630,050		559,312
Tangible assets	11		2,044,522		1,232,613
Investments	12		-		-
			<u>2,674,572</u>		<u>1,791,925</u>
<b>CURRENT ASSETS</b>					
Stocks	13	9,631,968		5,248,150	
Debtors	14	6,640,204		5,780,137	
Cash at bank and in hand		<u>1,884,627</u>		<u>2,890,384</u>	
		18,156,799		13,918,671	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>6,300,003</u>		<u>8,688,834</u>	
<b>NET CURRENT ASSETS</b>			<u>11,856,796</u>		<u>5,229,837</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,531,368		7,021,762
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		-		(33,317)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(452,148)</u>		<u>(756,481)</u>
<b>NET ASSETS</b>			<u>14,079,220</u>		<u>6,231,964</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		46,582		41,210
Share premium	22		881,118		494,947
Capital redemption reserve	22		1,719		1,719
Share option reserve	22		533,616		680,495
EBT reserve	22		(1,075,000)		-
Retained earnings	22		<u>13,691,185</u>		<u>5,013,593</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>14,079,220</u>		<u>6,231,964</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2020 and were signed on its behalf by:

G Davies - Director

**COMPANY BALANCE SHEET**  
**31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		1,374		2,668
Tangible assets	11		-		-
Investments	12		263,991		263,991
			<u>265,365</u>		<u>266,659</u>
<b>CURRENT ASSETS</b>					
Debtors	14	2,264,776		3,231,352	
Cash at bank		<u>588,436</u>		<u>521,669</u>	
		2,853,212		3,753,021	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>20,687</u>		<u>32,967</u>	
<b>NET CURRENT ASSETS</b>			<u>2,832,525</u>		<u>3,720,054</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,097,890</u>		<u>3,986,713</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		46,582		41,210
Share premium	22		881,118		494,947
Capital redemption reserve	22		1,719		1,719
Share option reserve	22		533,616		680,495
EBT reserve	22		(1,075,000)		-
Retained earnings	22		<u>2,709,855</u>		<u>2,768,342</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,097,890</u>		<u>3,986,713</u>
Company's loss for the financial year			<u>(395,431)</u>		<u>(318,618)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 December 2020 and were signed on its behalf by:

G Davies - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 January 2018</b>	39,194	2,926,337	194,630
<b>Changes in equity</b>			
Issue of share capital	2,016	-	300,317
Total comprehensive income	-	2,087,256	-
<b>Balance at 31 December 2018</b>	<u>41,210</u>	<u>5,013,593</u>	<u>494,947</u>
<b>Changes in equity</b>			
Issue of share capital	5,372	-	386,171
Total comprehensive income	-	8,677,592	-
<b>Balance at 31 December 2019</b>	<u>46,582</u>	<u>13,691,185</u>	<u>881,118</u>

	Capital redemption reserve £	Share option reserve £	EBT reserve £	Total equity £
<b>Balance at 1 January 2018</b>	1,719	513,678	-	3,675,558
<b>Changes in equity</b>				
Issue of share capital	-	-	-	302,333
Total comprehensive income	-	166,817	-	2,254,073
<b>Balance at 31 December 2018</b>	<u>1,719</u>	<u>680,495</u>	<u>-</u>	<u>6,231,964</u>
<b>Changes in equity</b>				
Issue of share capital	-	-	-	391,543
Total comprehensive income	-	(146,879)	(1,075,000)	7,455,713
<b>Balance at 31 December 2019</b>	<u>1,719</u>	<u>533,616</u>	<u>(1,075,000)</u>	<u>14,079,220</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	
<b>Balance at 1 January 2018</b>	39,194	3,086,960	194,630	
<b>Changes in equity</b>				
Issue of share capital	2,016	-	300,317	
Total comprehensive income	-	(318,618)	-	
<b>Balance at 31 December 2018</b>	<u>41,210</u>	<u>2,768,342</u>	<u>494,947</u>	
<b>Changes in equity</b>				
Issue of share capital	5,372	-	386,171	
Total comprehensive income	-	(58,487)	-	
<b>Balance at 31 December 2019</b>	<u>46,582</u>	<u>2,709,855</u>	<u>881,118</u>	
	Capital redemption reserve £	Share option reserve £	EBT reserve £	Total equity £
<b>Balance at 1 January 2018</b>	1,719	513,678	-	3,836,181
<b>Changes in equity</b>				
Issue of share capital	-	-	-	302,333
Total comprehensive income	-	166,817	-	(151,801)
<b>Balance at 31 December 2018</b>	<u>1,719</u>	<u>680,495</u>	<u>-</u>	<u>3,986,713</u>
<b>Changes in equity</b>				
Issue of share capital	-	-	-	391,543
Total comprehensive income	-	(146,879)	(1,075,000)	(1,280,366)
<b>Balance at 31 December 2019</b>	<u>1,719</u>	<u>533,616</u>	<u>(1,075,000)</u>	<u>3,097,890</u>

The notes form part of these financial statements



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,965,860	282,621
Interest paid		<u>(87,695)</u>	<u>(55,018)</u>
Net cash from operating activities		<u>1,878,165</u>	<u>227,603</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(301,496)	(258,568)
Purchase of tangible fixed assets		(1,302,820)	(1,017,372)
Interest received		<u>2,360</u>	<u>1,487</u>
Net cash from investing activities		<u>(1,601,956)</u>	<u>(1,274,453)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(433,317)	(433,333)
Share issue		391,543	302,333
EBT Share purchase		<u>(1,075,000)</u>	<u>-</u>
Net cash from financing activities		<u>(1,116,774)</u>	<u>(131,000)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(840,565)</u>	<u>(1,177,850)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,890,384	4,072,620
Effect of foreign exchange rate changes		<u>(239,600)</u>	<u>(4,386)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u>1,810,219</u>	<u>2,890,384</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019 £	2018 £
Profit before taxation	7,006,901	2,128,511
Depreciation charges	721,668	520,671
Movement in provisions	(263,074)	(353,761)
Fair value movements	190,065	166,817
Finance costs	327,295	59,404
Finance income	(2,360)	(1,487)
	<u>7,980,495</u>	<u>2,520,155</u>
Increase in stocks	(4,383,818)	(4,243,000)
Decrease/(increase) in trade and other debtors	457,958	(851,429)
(Decrease)/increase in trade and other creditors	<u>(2,088,775)</u>	<u>2,856,895</u>
<b>Cash generated from operations</b>	<u><u>1,965,860</u></u>	<u><u>282,621</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2019**

	31.12.19 £	1.1.19 £
Cash and cash equivalents	1,884,627	2,890,384
Bank overdrafts	<u>(74,408)</u>	<u>-</u>
	<u><u>1,810,219</u></u>	<u><u>2,890,384</u></u>

**Year ended 31 December 2018**

	31.12.18 £	1.1.18 £
Cash and cash equivalents	<u><u>2,890,384</u></u>	<u><u>4,072,620</u></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.19 £	Cash flow £	At 31.12.19 £
<b>Net cash</b>			
Cash at bank and in hand	2,890,384	(1,005,757)	1,884,627
Bank overdrafts	<u>-</u>	<u>(74,408)</u>	<u>(74,408)</u>
	<u><u>2,890,384</u></u>	<u><u>(1,080,165)</u></u>	<u><u>1,810,219</u></u>
<b>Debt</b>			
Debts falling due within 1 year	(400,000)	400,000	-
Debts falling due after 1 year	<u>(33,317)</u>	<u>33,317</u>	<u>-</u>
	<u><u>(433,317)</u></u>	<u><u>433,317</u></u>	<u><u>-</u></u>
<b>Total</b>	<u><u>2,457,067</u></u>	<u><u>(646,848)</u></u>	<u><u>1,810,219</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. STATUTORY INFORMATION**

iPulse 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 General Information page.

**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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company includes the iPulse Employee Benefit Trust (EBT) in its financial statements. The EBT is classified as an intermediate payment arrangement and the assets and liabilities of the EBT are recognised as assets and liabilities of the sponsoring entity iPulse Limited. Included within the financial statements is the EBT bank balance plus the shares and reserves held by the trust.

**Basis of consolidation**

The consolidated financial statements include the company and its subsidiary undertaking and have been prepared using the purchase method in line with Financial Reporting Standard 102.

Where a subsidiary year end differs to that of the parent, the consolidated financial statements are made up from interim financial statements prepared by the subsidiary at the reporting date.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Turnover**

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of the goods to the customer.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of six years.

Development costs are being amortised evenly over their estimated useful life of five years.

Computer software is being amortised evenly over its estimated useful life of five years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 20% on cost

Fixtures and fittings - 20% on cost

Computer equipment - 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

**Impairment**

Tangible and intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. The review assess the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit, or disposal value if higher. The discount rate applied for the period was based on the company's weighted average cost of capital, after appropriate adjustment for risk.

**Fixed asset investments**

Fixed asset investments are valued at fair value unless fair value cannot be measured reliably, in which case investments are valued at cost less impairment.

**Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and, where required, an appropriate proportion of fixed and variable overheads. In general, cost is determined on a first in first out basis.

Stock is reviewed at each reporting date to determine whether there is any indication of impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, amounts due to and from related parties.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the balance sheet when there is an 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. At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. ACCOUNTING POLICIES - continued**

**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.

**External research and development**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis the anticipated life of the benefits arising from the completed product or project, which typically is deemed to be 5 years.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the income statement. Expenditure on product research and development is written off to the income statement in the year in which it is incurred.

R&D tax credits are recognised on an accruals basis and are included as an income tax credit under current assets.

**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 using a monthly average exchange rate. If exchange rates fluctuate significantly in the month 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.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

**Deferred income**

Contributions received towards development costs are recognised in the period that development expenditure is incurred.

**Warranty Provision**

The group provides a 3 year warranty to account for the cost of the warranty. A range of 2 - 20% of turnover is as provided. Once the product is >3 years old the warranty provision is released.

**Share-based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, provided that all other performance conditions are satisfied.

The financial effect of awards by the parent company of options over its equity shares to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Creditors**

Short term creditors are measured at the transaction price. Bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Provisions for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Capital redemption reserve**

Where shares are redeemed or purchased wholly out of profits available for distribution, a sum equal to the nominal value of the shares is transferred to the capital redemption reserve.

**Functional and presentation currency**

The group's functional and presentation currency is pounds sterling.

**Going concern**

The financial statements have been prepared on a going concern basis. The directors have considered the basis of preparation of the financial statements and are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future based on budgets and cash flow forecasts for at least 12 months from the date of signing of the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statement requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**Warranty Returns Provision**

The group provides warranty coverage on our products that varies per customer. The estimated warranty costs are accounted for by accruing these costs for each product upon recognition of the sale. The estimated warranty costs are based on the cost of the product and the historical level of returns received. Actual results may vary from these estimates but they are reviewed on an ongoing basis.

**Depreciation and Amortisation**

Tangible assets are depreciated over their estimated useful lives of 5 years, they are stated at cost less accumulated depreciation. Tangible assets are reviewed periodically, and where any asset is no longer used by the group the balance is written off to the income statement.

Development and software costs are amortised over their estimated useful life of 5 years and Patents and licenses are amortised over their estimated useful life of 6 years. They are both stated at cost less accumulated amortisation. Intangible assets are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance is written off to the income statement.

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	1,635,219	1,709,645
Europe	28,227,987	13,108,978
Asia	17,347,873	11,900,678
Australia	844,304	-
Middle East	314,836	236,263
Americas	48,441	437,055
	<u>48,418,660</u>	<u>27,392,619</u>

**5. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	3,194,207	2,766,603
Social security costs	388,891	264,347
Other pension costs	187,215	133,606
	<u>3,770,313</u>	<u>3,164,556</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2019	2018
Clinical	4	4
CEO	1	1
Finance	9	6
Operations	9	6
Quality	6	6
Development	18	11
Research	1	1
Sales	7	6
Marketing	2	5
Factory	47	5
	<u>104</u>	<u>51</u>

Included in wages is £190,065 (2018: £166,817) of employee share options vested in the year.

Included in creditors are pension contributions of £39,440 (2018: £27,559).

	2019 £	2018 £
Directors' remuneration	241,392	302,690
Directors' pension contributions to money purchase schemes	<u>14,421</u>	<u>16,845</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	211,392	272,690
Pension contributions to money purchase schemes	<u>14,421</u>	<u>16,845</u>

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £	2018 £
Other operating leases	-	4,101
Depreciation - owned assets	490,911	296,665
Patents and licences amortisation	3,148	4,011
Development costs amortisation	215,929	186,816
Computer software amortisation	11,681	33,180
Auditors' remuneration	14,750	9,000
Auditors' remuneration for non audit work	14,152	15,159
Directors pension	14,421	16,845
Research & development expenditure	<u>43,122</u>	<u>92,156</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £	2018 £
Bank loan interest	10,892	33,557
Other Interest	76,803	21,461
Exchange rate variance	239,600	4,386
	<u>327,295</u>	<u>59,404</u>

**8. TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	25,533	-
Deferred tax	(1,359,280)	41,255
Tax on profit	<u>(1,333,747)</u>	<u>41,255</u>

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>7,006,901</u>	<u>2,128,511</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,331,311	404,417
Effects of:		
Expenses not deductible for tax purposes	2,166	(908)
Capital allowances in excess of depreciation	(131,186)	(1,736)
Utilisation of tax losses	(891,758)	(122,068)
R&D deduction	(285,000)	(279,705)
Deferred tax	(1,359,280)	41,255
Total tax (credit)/charge	<u>(1,333,747)</u>	<u>41,255</u>

**Tax effects relating to effects of other comprehensive income**

	2019	
	Gross £	Tax £
Share option fair value	190,065	-
EBT share purchase	<u>(1,075,000)</u>	<u>-</u>
	<u>(884,935)</u>	<u>(884,935)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. TAXATION - continued**

	Gross £	2018 Tax £	Net £
Share option fair value	<u>166,817</u>	<u>-</u>	<u>166,817</u>

**Factors that may affect future current and total tax charges**

On the 11 March 2020 it was announced that the rate of corporation tax will remain at 19% from 1 April 2020 and 1 April 2021. The deferred tax assets/liabilities at 31 December 2019 have been calculated at the rate of 19%.

**9. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**10. INTANGIBLE FIXED ASSETS****Group**

	Patents and licences £	Development costs £	Computer software £	Totals £
<b>COST</b>				
At 1 January 2019	48,779	1,653,716	122,348	1,824,843
Additions	-	271,457	30,039	301,496
At 31 December 2019	<u>48,779</u>	<u>1,925,173</u>	<u>152,387</u>	<u>2,126,339</u>
<b>AMORTISATION</b>				
At 1 January 2019	43,500	1,141,660	80,371	1,265,531
Amortisation for year	3,148	215,929	11,681	230,758
At 31 December 2019	<u>46,648</u>	<u>1,357,589</u>	<u>92,052</u>	<u>1,496,289</u>
<b>NET BOOK VALUE</b>				
At 31 December 2019	<u>2,131</u>	<u>567,584</u>	<u>60,335</u>	<u>630,050</u>
At 31 December 2018	<u>5,279</u>	<u>512,056</u>	<u>41,977</u>	<u>559,312</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. INTANGIBLE FIXED ASSETS - continued****Company**

Patents  
and  
licences  
£

**COST**

At 1 January 2019  
and 31 December 2019

7,761

**AMORTISATION**

At 1 January 2019  
Amortisation for year  
At 31 December 2019

5,093

1,294

6,387

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

1,374

2,668

**11. TANGIBLE FIXED ASSETS****Group**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
--	-----------------------------	----------------------------------	----------------------------	-------------

**COST**

At 1 January 2019  
Additions  
At 31 December 2019

1,322,674      616,845      534,270      2,473,789

603,426      182,466      516,928      1,302,820

1,926,100      799,311      1,051,198      3,776,609

**DEPRECIATION**

At 1 January 2019  
Charge for year  
At 31 December 2019

844,695      142,388      254,093      1,241,176

252,637      125,474      112,800      490,911

1,097,332      267,862      366,893      1,732,087

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

828,768      531,449      684,305      2,044,522

477,979      474,457      280,177      1,232,613

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. FIXED ASSET INVESTMENTS****Company**

Unlisted  
investments  
£

**COST**

At 1 January 2019  
and 31 December 2019

263,991

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

263,991

263,991

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****CyDen Limited**

Registered office: United Kingdom  
Nature of business: Design & manufacturing

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		11,342,321	2,604,936
Profit for the year		<u>8,737,385</u>	<u>2,341,886</u>

**CyDen KK**

Registered office: Japan  
Nature of business: Retail

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		(98,117)	(96,840)
(Loss)/profit for the year		<u>(1,277)</u>	<u>64,017</u>

**iPulse Direct Limited**

Registered office: United Kingdom  
Nature of business: Dormant

	% holding	2019 £	2018 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		1,117	1,147
Loss for the year		<u>(30)</u>	<u>(30)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. FIXED ASSET INVESTMENTS - continued****MC500 Limited**

Registered office: United Kingdom

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

All subsidiaries have been included in the consolidated financial statements.

**13. STOCKS**

	<b>Group</b>	
	2019	2018
	£	£
Stocks	7,788,589	3,343,481
Work-in-progress	-	9,329
Finished goods	<u>1,843,379</u>	<u>1,895,340</u>
	<u>9,631,968</u>	<u>5,248,150</u>

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

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	4,333,376	4,966,586	-	-
Amounts owed by group undertakings	-	-	2,256,449	3,222,723
Other debtors	56,449	303,315	-	-
VAT	686,757	330,597	3,327	3,629
Deferred tax asset	1,318,025	-	-	-
Prepayments	<u>245,597</u>	<u>179,639</u>	<u>5,000</u>	<u>5,000</u>
	<u>6,640,204</u>	<u>5,780,137</u>	<u>2,264,776</u>	<u>3,231,352</u>

Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	<u>1,318,025</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 17)	74,408	400,000	-	-
Trade creditors	5,181,809	7,248,734	11,183	22,297
Tax	25,533	-	-	-
Social security and other taxes	158,912	110,957	-	-
Other creditors	107,162	41,978	-	-
Accrued expenses	752,179	887,165	9,504	10,670
	<u>6,300,003</u>	<u>8,688,834</u>	<u>20,687</u>	<u>32,967</u>

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

	<b>Group</b>	
	2019	2018
	£	£
Bank loans (see note 17)	<u>-</u>	<u>33,317</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	74,408	-
Bank loans	<u>-</u>	<u>400,000</u>
	<u>74,408</u>	<u>400,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>33,317</u>

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>		<b>Non-cancellable operating leases</b>	
		2019	2018
		£	£
Within one year		142,975	141,380
Between one and five years		514,525	574,375
In more than five years		547,110	774,700
		<u>1,204,610</u>	<u>1,490,455</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank overdraft	74,408	-
Bank loans	-	433,317
	<u>74,408</u>	<u>433,317</u>

Bank Securities

Fixed and floating charge over the undertaking and all property and assets present and future dated 27/06/2019.

20. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	<u>-</u>	<u>41,255</u>
Other provisions	<u>452,148</u>	<u>715,226</u>
Aggregate amounts	<u>452,148</u>	<u>756,481</u>

**Group**

	Deferred tax	Warranty & liability provision
	£	£
Balance at 1 January 2019	41,255	714,332
Credit to Income Statement during year	(1,359,280)	(263,074)
Balance at 31 December 2019	<u>(1,318,025)</u>	<u>451,258</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**20. PROVISIONS FOR LIABILITIES - continued**

Other provisions represent warranty and liability claims. Warranty costs run over a three year period from the point of sale and are utilised on expiry of the period. The credit to the profit and loss is the net affect of provisions relating to current year sales, warranty costs incurred in the year and the release of expired warranties.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following analysis is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>2019</b>	<b>2018</b>
	<b>Net Asset</b>	<b>Net liability</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
ACAs	229,666	41,255
Tax losses	(1,547,691)	-
	<u>(1,318,025)</u>	<u>41,255</u>

The deferred tax asset as it is considered probable that future taxable profits will be available against which the unused tax losses will be utilised. The deferred tax asset of £2,250,110 relating to tax losses was not recognised in the prior years financial statements.

**21. CALLED UP SHARE CAPITAL**

Allotted and issued:

Number:	Class:	Nominal value:	2019	2018
			£	£
46,582,317	Ordinary	0.001p	<u>46,582</u>	<u>41,210</u>

During the year the company issued and allotted 5,372,548 ordinary shares with a nominal value of £0.001 each. The total consideration received for the issued shares was £391,543 and the shares were issued at a premiums ranging from £0.009 per share to £0.399 per share.

Each share is entitled to:

- One vote in any circumstances;
- Pari passu to dividend or any other distribution; and
- full participation in capital distributions.

**22. RESERVES****Group**

	Retained earnings	Share premium	Capital redemption reserve
	£	£	£
At 1 January 2019	5,013,593	494,947	1,719
Profit for the year	8,340,648		
Cash share issue	-	386,171	-
Transfer	336,944	-	-
At 31 December 2019	<u>13,691,185</u>	<u>881,118</u>	<u>1,719</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**22. RESERVES - continued****Group**

	Share option reserve £	EBT reserve £	Totals £
At 1 January 2019	680,495	-	6,190,754
Profit for the year			8,340,648
Cash share issue	-	(1,075,000)	(688,829)
Transfer	(336,944)	-	-
Share options fair value	190,065	-	190,065
At 31 December 2019	<u>533,616</u>	<u>(1,075,000)</u>	<u>14,032,638</u>

**Company**

	Retained earnings £	Share premium £	Capital redemption reserve £
At 1 January 2019	2,768,342	494,947	1,719
Deficit for the year	(395,431)		
Cash share issue	-	386,171	-
Transfer	336,944	-	-
At 31 December 2019	<u>2,709,855</u>	<u>881,118</u>	<u>1,719</u>

**Company**

	Share option reserve £	EBT reserve £	Totals £
At 1 January 2019	680,495	-	3,945,503
Deficit for the year			(395,431)
Cash share issue	-	(1,075,000)	(688,829)
Transfer	(336,944)	-	-
Share options fair value	190,065	-	190,065
At 31 December 2019	<u>533,616</u>	<u>(1,075,000)</u>	<u>3,051,308</u>

Called up share capital - represents the nominal value of shares that have been issued.

Share Premium - represents the premium above the nominal value of shares that have been issued.

Capital redemption reserve - represents payments to acquire own shares.

Share option reserve - represents the fair value of share options granted to employees.

Retained earnings - included all current and prior period retained profits and losses.

EBT Reserve - Represents the consideration paid for 500,000 ordinary shares by iPulse Employee Benefit Trust.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**23. RELATED PARTY DISCLOSURES**

During the year the group paid £858,020 to key management personnel.

During the year the group undertook transactions in the form of consultancy work totalling £117,833 (2018 - £115,538) and had balances of £20,504 (2018 - £22,670) outstanding at the year end, with directors or companies which the directors are connected.

During the year iPulse Employee Benefit Trust purchased 500,000 ordinary 0.001p shares of iPulse Limited for consideration of £1,075,000.

**24. POST BALANCE SHEET EVENTS**

There were no events after the reporting period to the date the accounts were approved that are material for disclosure in the financial statements.

**25. ULTIMATE CONTROLLING PARTY**

Richard Koch is the ultimate controlling party by virtue of holding more than 50% of the iPulse Limited share capital.

**26. SHARE-BASED PAYMENT TRANSACTIONS**

Share Options

At the year end 1,824,104 options were available to be exercised by 16 individuals, of which 14 are current directors and employees of the company. During the year 1,346,997 options were exercised with an exercise price of £0.15 or £0.40. No share options were issued in the year.

Options have been granted on varying dates as shown in the table below:

<b>No of options</b>	<b>No of individuals</b>	<b>Grant date</b>	<b>Option life</b>	<b>Exercise price</b>
20,000	1	11/06/13	No termination date	£1.00
127,809	6	28/11/13	10 years	£0.15
599,037	2	05/12/13	10 years	£0.15
266,667	1	09/04/14	10 years	£0.15
5,278	1	23/04/14	10 years	£0.15
138,370	3	14/04/16	10 years	£0.40
466,943	6	31/12/16	10 years	£0.40
100,000	1	01/09/17	10 years	£0.40
100,000	1	20/12/18	10 years	£1.25

There are no exercise conditions attached to these options.

Warrants

Warrants can be exchanged by a shareholder for 1 ordinary share at an agreed subscription price. At the year end the following warrants had been issued and yet to be exercised:

<b>No of Warrants</b>	<b>Subscription Price</b>
5,624	£0.01
1,585,844	£0.15

A total of 33 individuals or companies hold warrants of which 3 are directors of group companies or companies that the directors are connected.

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.