

React Engineering Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 October 2020

React Engineering Limited

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React Engineering Limited

Company Information

| | |
|--------------------------|--|
| Directors | Mr T P Woolaghan Mr S Knight Dr T J Craig Mr P A Redfern Mr P T Botterill |
| Company secretary | Mr P T Botterill |
| Registered office | Phoenix Court Earl Street Cleator Moor Cumbria CA25 5AU |
| Bankers | Cumberland Building Society Cooper Way Parkhouse Carlisle Cumbria CA3 0JF |
| Accountants | Gibbons Chartered Accountants Carleton House 136 Gray Street Workington Cumbria CA14 2LU |

React Engineering Limited
(Registration number: 02966923)
Balance Sheet as at 31 October 2020

| | Note | 2020 £ | 2019 £ |
|---|-----------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | <u>4</u> | 450 | 600 |
| Tangible assets | <u>5</u> | 34,470 | 39,230 |
| Investments | <u>6</u> | 1,000 | - |
| Other financial assets | <u>7</u> | 500 | 500 |
| | | <u>36,420</u> | <u>40,330</u> |
| Current assets | | | |
| Stocks | <u>8</u> | 21,361 | 73,231 |
| Debtors | <u>9</u> | 497,078 | 609,883 |
| Cash at bank and in hand | | 910,210 | 356,918 |
| | | <u>1,428,649</u> | <u>1,040,032</u> |
| Creditors: Amounts falling due within one year | <u>10</u> | (848,609) | (636,851) |
| Net current assets | | <u>580,040</u> | <u>403,181</u> |
| Total assets less current liabilities | | 616,460 | 443,511 |
| Provisions for liabilities | | (5,522) | (5,368) |
| Net assets | | <u>610,938</u> | <u>438,143</u> |
| Capital and reserves | | | |
| Called up share capital | | 552 | 552 |
| Capital redemption reserve | | 48 | 48 |
| Profit and loss account | | 610,338 | 437,543 |
| Total equity | | <u>610,938</u> | <u>438,143</u> |

For the financial year ending 31 October 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

React Engineering Limited
(Registration number: 02966923)
Balance Sheet as at 31 October 2020

Approved and authorised by the Board on 26 March 2021 and signed on its behalf by:

.....

Mr P A Redfern

Director

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Phoenix Court
Earl Street
Cleator Moor
Cumbria
CA25 5AU

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared group accounts..

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Other grants

Grants are recognised in the profit and loss account so as to match them with the expenditure to which they relate.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|--|------------------------------|
| Computer equipment | 33% straight line basis |
| Motor vehicles | 25% reducing balance basis |
| Fixtures, fittings, equipment and hardware | 15% straight line basis |
| Computer software | 33% straight line basis |

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Research and development expenditure credit

The Research and development expenditure credit is recognised in full in other operating income.

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|---------------|------------------------------|
| Patent rights | 25% reducing balance basis |

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. Work in progress is valued at sales value in accordance with UITF40 guidelines.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 40 (2019 - 38).

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

4 Intangible assets

| | Patents £ | Total £ |
|--------------------------|--------------|------------|
| Cost or valuation | | |
| At 1 November 2019 | 8,000 | 8,000 |
| At 31 October 2020 | 8,000 | 8,000 |
| Amortisation | | |
| At 1 November 2019 | 7,400 | 7,400 |
| Amortisation charge | 150 | 150 |
| At 31 October 2020 | 7,550 | 7,550 |
| Carrying amount | | |
| At 31 October 2020 | 450 | 450 |
| At 31 October 2019 | 600 | 600 |

5 Tangible assets

| | Computer equipment £ | Motor vehicles £ | Fixtures, fittings, hardware and software £ | Total £ |
|--------------------------|----------------------------|---------------------|---|------------|
| Cost or valuation | | | | |
| At 1 November 2019 | 60,335 | 6,695 | 28,575 | 95,605 |
| Additions | 15,059 | - | 4,897 | 19,956 |
| Disposals | - | (6,695) | - | (6,695) |
| At 31 October 2020 | 75,394 | - | 33,472 | 108,866 |
| Depreciation | | | | |
| At 1 November 2019 | 30,245 | 5,505 | 20,625 | 56,375 |
| Charge for the year | 19,574 | - | 3,952 | 23,526 |
| Eliminated on disposal | - | (5,505) | - | (5,505) |
| At 31 October 2020 | 49,819 | - | 24,577 | 74,396 |
| Carrying amount | | | | |
| At 31 October 2020 | 25,575 | - | 8,895 | 34,470 |
| At 31 October 2019 | 30,090 | 1,190 | 7,950 | 39,230 |

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

6 Investments

| | 2020 £ | 2019 £ |
|---------------------------|--------------|--------------|
| Investments in associates | <u>1,000</u> | <u>-</u> |
| Associates | | £ |
| Cost | | |
| At 1 November 2019 | | <u>1,000</u> |
| Provision | | |
| Carrying amount | | |
| At 31 October 2020 | | <u>1,000</u> |

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Registered office | Holding | Proportion of voting rights and shares held | |
|-----------------------------|---|---------------------------|---|------|
| | | | 2020 | 2019 |
| Associates | | | | |
| Nuclear Decommissioning Ltd | 3 Sovereign Square, Street, Leeds, LS1 4ER England | Sovereign Ordinary shares | 25% | 25% |

Associates

Nuclear Decommissioning Ltd

The principal activity of Nuclear Decommissioning Ltd is engineering related scientific and technical consulting activities. Its financial period end is 30 September.

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

7 Investments held as fixed assets

| | Unlisted investments £ | Total £ |
|-------------------------------------|------------------------------|------------|
| Non-current financial assets | | |
| Cost or valuation | | |
| At 1 November 2019 | 500 | 500 |
| At 31 October 2020 | 500 | 500 |
| Impairment | | |
| Carrying amount | | |
| At 31 October 2020 | 500 | 500 |

8 Stocks

| | 2020 £ | 2019 £ |
|------------------|-----------|-----------|
| Work in progress | 21,361 | 73,231 |

9 Debtors

| | Note | 2020 £ | 2019 £ |
|---|------|-----------|-----------|
| Trade debtors | | 447,564 | 578,947 |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | | 1 | 1 |
| Other debtors | | 49,513 | 30,935 |
| Total current trade and other debtors | | 497,078 | 609,883 |

10 Creditors

Creditors: amounts falling due within one year

| | Note | 2020 £ | 2019 £ |
|------------------------------|------|-----------|-----------|
| Due within one year | | | |
| Trade creditors | | 86,621 | 136,007 |
| Taxation and social security | | 316,987 | 171,318 |
| Other creditors | | 306,558 | 302,675 |
| Corporation tax control | | 138,443 | 26,851 |
| | | 848,609 | 636,851 |

React Engineering Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 October 2020

11 Financial commitments, guarantees and contingencies

The company has commitments as at 31 October 2020 totalling £81,002 (2019 - £78,643).

12 Related party transactions

Summary of transactions with associates

The company acquired services from its associate company, Nuclear Decommissioning Limited, to the value of £32,500 (2019 - £nil). Mr P A Redfern is also a director of Nuclear Decommissioning Limited.

13 Parent and ultimate parent undertaking

The company's parent company holds 56.52% of the company's shares. The company's parent company is wholly owned by REACT Ventures Limited. Mr P Redfern (director of React Engineering Limited) is the only director and shareholder of REACT Ventures Limited. In addition, REACT Ventures Limited holds 13.59% of the shares in React Engineering Limited.

The company's immediate parent is React Engineering (Holdings) Limited, incorporated in UK.

The ultimate parent is REACT Ventures Limited, incorporated in UK.

The ultimate controlling party is REACT Ventures Limited.

The company purchased 48 of its own £1 Ordinary shares for a total consideration of £180,000 on 12 December 2018. These shares were then duly cancelled.

Workington

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