



Scott-Moncrieff
business advisers and accountants

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REACTEC LIMITED

Company registration number SC221428

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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REACTEC LIMITED

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REACTEC LIMITED

COMPANY INFORMATION

Directors	M P Buckingham M D Rutterford R B Adcock J McLaughlin E C Barnard T Gorman J McCann
Company secretary	E C Barnard
Registered number	SC221428
Registered office	Vantage Point 3 Cultins Road Edinburgh Scotland EH11 4DF
Independent auditor	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	Clydesdale Bank Hanover Street Edinburgh EH2 2ZH
Solicitors	MBM Commercial LLP 125 Princes Street Edinburgh EH2 4AD

REACTEC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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 to 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.

Review of the business

Reactec furthered its position as a market leader in the supply of health risk monitoring equipment with growth in unit sales of its principal monitor, HAVwear (up 13% on 2017) and subscribers to the Reactec Analytics software increasing by 40% compared to 2017. The resulting £4.1m annual turnover was again the highest to date for the company, an increase of 14% on 2017, with a further £0.6m of deferred income carried forward into 2019 (included within Creditors on the Balance Sheet). Reactec continued to be profitable, with after tax profits boosted by recognition of R&D tax credits and deferred tax assets.

Review of results

Gross profit margin improved by 3.5%. Administrative expenses increased by 22%, reflecting considerable investment in business development activities and R&D to diversify the technology base, in addition to expenses in support of protecting Reactec's intellectual property. After interest, depreciation and amortisation, the operating profit was 1.5% of turnover. Profit after tax was 5.4% before adjustment of the deferred tax asset carrying value, which resulted in a net profit after tax of £0.465m an improvement of over £0.371m on the previous year's result.

REACTEC LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

The directors who served during the year were:

M P Buckingham
M D Rutterford
R B Adcock
J McLaughlin
E C Barnard
T Gorman
J McCann

Future developments

2018 was a pivotal year in shaping the future direction of the business's technology roadmap. Development activities are well advanced which will enhance the company's reputation for market leading, disruptive technologies in employee health risk monitoring with a new product line being released mid 2019. Business development efforts continue to broaden reach into new market sectors in the UK and internationally.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



J McLaughlin
Director

Date: 25TH APRIL 2019

REACTEC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTEC LIMITED

Opinion

We have audited the financial statements of Reactec Limited for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the 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 Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 audit 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 company'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.

REACTEC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTEC LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

REACTEC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTEC LIMITED (CONTINUED)

Responsibilities of the directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 is 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an Auditor's Report 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 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. The description forms part of our Auditor's Report.

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, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gareth Magee (Senior Statutory Auditor)
for and on behalf of
Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 25/4/19

REACTEC LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	4,106,738	3,589,489
Cost of sales		(1,189,128)	(1,166,345)
Gross profit		2,917,610	2,423,144
Administrative expenses		(2,865,053)	(2,345,355)
Other operating income		25,352	38,748
Operating profit	5	77,909	116,537
Interest receivable and similar income		87	9
Interest payable and expenses		(17,861)	(22,549)
Profit before tax		60,135	93,997
Tax on profit	8	405,417	8
Profit after tax		465,552	94,005
Retained earnings at the beginning of the year		(3,078,320)	(3,172,323)
		(3,078,320)	(3,172,323)
Profit for the year		465,552	94,005
Retained earnings at the end of the year		(2,612,768)	(3,078,318)

REACTEC LIMITED
REGISTERED NUMBER: SC221428

BALANCE SHEET
AS AT 31 DECEMBER 2018

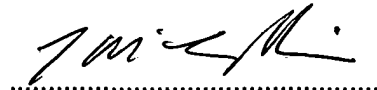
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	39,159	-
Tangible assets	10	342,389	92,900
		<u>381,548</u>	<u>92,900</u>
Current assets			
Stocks		279,776	165,105
Debtors: amounts falling due within one year	11	1,544,255	921,238
Cash at bank and in hand		646,906	1,004,135
		<u>2,470,937</u>	<u>2,090,478</u>
Creditors: amounts falling due within one year	12	(1,503,031)	(1,149,425)
Net current assets		<u>967,906</u>	<u>941,053</u>
Total assets less current liabilities		<u>1,349,454</u>	<u>1,033,953</u>
Creditors: amounts falling due after more than one year	13	(17,408)	(184,597)
Provisions for liabilities			
Other provisions	15	(89,238)	(72,099)
		<u>(89,238)</u>	<u>(72,099)</u>
Net assets		<u><u>1,242,808</u></u>	<u><u>777,257</u></u>
Capital and reserves			
Called up share capital	16	1,236	1,236
Share premium account	17	3,854,339	3,854,339
Profit and loss account	17	(2,612,767)	(3,078,318)
		<u><u>1,242,808</u></u>	<u><u>777,257</u></u>

REACTEC LIMITED
REGISTERED NUMBER:SC221428

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

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



J McLaughlin
Director

Date: 25TH APRIL 2019

The notes on pages 10 to 22 form part of these financial statements.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Reactec Limited is a company limited by share capital and incorporated in Scotland. The registered office is Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF.

The continuing activity of Reactec Limited is the supply and support of HAV monitoring equipment.

2. Accounting policies

General information and 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 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.1 Cash flow statement

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under FRS 102.

2.2 Going concern

The directors are of the opinion that the company can continue to meet its obligations as they fall due for the foreseeable future based on its ongoing positive cash flow. As a consequence the directors have prepared the financial statements on the going concern basis.

2.3 Turnover

Turnover comprises value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

2.4 Intangible assets

Development costs are capitalised within intangible fixed assets where they can be identified as relating to a specific product or project anticipated to produce future benefits, and are amortised over the anticipated life of the benefits arising from the completed product or project on the following bases:

Development costs - 3 years straight line

Deferred development costs are reviewed annually, and where further benefits are deemed to have ceased or to be in doubt, the balance of any related costs are written off to the profit and loss account in that year.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 33% straight line
Demo Equipment	- 50% straight line
Office furniture and fittings	- 20.7% / 33% straight line
Tooling equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.6 Hire purchase and operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

Assets acquired under hire purchase agreements are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account evenly over the term of each agreement.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

2.8 Debtors

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

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, exclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 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 the Statement of Income and Retained Earnings 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 Income and Retained Earnings in the same period as the related expenditure.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

All foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within administrative expenses.

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

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 the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's 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.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets and liabilities are offset and the net amount reported 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.

2.14 Pension costs

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions are charged to the statement of income and retained earnings in the period they are payable.

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Interest payable

Interest payable is recognised in the Statement of Income and Retained Earnings in the year in which it accrues.

2.17 Provisions for liabilities

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives of 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

In preparing these financial statements, the directors have made the following judgements:

- whether stock values are appropriate and take into consideration the impact of slow-moving and obsolete stock.
- whether development costs should be capitalised as intangible assets or expensed in the year.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Turnover

All turnover arose within the United Kingdom and is attributable to the one principal activity of the company.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	74,282	53,492
Amortisation of intangible assets, including goodwill	24,997	12,690
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	7,540	7,320
- Taxation compliance services	1,010	980
Exchange differences	4,456	-
Other operating lease rentals	52,665	52,540
Defined contribution pension cost	76,379	50,060

6. Employees

The average monthly number of employees, including directors, during the year was 40 (2017 - 31).

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	396,332	374,200
Company contributions to defined contribution pension schemes	24,702	19,035
	<u>421,034</u>	<u>393,235</u>

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Taxation

	2018 £	2017 £
Corporation tax		
R & D tax credits	161,481	8
	<u>161,481</u>	<u>8</u>
Movement in deferred tax asset	243,936	-
	<u>(405,417)</u>	<u>(8)</u>
Total tax credit	<u><u>405,417</u></u>	<u><u>8</u></u>

Factors that may affect future tax charge

As at 31 December 2018 the company had further tax losses available to carry forward against future trading profits.

REACTEC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Intangible assets

	Software £
Cost	
At 1 January 2018	110,729
Additions	64,156
At 31 December 2018	<u>174,885</u>
Amortisation	
At 1 January 2018	110,729
Charge for the year	24,997
At 31 December 2018	<u>135,726</u>
Net book value	
At 31 December 2018	<u><u>39,159</u></u>
At 31 December 2017	<u><u>-</u></u>

REACTEC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Tangible fixed assets

	Plant and machinery £	Demo equipment £	Office furniture and fittings £	Tooling equipment £	Total £
Cost or valuation					
At 1 January 2018	27,396	32,259	158,227	127,408	345,290
Additions	5,150	22,351	262,956	33,314	323,771
Disposals	-	-	(25)	-	(25)
At 31 December 2018	32,546	54,610	421,158	160,722	669,036
Depreciation					
At 1 January 2018	21,388	10,021	124,053	96,928	252,390
Charge for the year on owned assets	3,900	22,505	22,025	25,852	74,282
Disposals	-	-	(25)	-	(25)
At 31 December 2018	25,288	32,526	146,053	122,780	326,647
Net book value					
At 31 December 2018	7,258	22,084	275,105	37,942	342,389
At 31 December 2017	6,008	22,238	34,174	30,480	92,900

REACTEC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Debtors

	2018 £	2017 £
Trade debtors	1,001,439	643,001
Other debtors	105,771	82,467
Prepayments and accrued income	26,109	28,770
Deferred taxation	410,936	167,000
	<u>1,544,255</u>	<u>921,238</u>

12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	170,817	68,663
Trade creditors	347,921	339,994
Deferred income	604,660	423,649
Other taxation and social security	159,864	133,082
Obligations under finance lease and hire purchase contracts	17,425	5,130
Other creditors	30,548	33,618
Accruals	171,796	145,289
	<u>1,503,031</u>	<u>1,149,425</u>

Deferred income includes revenue from subscriptions of £586,660 (2017 - £410,811) and deferred grant income of £nil (2017 - £12,838).

Deferred revenue is calculated as the proportion of income received for the Reactec Analytics Platform cloud reporting software that relates to future provision of the service.

13. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	-	172,222
Net obligations under finance leases and hire purchase contracts	17,408	12,375
	<u>17,408</u>	<u>184,597</u>

Clydesdale bank hold a floating charge over the whole of the property, assets and rights (including uncalled capital); with respect to the bank loan and invoice financing facilities.

REACTEC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Loans and amounts due on invoice financing	170,817	68,663
	<u>170,817</u>	<u>68,663</u>
Amounts falling due 1-2 years		
Bank loans	-	172,222
	<u>-</u>	<u>172,222</u>
	<u>170,817</u>	<u>240,885</u>

15. Provisions

	£
At 1 January 2018	72,099
Utilised in year	17,139
At 31 December 2018	<u><u>89,238</u></u>

Provisions at the year end include £69,990 (2017: £69,990) for estimated potential costs associated with a patent held, no claim has yet been made therefore the timing of any payment is uncertain.

The increase in provisions of £17,139 in the current year, relates to a provision for obsolete stock at the year end.

16. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
123,564 (2017 - 123,564) Allotted, called up and fully paid Equity shares of £0.01 each	<u>1,236</u>	<u>1,236</u>

REACTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17. Reserves

Profit and loss account

All movements relate to current and prior period retained profit and losses.

18. Share based payments

Under the terms of the company's Enterprise Management Incentive scheme, the Board may offer employees and directors options to purchase ordinary shares in the company. The options are exercisable on an exit event. The options shall lapse at the event of the following;

1. The option holder's death;
2. The date upon which the option holder ceases to be an employee of the company;
3. 10 years from the date of granting; or
4. Immediately following completion of an exit event.

Included within outstanding options at the beginning of the year are 5,697 (2017: 5,697) options which are currently exercisable. There were issued between 2009 and 2011. Under FRS 102 transitional provisions the estimated fair value of these exercisable options is not required to be included within the financial statements as the were granted before the FRS 102 transition date of 1 January 2015.

The share options outstanding at the beginning and the end of the year are as follows:

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	2,328	31,692	2,168	27,892
Granted during the year	3,500	11,700	3,500	3,800
Lapsed during the year	2,039	(11,613)		-
Outstanding at the end of the year	2,864	31,779	2,328	31,692

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £76,379 (2017: £50,060). At 31 December 2018 contributions amounting to £1,438 (2017: £9,788) were payable to the fund and were included in creditors.

REACTEC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and buildings		
Not later than 1 year	72,870	37,476
Later than 1 year and not later than 5 years	279,335	-
	<u>352,205</u>	<u>37,476</u>
	2018 £	2017 £
Other		
Not later than 1 year	11,382	19,010
Later than 1 year and not later than 5 years	5,356	5,820
	<u>16,738</u>	<u>24,830</u>

21. Related party transactions

There were no related party transactions during the year to 31 December 2018.

22. Controlling party

There is no overall controlling party.

23. Other professional services provided by the auditor

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.