COMPANY REGISTRATION NUMBER: SC221428

Reactec Limited

Financial Statements

31 December 2021

Reactec Limited

Financial Statements

Year ended 31 December 2021

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Reactec Limited

Officers and Professional Advisers

The Board of Directors	Ms E Barnard Mr M Buckingham Mr A Hogg Mr I Mackay Ms J McLaughlin
Company Secretary	Ms E Barnard
Registered Office	Vantage Point 3 Cultins Road Edinburgh EH11 4DF
Auditor	Chiene + Tait LLP Chartered Accountants & Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be the supply and support of workplace health risk monitoring equipment, for HAV, noise, social distancing and lone working applications.

Directors

The directors who served the company during the year were as follows:

Ms E Barnard
Mr M Buckingham
Mr A Hogg
Mr I Mackay
Ms J McLaughlin
Ms T Gorman (Resigned 31 December 2021)

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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Review of the business

Whilst not as impactful as the previous year, the ongoing uncertainty caused by the Covid-19 pandemic and the reality of Brexit continued to affect market sentiment in 2021. Reactec's annual turnover recovered to £3.7M, up £0.3M on prior year, however international expansion plans remained stalled as a result of the pandemic.

A service plan offering promoted as Safety as a Service, whereby clients can spread the costs of our products over a 3 year period, proved popular, accounting for 24% of all new orders placed in 2021. The offering, which has an added value to the business of circa 20% over a capital sale, enables the client to renew hardware at the end of year 3 for modest ongoing opex costs, rather than a capital outlay.

Income from the long running model of annual DaaS fees were maintained at 31% of total revenue (32% in 2020), while a further £0.8M of secured income was carried forward into 2022 (included within Creditors on the Balance Sheet).

Reactec reported an operating loss of £0.43M (2020: £0.34M) with £0.17M less government grant support than in 2020. A key factor in the recognised losses was the strategy to introduce service plans, which result in a short-term reduction in recognisable revenue but secure three years of higher value revenue with a strong incentive for clients to renew for further 3 year periods. Had the value of service plans secured in the year been sold as traditional capex plus annual DaaS fees, the business would not have been loss making.

At the end of 2021 Tracey Gorman resigned as a statutory Director in order to focus solely on her role in Business Development.

Review of Results

Turnover of £3.7M was 8% growth on prior year's turnover. Administrative expenses were maintained at a comparable level to 2020, resulting in an operating loss of 12% of turnover (2020: 10%). The after tax loss for 2021 was £0.29M (2020 £0.04M).

The company ended the year with a strong cash position (up 38% on 2020). Stock levels were half that of the prior year, which had been abnormally high in order to provide a buffer against Brexit and component supply uncertainties.

Going Concern

The Board have assessed financial projections to December 2024 and are satisfied on the basis of those that the company can continue as a going concern, despite the recent losses. The loss-making position of the company is a result of Reactec's ongoing investment in R&D to develop new products, combined with the change in business model to offer service plan contracts. This strategy can be funded out of existing working capital arrangements, and is fully supported by Reactec's shareholders, since it returns greater value in the long term.

Future Developments

Following our 'Connected Worker' strategy, sensor technologies for monitoring a range of occupational health risks continue to be added to Reactec's ecosystem of tough workplace wearables and cloud-based data analytics. Within 2021 a second noise monitor and a dust monitor were added to the technologies supported by Reactec's eco-system.

A significant level of R&D funding was assigned in 2021 to the development of a next generation wearable with expanded functionality to track employee movements and proximity to hazards. The new offering will be released to market mid-2022 and is not only expected to allow significant upselling within the UK market but open International markets which have limited interest in the core offering of Hand Arm Vibration.

Future Developments (continued)

The principal risks and uncertainties facing the company continue to be the ongoing impacts of the Covid-19 pandemic, and the strength of recovery of the economy and Reactec's customers, many of whom are still cautious after the uncertainty of the past two years. Development of international markets is contingent upon an absence of travel restrictions. The company's stock levels buffered it from the worst effects of component supply issues in 2021, but lead times remain challenging and component prices are high, putting pressure on margins and working capital. However the company has countered this as far as possible by placing forward orders to secure component stock.

This report was approved by the board of directors on 16 May 2022 .... and signed on behalf of the board by:

Ms J McLaughlin
Director

Opinion

We have audited the financial statements of Reactec Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006 and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the management and the directors;
- review of minutes of board meetings throughout the period;
- review of legal correspondence and invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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. This 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 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.

Barry Truswell

Barry Truswell CA (Senior Statutory Auditor)

For and on behalf of
Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

16 May 2022

Reactec Limited

Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	**4**	3,658,269	3,387,657
Cost of sales		(1,167,164)	(982,773)
Gross profit		2,491,105	2,404,884
Administrative expenses		(2,956,581)	(2,911,664)
Other operating income		(39,133)	(227,004)
Exceptional administrative expenses		(3,770)	(63,152)
Operating loss		430,113	(342,928)
Other interest receivable and similar income		51	181
Interest payable and similar expenses		(438)	(3,116)
Loss before taxation	**8**	(429,624)	(345,863)
Tax on loss		142,267	307,579
Loss for the financial year and total comprehensive income		(287,357)	(38,284)

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 12 to 20 form part of these financial statements.

Reactec Limited

Statement of Financial Position

31 December 2021

	Note	2021 £	2021 £	2020 £
Fixed assets				
Intangible assets	**9**		73,875	44,573
Tangible assets	**10**		221,355	211,234
			295,230	255,807
Current assets				
Stocks		378,355		709,481
Debtors	**11**	1,690,423		1,373,728
Cash at bank and in hand		827,937		598,313
		2,896,715		2,681,522
Creditors: amounts falling due within one year	**12**	1,503,201		1,531,819
Net current assets			1,393,514	1,149,703
Total assets less current liabilities			1,688,744	1,405,510
Creditors: amounts falling due after more than one year	**13**		502,222	–
Provisions				
Other provisions			41,450	41,450
Net assets			1,145,072	1,364,060
Capital and reserves				
Called up share capital	**16**		1,461	1,461
Share premium account			4,515,840	4,515,000
Profit and loss account			(3,372,229)	(3,152,401)
Shareholders funds			1,145,072	1,364,060

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 16 May 2022 ...., and are signed on behalf of the board by:

Ms J McLaughlin
Director

Company registration number: SC221428

The notes on pages 12 to 20 form part of these financial statements.

Reactec Limited

Statement of Changes in Equity

Year ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	**Total £**
At 1 January 2020	1,236	3,855,678	(3,114,117)	742,797
Loss for the year			(38,284)	(38,284)
Total comprehensive income for the year	–	–	(38,284)	(38,284)
Issue of shares	225	659,322	–	659,547
Total investments by and distributions to owners	225	659,322	–	659,547
At 31 December 2020	1,461	4,515,000	(3,152,401)	1,364,060
Loss for the year			(287,357)	(287,357)
Total comprehensive income for the year	–	–	(287,357)	(287,357)
Issue of shares	–	840	–	840
Equity-settled share-based payments	–	–	67,529	67,529
Total investments by and distributions to owners	–	840	67,529	68,369
At 31 December 2021	1,461	4,515,840	(3,372,229)	1,145,072

The notes on pages 12 to 20 form part of these financial statements.

Reactec Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, '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

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Board have assessed financial projections to December 2024 and are satisfied on the basis of those that the company can continue as a going concern, despite the recent losses. The loss-making position of the company is a result of Reactec's ongoing investment in R&D to develop new products, combined with the change in business model to offer service plan contracts. This strategy can be funded out of existing working capital arrangements, and is fully supported by Reactec's shareholders, since it returns greater value in the long term.

Judgements and key sources of estimation uncertainty

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

3. Accounting policies *(continued)*

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Income tax

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Development costs	3 years straight line

3. Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are initially measured at cost, and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Plant and equipment	33% straight line
Fixtures and fittings	20.7% / 33% straight line
Demo equipment	50% straight line
Tooling equipment	33% straight line
Hire equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating-unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit of loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated a a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset(or cash generating-unit)in prior years. A reversal of an an impairment loss is recognised immediately in profit of loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the stocks to its present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks is carried over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

At each reporting end date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

3. Accounting policies *(continued)*

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities
Financial liabilities and equip 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 company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

3. Accounting policies *(continued)*

Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	3,658,269	3,387,657

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Employee numbers

The average number of persons employed by the company during the year amounted to 38 (2020: 41).

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	461,378	515,832

7. Exceptional items

	2021	2020
	£	£
Legal fees - infringement action	3,770	63,152

8. Profit before taxation

Profit before taxation is stated after charging:

	2021	2020
	£	£
Depreciation of tangible assets and amortisation of intangible assets	151,072	120,545

9. Intangible assets

	Development costs
	£
Cost	
At 1 January 2021	213,124
Additions	58,452
At 31 December 2021	271,576
Amortisation	
At 1 January 2021	168,551
Charge for the year	29,150
At 31 December 2021	197,701
Carrying amount	
At 31 December 2021	73,875
At 31 December 2020	44,573

10. Tangible assets

	Demo equipment	Hire equipment	Plant and equipment	Fixtures and fittings	Tooling equipment	Total
	£	£	£	£	£	£
Cost						
At 1 Jan 2021	50,583	7,532	27,037	443,717	175,842	704,711
Additions	–	104,784	–	16,628	10,631	132,043
At 31 Dec 2021	50,583	112,316	27,037	460,345	186,473	836,754
Depreciation						
At 1 Jan 2021	50,583	370	24,525	273,430	144,569	493,477
Charge for the year	–	16,484	2,104	76,073	27,261	121,922
At 31 Dec 2021	50,583	16,854	26,629	349,503	171,830	615,399
Carrying amount						
At 31 Dec 2021	–	95,462	408	110,842	14,643	221,355
At 31 Dec 2020	–	7,162	2,512	170,287	31,273	211,234

11. Debtors

	2021	2020
	£	£
Trade debtors	760,214	473,697
Deferred tax asset	564,544	434,678
Prepayments and accrued income	111,227	117,856
Other debtors	254,438	347,497
	1,690,423	1,373,728

12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	111,111	–
Trade creditors	270,825	167,404
Accruals	258,551	291,781
Social security and other taxes	166,922	304,248
Obligations under finance leases and hire purchase contracts	–	8,016
Deferred Income	679,992	745,346
Other creditors	15,800	15,024
	1,503,201	1,531,819

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

	2021	2020
	£	£
Bank loans and overdrafts	361,111	–
Deferred Income	141,111	–
	502,222	–

14. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in debtors (note 11)	564,544	434,678

15. Share-based payments

The company has issued share options under the terms of its EMI option scheme. The estimated fair value of each share option is as follows:

15. Share-based payments *(continued)*

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	2021		2020	
	No.	**WAEP**	No.	WAEP
Outstanding at 1 January 2021	23,692	30.79	30,300	28.79
Granted during the year	5,900	35.00	–	–
Exercised during the year	(42)	20.00	(5,150)	20.00
Expired during the year	(300)	35.00	(1,458)	28.74
Outstanding at 31 December 2021	29,250	30.61	23,692	30.79
Exercisable at 31 December 2021	–	–	42	20.00

The total expense recognised in profit or loss for the year is as follows:

	2021	2020
	£	£
Equity-settled share-based payments	67,529	–

The estimated fair values were calculated by applying the Black-Scholes option pricing model. The model inputs were: Share price at grant date - £18.49
Exercise price - £35
Expected volatility - 70%
Expected life - 10 years
Risk free interest rate - 0.847%
Dividend yield - 0%

16. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	**£**	No.	£
Ordinary shares of £0.01 each	146,135	1,461	146,093	1,461

On 18 March 2021 42 Ordinary 1p shares were issued for £20 per share.

17. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	76,674	96,191
Later than 1 year and not later than 5 years	50,536	122,800
	127,210	218,991