

Company Registration No. SC221428 (Scotland)

**REACTEC LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



COMPANIES HOUSE

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# REACTEC LIMITED

## COMPANY INFORMATION

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**Directors**  
Ms E Barnard  
Mr M P Buckingham  
Ms T Gorman  
Mr A J Hogg  
Mr I R Mackay  
Ms J McLaughlin

**Secretary** Ms E Barnard

**Company number** SC221428

**Registered office**  
Vantage Point  
3 Cultins Road  
Edinburgh  
United Kingdom  
EH11 4DF

**Auditor**  
Azets Audit Services  
Exchange Place 3  
Semple Street  
Edinburgh  
United Kingdom  
EH3 8BL

# REACTEC LIMITED

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# REACTEC LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### 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.

#### Review of the business

2020 has been a challenging year for many businesses. The restrictions and uncertainty created by the Covid-19 pandemic were impactful on the company and its customers, but have allowed the company to show its resilience and adaptability.

Reactec recognised an opportunity to pivot its existing vibration monitoring technology, HAVwear, by applying its ability to detect distance between devices as a social distancing aid and for contact tracing. The resulting firmware upgrade on existing technology was taken to market within 6 weeks of concept and resulted in the functionality being utilised by one third of the company's active client base, increasing revenues by £0.5m in the second half of 2020. On a less positive note, international expansion plans had to be suspended for the year as a result of the pandemic.

In 2020 we also launched our Safety-as-a-Service (SaaS) offering whereby clients can spread the purchase costs and service charges of our products over a 3 year period, giving more predictable future revenues.

Annual turnover of £3.4m was £0.5m down on prior year, with the second quarter's sales most heavily impacted by Covid-19. Covid-19 related grant income contributed £0.2m in other operating income.

Income from Data as a Service (DaaS) fees continued to grow, accounting for 32% of total revenue (25% in 2019), while a further £0.7m of income was carried forward into 2021 (included within Creditors on the Balance Sheet).

Reactec reported an operating loss of £0.35m (2019: £0.62m) after recognition of exceptional administrative expenses of £63,000, which were incurred in an ongoing patent infringement action. A judge's decision in favour of Reactec was received in July 2020.

In July 2020 Roger Adcock resigned as Director and Chairman, and Iain Mackay was appointed as his replacement.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms E Barnard  
Mr M P Buckingham  
Ms T Gorman  
Mr A J Hogg  
Mr I R Mackay  
Ms J McLaughlin  
F Perrin  
R Adcock

(Resigned 17 August 2020)  
(Resigned 30 June 2020)

# REACTEC LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Results and dividends

Turnover of £3.4m was 87% of prior year's turnover. Gross profit margin % was down 1.5% on 2019. However administrative expenses decreased by 4% relative to 2019 and, excluding the exceptional administrative expenses, the operating loss would have been 3% of turnover (2019: 5%). The after tax loss for 2020 was just £0.04m, a significant improvement on 2019 (£0.5m).

The company ended the year with a strong cash position (up 47% on 2019) and deliberately high stock levels, in order to provide a buffer against Brexit and component supply uncertainties.

#### Future developments

The social distancing initiative led to an acceleration of our 'Connected Worker' strategy, and 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.

A funding round closed in May 2020, which enabled the company to continue its own development of sensor technologies, as well as partnering with other third party sensor providers. Business development efforts, whilst hampered by Covid-19 restrictions, will continue to broaden reach into new market sectors in the UK and internationally in future years.

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 had periods of suspended operations during 2020. Development of international markets is contingent upon the easing of travel restrictions. The company's stock levels have buffered it from the worst effects of component supply issues in 2020, but may be a factor beyond then.

#### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

On behalf of the board



Ms J McLaughlin  
Director

26 August 2021

# **REACTEC LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors are responsible for preparing the annual 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 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 and then apply them consistently;
- make judgements 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.

# REACTEC LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTEC LIMITED

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### Opinion

We have audited the financial statements of Reactec Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and 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 the provisions of Section 1A 'Small Entities' of 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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

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.

### 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

# REACTEC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF REACTEC LIMITED

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#### **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 where 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' exemption in preparing the directors' report and take advantage of the small companies exemption 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# REACTEC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF REACTEC LIMITED

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#### 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.

*Azets Audit Services*

**Gareth Magee CA (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services**  
**Chartered Accountants**  
**Statutory Auditor**

**31 August 2021**  
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Exchange Place 3  
Semple Street  
Edinburgh  
United Kingdom  
EH3 8BL

# REACTEC LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

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	Notes	2020 £	2019 £
Turnover		3,387,657	3,894,385
Cost of sales		(982,773)	(1,066,794)
<b>Gross profit</b>		<b>2,404,884</b>	<b>2,827,591</b>
Administrative expenses		(2,911,664)	(3,040,784)
Other operating income		227,004	23,518
Exceptional administrative expenses	3	(63,152)	(415,130)
<b>Operating loss</b>		<b>(342,928)</b>	<b>(604,805)</b>
Interest receivable and similar income		181	-
Interest payable and similar expenses		(3,116)	(12,306)
<b>Loss before taxation</b>		<b>(345,863)</b>	<b>(617,111)</b>
Tax on loss	6	307,579	115,761
<b>Loss for the financial year</b>		<b>(38,284)</b>	<b>(501,350)</b>

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# REACTEC LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	7		44,573		26,067
Tangible assets	8		211,234		314,376
			<u>255,807</u>		<u>340,443</u>
<b>Current assets</b>					
Stocks		709,481		194,944	
Debtors	9	1,373,728		1,360,484	
Cash at bank and in hand		598,313		407,091	
		<u>2,681,522</u>		<u>1,962,519</u>	
<b>Creditors: amounts falling due within one year</b>	10	(1,531,819)		(1,410,041)	
<b>Net current assets</b>			<u>1,149,703</u>		<u>552,478</u>
<b>Total assets less current liabilities</b>			<u>1,405,510</u>		<u>892,921</u>
<b>Creditors: amounts falling due after more than one year</b>	11		-		(5,590)
<b>Provisions for liabilities</b>	12		(41,450)		(144,534)
<b>Net assets</b>			<u><u>1,364,060</u></u>		<u><u>742,797</u></u>
<b>Capital and reserves</b>					
Called up share capital	14		1,461		1,236
Share premium account			4,515,000		3,855,678
Profit and loss reserves			(3,152,401)		(3,114,117)
<b>Total equity</b>			<u><u>1,364,060</u></u>		<u><u>742,797</u></u>

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

The financial statements were approved by the board of directors and authorised for issue on 26 August 2021 and are signed on its behalf by:

  
Ms J McLaughlin  
Director

Company Registration No. SC221428

# REACTEC LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		1,236	3,854,339	(2,612,767)	1,242,808
<b>Year ended 31 December 2019:</b>					
Loss and total comprehensive income for the year		-	-	(501,350)	(501,350)
Issue of share capital	14	-	1,339	-	1,339
<b>Balance at 31 December 2019</b>		1,236	3,855,678	(3,114,117)	742,797
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(38,284)	(38,284)
Issue of share capital	14	225	659,322	-	659,547
<b>Balance at 31 December 2020</b>		1,461	4,515,000	(3,152,401)	1,364,060

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Reactec Limited is a private company limited by shares incorporated in Scotland. The registered office is Vantage Point, 3 Cultins Road, Edinburgh, United Kingdom, EH11 4DF.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 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.

In making their assessment, the directors have considered the ongoing effect of COVID-19 on financial stability worldwide, the UK economy and the company's markets.

#### 1.3 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 the 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 the 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 transaction 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.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### 1.5 Intangible fixed 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 where 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 bases:

Development costs	3 years straight line
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##### 1.6 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 bases:

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.

##### 1.7 Impairment of fixed assets

At each reporting period 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 estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

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 impairment loss is recognised immediately in profit or 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.

#### 1.8 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 costs and those overheads that have been incurred in bringing the stocks to their 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 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.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 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 of its financial instruments.

Financial instruments are recognised 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 transaction 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 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 company after deducting all of its liabilities.

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### **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.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a 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.

##### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.17 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.

##### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Accounting estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Exceptional item

	2020 £	2019 £
<b>Expenditure</b>		
Legal fees - infringement action	63,152	415,130

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	41	43

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	515,832	365,320

### 6 Taxation

	2020 £	2019 £
<b>Current tax</b>		
R & D tax credits	(177,713)	(92,019)
<b>Deferred tax</b>		
Movement in deferred tax asset	(129,866)	(23,742)
Total tax credit	(307,579)	(115,761)

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 7 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 2020	184,385
Additions	38,129
Disposals	(9,390)
At 31 December 2020	213,124
<b>Amortisation and impairment</b>	
At 1 January 2020	158,318
Amortisation charged for the year	19,623
Disposals	(9,390)
At 31 December 2020	168,551
<b>Carrying amount</b>	
At 31 December 2020	44,573
At 31 December 2019	26,067

#### 8 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Demo equipment £	Tooling equipment £	Hire equipment £	Total £
<b>Cost</b>						
At 1 January 2020	35,608	485,187	50,583	208,720	-	780,098
Additions	-	3,059	-	4,211	7,532	14,802
Disposals	(8,571)	(44,529)	-	(37,089)	-	(90,189)
At 31 December 2020	27,037	443,717	50,583	175,842	7,532	704,711
<b>Depreciation and impairment</b>						
At 1 January 2020	29,895	233,877	50,152	151,798	-	465,722
Depreciation charged in the year	3,201	84,082	431	29,526	370	117,610
Eliminated in respect of disposals	(8,571)	(44,529)	-	(36,755)	-	(89,855)
At 31 December 2020	24,525	273,430	50,583	144,569	370	493,477
<b>Carrying amount</b>						
At 31 December 2020	2,512	170,287	-	31,273	7,162	211,234
At 31 December 2019	5,713	251,310	431	56,922	-	314,376

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	473,697	764,636
Other debtors	217,631	122,111
Prepayments and accrued income	117,856	39,059
	<u>809,184</u>	<u>925,806</u>
Deferred tax asset	564,544	434,678
	<u>1,373,728</u>	<u>1,360,484</u>

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

	2020 £	2019 £
Obligations under finance leases	8,016	15,261
Trade creditors	167,402	211,165
Taxation and social security	304,248	172,826
Deferred income	745,346	764,403
Other creditors	15,026	179,108
Accruals	291,781	67,278
	<u>1,531,819</u>	<u>1,410,041</u>

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

	2020 £	2019 £
Obligations under finance leases	-	5,590
	<u>-</u>	<u>5,590</u>

### 12 Provisions for liabilities

	2020 £	2019 £
Provision for liabilities	41,450	144,536
	<u>41,450</u>	<u>144,536</u>

# REACTEC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 January 2020	30,300	31,779	28.79	28.64
Granted	-	250	-	35.00
Exercised	(5,150)	(67)	20.00	20.00
Expired	(1,458)	(1,662)	28.74	26.81
Outstanding at 31 December 2020	<u>23,693</u>	<u>30,300</u>	<u>30.79</u>	<u>28.79</u>
Exercisable at 31 December 2020	<u>42</u>	<u>5,630</u>	<u>20.00</u>	<u>20.00</u>

### 14 Called up share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid 146,093 (2019: 123,631) of 1p each	<u>1,461</u>	<u>1,236</u>

### 15 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020 £	2019 £
	<u>218,991</u>	<u>323,768</u>