

REGISTERED NUMBER: 07528795 (England and Wales)

FINANCIAL STATEMENTS
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017
FOR
RECYCLING TECHNOLOGIES LIMITED

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FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

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RECYCLING TECHNOLOGIES LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

DIRECTORS:

Ms N M Frayne
Mr A J Haworth
Mr S P Hodges
Mr P A Hodges
Mr R Jain
Mr H Lack
Mr G Philipps
Mr A E Griffiths

REGISTERED OFFICE:

Hill Barn
Upper Pavenhill
Purton
Swindon
Wiltshire
SN5 4DQ

REGISTERED NUMBER:

07528795 (England and Wales)

AUDITORS:

Haines Watts
Chartered Accountants
Old Station House, Station Approach
Newport Street
Swindon
SN1 3DU

RECYCLING TECHNOLOGIES LIMITED (REGISTERED NUMBER: 07528795)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017**

	Notes	2017 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	4		66,800		42,220
CURRENT ASSETS					
Debtors	5	624,116		405,461	
Cash at bank and in hand		<u>938,186</u>		<u>666,758</u>	
		1,562,302		1,072,219	
CREDITORS					
Amounts falling due within one year	6	<u>154,228</u>		<u>145,357</u>	
NET CURRENT ASSETS			<u>1,408,074</u>		<u>926,862</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,474,874		969,082
CREDITORS					
Amounts falling due after more than one year	7		<u>7,474</u>		<u>8,420</u>
NET ASSETS			<u>1,467,400</u>		<u>960,662</u>
CAPITAL AND RESERVES					
Called up share capital			180,611		148,053
Share premium			5,547,790		3,547,301
Retained earnings			<u>(4,261,001)</u>		<u>(2,734,692)</u>
			<u>1,467,400</u>		<u>960,662</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 31 May 2018 and were signed on its behalf by:

Mr A E Griffiths - Director

The notes form part of these financial statements

RECYCLING TECHNOLOGIES LIMITED (REGISTERED NUMBER: 07528795)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017

1. STATUTORY INFORMATION

Recycling Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

Currently the business is still within the development phase and therefore is dependent on funds received from grants and Research and Development Tax Credits, but also on funds from external investors. The company has identified its funding requirements and has secured £2.47m funding with a further £1.26m of equity funding committed in the first half of 2018 but with additional funds required for the final quarter of 2018. In addition the company also intends to raise £10m to fund a full scale production unit, once the BETA plant is successfully commissioned. Based on this the directors consider that the company is a going concern and the accounts have been prepared on this basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & Machinery	-	10% straight line
Fixtures & Fittings	-	20% straight line
Motor vehicles	-	20% straight line

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 35 (2017 - 19) .

4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 March 2017	21,165	32,072	13,000	66,237
Additions	-	37,467	-	37,467
At 31 December 2017	<u>21,165</u>	<u>69,539</u>	<u>13,000</u>	<u>103,704</u>
DEPRECIATION				
At 1 March 2017	9,836	14,181	-	24,017
Charge for period	<u>1,764</u>	<u>8,956</u>	<u>2,167</u>	<u>12,887</u>
At 31 December 2017	<u>11,600</u>	<u>23,137</u>	<u>2,167</u>	<u>36,904</u>
NET BOOK VALUE				
At 31 December 2017	<u>9,565</u>	<u>46,402</u>	<u>10,833</u>	<u>66,800</u>
At 28 February 2017	<u>11,329</u>	<u>17,891</u>	<u>13,000</u>	<u>42,220</u>

RECYCLING TECHNOLOGIES LIMITED (REGISTERED NUMBER: 07528795)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2017
	£	£
Other debtors	<u>624,116</u>	<u>405,461</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2017
	£	£
Hire purchase contracts	4,426	3,480
Trade creditors	82,966	100,429
Taxation and social security	47,399	25,840
Other creditors	<u>19,437</u>	<u>15,608</u>
	<u>154,228</u>	<u>145,357</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2017
	£	£
Hire purchase contracts	<u>7,474</u>	<u>8,420</u>

8. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Martin S Gurney FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

9. RELATED PARTY DISCLOSURES

In the opinion of the directors, no one individual controls the company.

During the period, the following transactions took place with directors and their connected parties:

AEG (UK) Limited (a shareholder and a company controlled by a director) charged consultancy services to Recycling Technologies Limited of £9,007 (February 2017: £29,933). £1,001 was outstanding at the period end (February 2017: £nil).

Jus-Rite (a company controlled by a shareholder) supplied products to Recycling Technologies Limited of £502 (February 2017: £150). The amount outstanding at the period end was £nil (February 2017: £nil).

Churchill Technologies (UK) Limited (a company controlled by a shareholder) charged consultancy services to Recycling Technologies Limited of £nil (February 2017: £1,684). The amount outstanding at the period end was £nil (February 2017: £nil).

Parkinson Management Limited (a company controlled by a shareholder) charged consultancy services to Recycling Technologies Limited of £5,700 (February 2017: £2,922). The amount outstanding at the period end was £nil (February 2017: £nil). Parkinson Management Limited also undertook business development work during the year on a contingent fee basis. Any contingent fees payable to Parkinson Management Limited are dependent upon whether any contracts arise from that work and will be fully covered by the value arising from those contracts. The phased contingency fees potentially payable under this arrangement amount to a maximum of £217,500, that maximum sum only becoming payable in the event of three specified contracts all reaching financial close within a three year period, having an estimated value to the company in excess of £10m. As at the year end, none of the conditions triggering a liability for any of these fees had been met, and therefore no amounts have been included in the accounts in this respect.

Maplevine Limited (a company controlled by a person who became a shareholder on 31 August 2017) provided consultancy services to Recycling Technologies Limited subsequent to 31 August 2017 amounting to £7,555 (February 2017: £nil). The amount outstanding at the period end was £nil (February 2017: £nil).

The Chairman charged consultancy services to Recycling Technologies Limited of £44,663 (February 2017: £nil). The amount outstanding at the period end was £nil (February 2017: £nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2017**

10. SHARE-BASED PAYMENTS

The company has established an Enterprise Management Incentive (EMI) share option scheme with an exercise price of £0.45 - £0.50 per share.

EMI options vest at the earliest of:

- the company being listed on a recognised investment exchange
- the company being taken over by a company or by persons who are not an existing shareholder of the company
- the company being subject to a management buy-out
- for some EMI options the vesting happens on specific dates

Vested EMI options can be exercised up to 10 years from the date of the grant. As none of the vesting points set out above are currently foreseen, no charge has been made to the profit and loss account in respect of these options in the period ended 31 December 2017. Options are forfeited if the employee leaves the company before the options vest. During the period, 5 employees left the company having 257,141 options granted, these have subsequently been forfeited.

At 31 December 2017, 839,061 (February 2017: 884,915) EMI options had been granted but not exercised.

The company has established an Unapproved Share Option Scheme (USOS) with an exercise price of £0.01 per share.

The company granted 239,237 (February 2017: 586,749) USOS options to 5 employees, shareholders and contractors during the period, and nil (February 2017: nil) USOS options lapsed in the same period. As at the period end 3,389,181 (February 2017: 3,149,944) USOS issued options had been granted but not exercised. Additionally, employees, shareholders and contractors have become entitled to a further 50,100 (February 2017: 50,100) USOS share options as at the period end. In total there were 3,439,281 (February 2017: 3,200,044) USOS share options either issued or earned at the period end between 17 separate parties.

USOS options vest at the earliest of:

- the company being listed on a recognised investment exchange
- the company being taken over by a company or by persons who are not an existing shareholder of the company
- the company being subject to a management buy-out
- 10 years from the date the scheme was created
- at the discretion of the Board

Vested USOS options can be exercised immediately. As none of the vesting points set out above are currently foreseen, no charge has been made to the profit and loss account in respect of these options in the period ended 31 December 2017.

RECYCLING TECHNOLOGIES LIMITED (REGISTERED NUMBER: 07528795)

**NOTES TO THE FINANCIAL STATEMENTS - continued
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Details of the number of share options and weighted average exercise price (WAEP) outstanding during the period are as follows:

	Exercise price	Dec-2017	Feb-2017
	£		
31 December 2024	0.50	839,061	884,915
10 February 2024	0.01	<u>3,389,181</u>	<u>3,149,944</u>
		<u>4,228,242</u>	<u>4,034,859</u>

11. LEASING AGREEMENTS

	Non-cancellable operating leases	
	Dec-2017	Feb- 2017
	£	£
Within one year	6,500	31,000
Between one and five years	-	1,333
	<u>6,500</u>	<u>32,333</u>

12. GRANT INCOME

There has been grant income received post year end of £336,781 which has been accrued and is therefore reflected within the 31st December 2017 figures. There is an outstanding total of £2,149,225 in grant income for the year to 31st December 2018.

13. DEVELOPMENT COSTS

The accounting treatment of research and development expenditure is governed by FRS102 which requires a company to write off all costs to its profit and loss account. Capitalisation is only allowed in very limited circumstances and, at this point in time, the company does not satisfy the requirements for capitalisation. Therefore all research and development costs, including the costs for the Beta Plant, regardless of their intrinsic nature (i.e. capital or revenue), are being written off to the profit and loss account as they arise.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.