

COMPANY REGISTRATION NUMBER: 07622985

MTIX LIMITED
FILLETED FINANCIAL STATEMENTS
30 NOVEMBER 2017

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MTIX LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

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MTIX LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

P Mistry
P T A Johnson
P E Mansour
D P Johnson

Registered office

35 Westgate
Huddersfield
HD1 1PA

Auditor

Wheawill & Sudworth Limited
Chartered Accountants & statutory auditor
35 Westgate
Huddersfield
HD1 1PA

Bankers

HSBC Bank plc
2 Cloth Hall Street
Huddersfield
West Yorkshire
HD1 2ES

MTIX LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 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 judgments 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.

MTIX LIMITED

BALANCE SHEET

30 NOVEMBER 2017

	Note	30 Nov 17 £	31 May 16 £
Fixed assets			
Intangible assets	5	25,000	100,000
Tangible assets	6	20,128	26,561
		<u>45,128</u>	<u>126,561</u>
Current assets			
Debtors	7	1,433,729	5,489
Cash at bank and in hand		13,436	12,631
		<u>1,447,165</u>	<u>18,120</u>
Creditors: amounts falling due within one year	8	<u>(2,149,377)</u>	<u>(144,146)</u>
Net current liabilities		<u>(702,212)</u>	<u>(126,026)</u>
Total assets less current liabilities		<u>(657,084)</u>	<u>535</u>
Net (liabilities)/assets		<u>(657,084)</u>	<u>535</u>
Capital and reserves			
Called up share capital	9	198	198
Profit and loss account		(657,282)	337
Members (deficit)/funds		<u>(657,084)</u>	<u>535</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the profit and loss account has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 18 May 2018, and are signed on behalf of the board by:



P. Mistry
Director

Company registration number: 07622985

The notes on pages 4 to 8 form part of these financial statements.

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 35 Westgate, Huddersfield, HD1 1PA.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company has incurred a further loss for the period of £657,619 and the deficit on the balance sheet at 30 November 2017 is £657,084.

The company is reliant upon the parent company, Avalanche International Corp (t/a MTIX International Inc), and trade suppliers to provide the necessary working capital facilities for it to be able to continue trading. The parent company has confirmed that it will not seek repayment of monies due to it for at least 12 months from the date of approval of these financial statements.

Accordingly, based on the company's latest financial forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would be required if the company was not able to continue as a going concern due to the withdrawal of or lack of working capital facilities.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill and patents - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research and development expenditure is written off as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - 25% reducing balance
Fixtures and fittings - 25% reducing balance
Computer equipment - 33% straight line

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

4. Employee numbers

The average number of persons employed by the company during the period amounted to 3 (2016: 3).

5. Intangible assets

	Goodwill and patents £
Cost	
At 1 June 2016 and 30 November 2017	<u>250,000</u>
Amortisation	
At 1 June 2016	150,000
Charge for the period	<u>75,000</u>
At 30 November 2017	<u>225,000</u>
Carrying amount	
At 30 November 2017	<u>25,000</u>
At 31 May 2016	<u>100,000</u>

6. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 June 2016	60,470	–	3,361	63,831
Additions	<u>–</u>	<u>950</u>	<u>2,978</u>	<u>3,928</u>
At 30 November 2017	<u>60,470</u>	<u>950</u>	<u>6,339</u>	<u>67,759</u>
Depreciation				
At 1 June 2016	33,909	–	3,361	37,270
Charge for the period	<u>9,130</u>	<u>238</u>	<u>993</u>	<u>10,361</u>
At 30 November 2017	<u>43,039</u>	<u>238</u>	<u>4,354</u>	<u>47,631</u>
Carrying amount				
At 30 November 2017	<u>17,431</u>	<u>712</u>	<u>1,985</u>	<u>20,128</u>
At 31 May 2016	<u>26,561</u>	<u>–</u>	<u>–</u>	<u>26,561</u>

7. Debtors

	30 Nov 17 £	31 May 16 £
Trade debtors	–	37
Prepayments and accrued income	1,211,849	599
Directors loan account	121,892	–
VAT recoverable	13,204	4,787
Amounts owed by related undertakings	86,718	–
Other debtors	<u>66</u>	<u>66</u>
	<u>1,433,729</u>	<u>5,489</u>

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

8. Creditors: amounts falling due within one year

	30 Nov 17	31 May 16
	£	£
Trade creditors	51,759	–
Amounts owed to group undertakings	1,761,426	–
Accruals and deferred income	137,491	6,200
Social security and other taxes	–	147
Director's loan account	–	598
Other creditors	198,701	137,201
	<u>2,149,377</u>	<u>144,146</u>

9. Called up share capital

Issued, called up and fully paid

	30 Nov 17		31 May 16	
	No.	£	No.	£
Ordinary shares of £1 each	<u>198</u>	<u>198</u>	<u>198</u>	<u>198</u>

The issued shares are designated as 132 ordinary A shares of £1 each and 66 ordinary B shares of £1 each. The two classes of share rank pari passu in all material respects.

10. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	30 Nov 17	31 May 16
	£	£
Tangible assets	<u>3,814,257</u>	<u>–</u>

11. Summary audit opinion

The auditor's report for the period dated 18 May 2018 was unqualified, however, the auditor drew attention to the following by way of emphasis.

We draw your attention to note 3 to the financial statements regarding Going Concern. This sets out the loss incurred during the period and the balance sheet deficit as at 30 November 2017. It also explains the company's sources of working capital and on-going support. Without qualifying our opinion, we wish to emphasise these matters, the company's reliance on its funders and the adverse impact any withdrawal of funding would have on the company's ability to continue trading.

The senior statutory auditor was David Butterworth, for and on behalf of Wheawill & Sudworth Limited.

12. Directors' advances, credits and guarantees

The overdrawn director's loan account of £121,892 (2016: £598 creditor) was unsecured, repayable on demand and bore interest of 3% per annum. It has been settled in full since the balance sheet date.

MTIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JUNE 2016 TO 30 NOVEMBER 2017

13. Related party transactions

Included in other creditors is a loan of £198,701 (2016: £137,201) from W T Johnson & Sons (Huddersfield) Limited, a company in which P T A Johnson and D P Johnson are directors and shareholders. This loan is unsecured, repayable on demand and currently interest free and has been repaid in full since the balance sheet date.

At the period end £1,761,426 (2016: £nil) was owed to the parent company, Avalanche International Corp. This loan was unsecured, repayable on demand and currently interest free. It has been formalised as a promissory note since the balance sheet date.

At the period end £86,718 (2016: £nil) was owed by a related company, Digital Power Corporation. This is unsecured, repayable on demand and currently interest free. This company has a common director with Avalanche International Corp.

14. Controlling party

There is no one ultimate controlling party of the company.