

## **RTL Materials Limited**

**Financial Statements**

**Year Ended**

**31 March 2021**

**Company Number 03332020**



# RTL Materials Limited

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## Company Information

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<b>Directors</b>	Mr R I Wood - CEO Mr G G Watson Mr Q Compton-Bishop
<b>Registered number</b>	03332020
<b>Registered office</b>	Unit 130 Wellworthy Road Ampress Park Lymington Hampshire SO41 8JY
<b>Independent auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

**RTL Materials Limited**  
Registered number: 03332020

**Balance Sheet**  
**As at 31 March 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	5		463,402		422,567
Tangible assets	6		139,215		122,260
Investments	7		1,000		1,000
			<u>603,617</u>		<u>545,827</u>
<b>Current assets</b>					
Stocks	8	386,657		353,846	
Debtors	9	745,695		1,066,525	
Cash at bank and in hand		1,473,467		895,344	
		<u>2,605,819</u>		<u>2,315,715</u>	
Creditors: amounts falling due within one year	10	(3,419,462)		(3,317,443)	
<b>Net current liabilities</b>			<u>(813,643)</u>		<u>(1,001,728)</u>
<b>Total assets less current liabilities</b>			<u>(210,026)</u>		<u>(455,901)</u>
Creditors: amounts falling due after more than one year	11		(110,912)		(108,549)
<b>Net liabilities</b>			<u><u>(320,938)</u></u>		<u><u>(564,450)</u></u>
<b>Capital and reserves</b>					
Called up share capital	13	599,037		599,037	
Share premium account	14	6,207,344		6,207,344	
Other reserve	14	69,607		69,607	
Profit and loss account	14	(7,196,926)		(7,440,438)	
			<u><u>(320,938)</u></u>		<u><u>(564,450)</u></u>

**RTL Materials Limited**  
Registered number:03332020

**Balance Sheet (continued)**  
**As at 31 March 2021**

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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr R I Wood - CEO  
Director

Date: 20 December 2021

The notes on pages 4 to 17 form part of these financial statements.

## RTL Materials Limited

### Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 April 2019</b>	<b>595,390</b>	<b>6,207,344</b>	<b>69,607</b>	<b>(8,234,223)</b>	<b>(1,361,882)</b>
Profit for the year	-	-	-	788,785	788,785
Shares issued during the year	3,647	-	-	-	3,647
Share-based payment credit	-	-	-	5,000	5,000
<b>At 1 April 2020</b>	<b>599,037</b>	<b>6,207,344</b>	<b>69,607</b>	<b>(7,440,438)</b>	<b>(564,450)</b>
Profit for the year	-	-	-	243,512	243,512
<b>At 31 March 2021</b>	<b>599,037</b>	<b>6,207,344</b>	<b>69,607</b>	<b>(7,196,926)</b>	<b>(320,938)</b>

The notes on pages 4 to 17 form part of these financial statements.

# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **1. General information**

RTL Materials Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### **2.2 Consolidated financial statements**

The company is exempt from the requirement to prepare consolidated financial statements by virtue of Section 399 of the Companies Act 2006 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **2.3 Going concern**

The company meets its day to day working capital requirements through cash at bank and funding from its shareholders. The directors have prepared forecasts for the period to March 2025 which demonstrate that they expect the company to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements.

Post year end, in May 2021, the loan holders which are disclosed as Creditors: amounts falling due less than one year agreed to restructure their loans whereby £1.32m of loan principal would be capitalised. £644,737 of accrued interest would be repaid over a period of 5 years and on exit, and the balance of the accrued interest as at 31 March 2021 would be written off. This restructuring was completed on 4 May 2021 and significantly reduces the debt burden on the company.

The company reviews liquidity risk regularly and despite volatility in market demand and distributor stock cycles expects future cash generation and profitability in aggregate over the period to March 2025 based on its forecasts.

The directors consider that in preparing the financial statements they have taken into account all information (including the restructure of the debt in May 2021) that could reasonably be expected to be available and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **2. Accounting policies (continued)**

#### **2.4 Turnover**

Turnover comprises the total amount receivable for goods supplied, excluding VAT and trade discounts, and also royalties and fees receivable for engineering development, model making and prototyping services using the company's patented dynamic composite materials technology. Turnover is recognised upon delivery of finished products and as development work is undertaken.

#### **2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

#### **2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Patents are amortised over the legal life of the individual patents of 20 years.

#### **2.7 Tangible fixed assets**

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property improvements	-	25% straight line
Plant and machinery	-	25% straight line

#### **\* 2.8 Valuation of investments**

Investments held as assets are measured at cost less any provision for impairment.

#### **2.9 Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **2. Accounting policies (continued)**

#### **2.10 Financial instruments**

Financial instruments and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### **\* 2.11 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet date. Any differences are taken to the statement of comprehensive income.

#### **2.12 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **\* 2.13 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with fair value of goods and services received.



# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **2. Accounting policies (continued)**

#### **2.14 Leased assets**

Operating leases annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the statement of comprehensive income over the period to the date of which the rent is first expected to be adjusted to the prevailing market rate.

#### **2.15 Finance lease**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital party reduces the amounts payable to the lessor.

#### **2.16 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **2. Accounting policies (continued)**

#### **2.17 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **2.18 Research and development**

Expenditure on pure and applied research and development is charged to the statement of comprehensive income in the year in which it is incurred.

# **RTL Materials Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2021**

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### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining when the significant risks and rewards have transferred to the customer and a sale is recognised. This has been determined to be upon delivery to the buyer rather than dispatch as the group retains the risk during the shipping process.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities including the company's principal risks and uncertainties. Based on the company's cash flow forecasts and projections, the board is satisfied that the company has adequate resources to continue in operational existence and therefore it is appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2021.

### **4. Employees**

The average monthly number of employees, including directors, during the year was 33 (2020 - 29).

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 5. Intangible assets

	Patents £
<b>Cost</b>	
At 1 April 2020	709,563
Additions	69,876
At 31 March 2021	<u>779,439</u>
<b>Amortisation</b>	
At 1 April 2020	286,996
Charge for the year	29,041
At 31 March 2021	<u>316,037</u>
<b>Net book value</b>	
At 31 March 2021	<u><u>463,402</u></u>
At 31 March 2020	<u><u>422,567</u></u>

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 6. Tangible fixed assets

	Leasehold property improvement £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 April 2020	135,781	508,435	644,216
Additions	-	43,453	43,453
At 31 March 2021	135,781	551,888	687,669
<b>Depreciation</b>			
At 1 April 2020	135,781	386,175	521,956
Charge for the year	-	26,498	26,498
At 31 March 2021	135,781	412,673	548,454
<b>Net book value</b>			
At 31 March 2021	-	139,215	139,215
At 31 March 2020	-	122,260	122,260

The net book value of plant and machinery includes an amount of £106,373 (2020 - £87,699) in respect of assets held under hire purchase contracts.

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 7. Fixed asset investments

	Group undertakings £
<b>Cost or valuation</b>	
At 1 April 2020	1,000
At 31 March 2021	1,000

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Rolatube Technology Limited	Ordinary	100%
Revolve-Technology Limited	Ordinary	100%

### 8. Stocks

	2021 £	2020 £
Raw materials and consumables	326,109	282,997
Work in progress (goods to be sold)	60,548	70,849
	<b>386,657</b>	<b>353,846</b>

\* There is no material difference between the replacement cost of stocks and the amounts stated above.

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 9. Debtors

	2021 £	2020 £
Trade debtors	398,941	674,943
Other debtors	220,312	238,527
Prepayments and accrued income	103,397	130,010
Tax recoverable	23,045	23,045
	<u>745,695</u>	<u>1,066,525</u>

\* Other debtors includes an amount of £98,427 (2020 - £98,427) which is loan receivable from one of the former directors' of the company. The loan is repayable on demand and is charged interest at 7.5% above bank base rate. The corporation tax recoverable in relation to these loans will be received from HMRC when the loans are repaid.

### 10. Creditors: amounts falling due within one year

	2021 £	2020 £
Other loans	3,010,635	2,777,707
Trade creditors	197,359	205,805
Amounts owed to group undertakings	93,134	93,134
Corporation tax	1,300	-
* Other taxation and social security	57,413	60,225
Obligations under hire purchase contracts	21,489	14,878
Other creditors	11,556	34,710
Accruals and deferred income	26,576	130,984
	<u>3,419,462</u>	<u>3,317,443</u>

\* Included within other loans are convertible loans of £500,000, which give the note holder the option to convert the debt to equity shares at a price of 9.5 pence per share.

Obligations under hire purchase contracts are secured against the assets concerned.

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 11. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Obligations under hire purchase contracts	64,516	60,799
Other creditors	46,396	47,750
	<u>110,912</u>	<u>108,549</u>

\*Obligations under hire purchase contracts are secured against the assets concerned.

### 12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	21,489	14,878
Between 1-5 years	64,516	60,799
	<u>86,005</u>	<u>75,677</u>

### 13. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
54,222,313 Ordinary shares of £0.0100 each	542,223	542,223
4,842,673 Founder shares of £0.0100 each	48,427	48,427
*3,354,864 Ratchet Growth shares of £0.0025 each	8,387	8,387
	<u>599,037</u>	<u>599,037</u>



# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 14. Reserves

The company's capital and reserves are as follows:

#### Share capital

\* Called up share capital represents the nominal value of the shares issued.

#### Share premium

The share premium account represents the premium on issue of equity shares, net of any issue costs.

#### Other reserve

\* The other reserve represents the fair value of the equity element of convertible loans.

#### Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any dividends and other adjustments.

### 15. Share based payments

#### Ordinary shares

During the year the company issued 495,000 (2020 - Nil) options in respect of Ordinary shares which fall within the company's EMI share option plan. Additionally there were Nil (2020 - 150,000) options which were cancelled.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
<b>Ordinary shares</b>				
Outstanding at the beginning of the year	11	4,337,218	11	4,487,218
* Granted during the year	15	495,000	-	-
Cancelled during the year	-	-	15	(150,000)
Outstanding at the end of the year	12	4,832,218	11	4,337,218

The exercise price of the options outstanding at the end of the year ranged between £0.10 and £0.15 (2020 - £0.10 and £0.15) and their weighted average contractual life was 3.3 years (2020 - 4.5 years).

For the year ended 31 March 2021 the options in respect of ordinary shares attracted a share-based payment charge of £nil (2020 - £5,000) and this is included within administrative expenses.

Of the options above 4,154,208 (2020 - 4,154,208) have vested and are capable of being exercised.

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

### 15. Share based payments (continued)

#### Ratchet Growth shares

During the year the company issued 729,318 (2020: Nil) options in respect of Ratchet Growth shares which fall within the company's EMI share option plan. Additionally there were Nil (2020 - 1,458,637) options which were cancelled.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
<b>Ratchet shares</b>				
Outstanding at the beginning of the year	0.25	5,834,546	0.25	7,293,183
Granted during the year	0.25	729,318	-	-
Cancelled during the year	-	-	0.25	(1,458,637)
Outstanding at the end of the year	0.25	6,563,864	0.25	5,834,546

The exercise price of the options outstanding at the end of the year was £0.0025 (2020 - £0.0025) and their weighted average contractual life was 2.9 years (2020 - 4.3 years).

There was no share-based payment charge for the year ended 31 March 2021 (2020 - £Nil) in respect of these Ratchet Growth share options.

Of the options above 5,834,546 (2020 - 5,834,546) have vested and are capable of being exercised.

### 16. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,660 (2020 - £17,272). There were no contributions payable to the fund at the reporting date (2020 - £Nil).

### 17. Commitments under operating leases

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	128,414	58,384
Later than 1 year and not later than 5 years	508,963	4,127
Later than 5 years	569,925	-
	<b>1,207,302</b>	<b>62,511</b>

# RTL Materials Limited

## Notes to the Financial Statements For the Year Ended 31 March 2021

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### 18. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with its wholly owned subsidiaries within the group.

Included within other creditors falling due after one year are amounts totalling £46,396 (2020 - £47,750) due to a related party. They have confirmed they will not seek repayment for at least another year and interest was not charged on this balance. They are related through their shareholding in the company.

Included within other loans for the current year ended 31 March 2021 are loans of £1,190,736 (2020 - £1,185,893) from related parties. Interest accrued is £1,618,536 (2020 - £1,392,464) and interest charge in the year was £226,578 (2020 - £205,261). These are related through either the related parties' shareholding in the company or being directors.

Unsecured loan facilities totalling £98,427 (2020 - £98,427) have been made available to a former director, all of which has been drawn down by year end. The outstanding loan is repayable on demand and £7,584 (2020 - £8,216) of interest has been recognised in the year.

During the year the company paid consultancy services to a related party totalling £53,880 (2020: £24,000). At year end £6,000 (2020: £24,000) was owed to this related party which is related through a directors interest in it.

Key management personnel include those people who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £213,327 (2020 - £279,453).

### 19. Post balance sheet events

Post year end, in May 2021, the loan holders which are disclosed as Creditors: amounts falling due less than one year agreed to restructure their loans whereby £1.32m of loan principal would be capitalised, £644,737 of accrued interest would be repaid over a period of 5 years and on exit, and the balance of the accrued interest as at 31 March 2021 would be written off. Had the restructuring taken place prior to 31 March 2021 the company would have had positive net assets of £2.0m at the year end

### 20. Controlling party

The directors consider that no one party controls the company.

### 21. Auditor's information

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on 20 December 2021. The auditor's report was signed by Stephen Le Bas as the senior statutory auditor and was unqualified.