

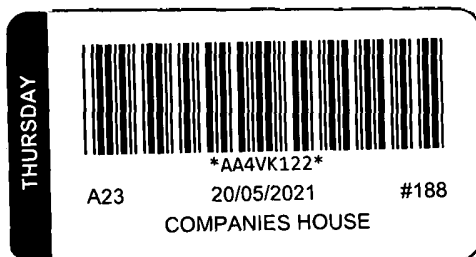
RTL Materials Limited

Financial Statements

Year Ended

31 March 2020

Company Number 03332020



RTL Materials Limited

Contents

	Page
Company Information	
Balance Sheet	1 - 2
Statement of Changes in Equity	3
Notes to the Financial Statements	4 - 15

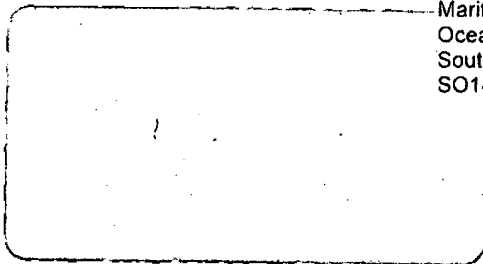
Company Information

Directors Mr R I Wood - CEO
Mr G G Watson
Mr Q Compton-Bishop (appointed 20 August 2020)

Registered number 03332020

Registered office Unit 130 Wellworthy Road
Ampress Park
Lymington
Hampshire
SO41 8JY

Independent auditor BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL



RTL Materials Limited
Registered number: 03332020

Balance Sheet
As at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	3		422,567		379,847
Tangible assets	4		122,260		26,182
Investments	5		1,000		1,000
			<u>545,827</u>		<u>407,029</u>
Current assets					
Stocks	6	353,846		265,482	
Debtors	7	1,066,525		687,575	
Cash at bank and in hand		895,344		451,948	
		<u>2,315,715</u>		<u>1,405,005</u>	
Creditors: amounts falling due within one year	8	(3,317,443)		(2,999,653)	
Net current liabilities			<u>(1,001,728)</u>		<u>(1,594,648)</u>
Total assets less current liabilities			<u>(455,901)</u>		<u>(1,187,619)</u>
Creditors: amounts falling due after more than one year	9		(108,549)		(174,263)
Net liabilities			<u><u>(564,450)</u></u>		<u><u>(1,361,882)</u></u>
Capital and reserves					
Called up share capital	12		599,037		595,390
Share premium account			6,207,344		6,207,344
Capital redemption reserve			69,607		69,607
Profit and loss account			(7,440,438)		(8,234,223)
			<u><u>(564,450)</u></u>		<u><u>(1,361,882)</u></u>

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

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

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

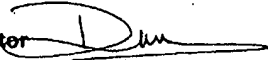
The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mr R I Wood - CEO

RTL Materials Limited
Registered number:03332020

Balance Sheet (continued)
As at 31 March 2020

Director



Date: 18/05/21

The notes on pages 4 to 15 form part of these financial statements.

RTL Materials Limited

Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Other reserves £	Shares to be issued £	Profit and loss account £	Total equity £
At 1 April 2018	586,900	6,114,011	69,607	50,000	(8,349,155)	(1,528,637)
Profit for the year	-	-	-	-	109,932	109,932
Shares issued during the year	8,490	93,333	-	(50,000)	-	51,823
Share-based payment credit	-	-	-	-	5,000	5,000
At 1 April 2019	595,390	6,207,344	69,607	-	(8,234,223)	(1,361,882)
Profit for the year	-	-	-	-	788,785	788,785
Shares issued during the year	3,647	-	-	-	-	3,647
Share-based payment credit	-	-	-	-	5,000	5,000
At 31 March 2020	599,037	6,207,344	69,607	-	(7,440,438)	(564,450)

The notes on pages 4 to 15 form part of these financial statements.

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

RTL Materials Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is shown on the company information page. The nature of the company's operations and its principal activities are outlined in the Directors' Report.

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

The following principal accounting policies have been applied:

1.2 Consolidated financial statements

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

1.3 Going concern

The company meets its day to day working capital requirements through cash at bank and funding from its shareholders. The directors have prepared forecasts for the period to July 31, 2022 which demonstrate that they expect the company to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements.

Post year end, in October 2020, the loan holders which are disclosed as Creditors: amounts falling due less than one year agreed in principle to restructure their loans whereby £1.32m of loan principal would be capitalised, £644,737 of accrued interest would be repaid over a period of 5 years and on exit, and the balance of the accrued interest totalling £615,666 as at 31 March 2020 would be written off, with no further interest accrued. This restructuring was completed on 4 May 2021 and significantly reduces the debt burden on the company.

The company reviews liquidity risk regularly and has scenario planned several outturns with mitigating actions and trigger points to ensure the longevity and success of the business. COVID-19 has had minimal impact on business performance of the Company and the company continues to trade profitably post year end and has continued to be cash positive and is forecasting continued profitability and cash reserves.

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

1.4 Turnover

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

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. Accounting policies (continued)

1.5 Intangible assets

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

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

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

1.6 Tangible fixed assets

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

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

1.7 Valuation of investments

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

1.8 Stocks

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

1.9 Financial instruments

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

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

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

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. Accounting policies (continued)

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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

1.11 Finance costs

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

1.12 Share based payments

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

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

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

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

1.13 Leased assets

Operating leases annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

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

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. Accounting policies (continued)

1.14 Finance lease

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

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

1.15 Pensions

Defined contribution pension plan

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

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

1.16 Taxation

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

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

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

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

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

1.17 Research and development

Expenditure on pure and applied research and development is charged to the Statement of Comprehensive Income in the year in which it is incurred.

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Employees

The average monthly number of employees, including directors, during the year was 29 (2019 - 28).

3. Intangible assets

	Patents £
Cost	
At 1 April 2019	626,057
Additions	83,506
At 31 March 2020	<u>709,563</u>
Amortisation	
At 1 April 2019	246,210
Charge for the year on owned assets	40,786
At 31 March 2020	<u>286,996</u>
Net book value	
At 31 March 2020	<u><u>422,567</u></u>
At 31 March 2019	<u><u>379,847</u></u>

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

4. Tangible fixed assets

	Leasehold property improvement £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2019	135,781	394,980	530,761
Additions	-	113,455	113,455
At 31 March 2020	135,781	508,435	644,216
Depreciation			
At 1 April 2019	135,781	368,798	504,579
Charge for the year on owned assets	-	17,377	17,377
At 31 March 2020	135,781	386,175	521,956
Net book value			
At 31 March 2020	-	122,260	122,260
At 31 March 2019	-	26,182	26,182

The net book value of plant and machinery includes an amount of £ 87,699 (2019 - £ Nil) in respect of assets held under hire purchase contracts.

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

5. Fixed asset investments

	Group undertakings £
Cost or valuation	
At 1 April 2019	1,000
At 31 March 2020	<u>1,000</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Rolatube Technology Limited	Ordinary	100%
Rolatube Expeditionary Systems Limited	Ordinary	100%

6. Stocks

	2020 £	2019 £
Raw materials and consumables	282,997	209,130
Work in progress (goods to be sold)	70,849	56,352
	<u>353,846</u>	<u>265,482</u>

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

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

7. Debtors

	2020 £	2019 £
Trade debtors	674,943	401,255
Other debtors	238,527	197,455
Prepayments and accrued income	130,010	50,188
Tax recoverable	23,045	38,677
	<u>1,066,525</u>	<u>687,575</u>

Other debtors includes an amount of £98,427 (2019 - £98,427) which is loan receivable from one of the former directors of the company. The loan is repayable on demand and are charged interest at 7.5% above bank base rate. The corporation tax recoverable in relation to these loans will be received from HMRC when the loans are repaid.

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	-	106,944
Other loans	2,777,707	2,441,532
Trade creditors	205,805	120,357
Amounts owed to group undertakings	93,134	121,852
Other taxation and social security	60,225	29,351
Obligations under hire purchase contracts	14,878	-
Other creditors	34,710	13,800
Accruals and deferred income	130,984	165,817
	<u>3,317,443</u>	<u>2,999,653</u>

The bank loan was secured by a first debenture over the fixed and floating assets of the company and its subsidiary, Rolatube Expeditionary Systems Limited. It was also secured by an Unlimited Cross Company Guarantee between the company and Rolatube Expeditionary Systems Limited.

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

At the year end the other loans were repayable on various dates from 30 September 2020. Since the year end these loans have had their repayment date extended by an additional 12 months. In October 2020 it was agreed in principle that these loans would be restructured as disclosed in note 19. This restructure was formally concluded on 4 May 2021.

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

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

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

	2020 £	2019 £
Other loans	-	126,513
Obligations under hire purchase contracts	60,799	-
Other creditors	47,750	47,750
	<u>108,549</u>	<u>174,263</u>

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

10. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	-	106,944
Other loans	2,777,707	2,441,532
	<u>2,777,707</u>	<u>2,548,476</u>
Amounts falling due 1-2 years		
Other loans	-	126,513
	<u>2,777,707</u>	<u>2,674,989</u>

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	14,878	-
Between 1-5 years	60,799	-
	<u>75,677</u>	<u>-</u>

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
54,222,313 (2019 - 54,222,313) Ordinary shares of £0.0100 each	542,223	542,223
4,842,673 (2019 - 4,842,673) Founder shares of £0.0100 each	48,427	48,427
3,354,864 (2019 - 1,896,227) Ratchet Growth shares of £0.0025 each	8,387	4,740
	<u>599,037</u>	<u>595,390</u>

An option holder exercised options to acquire 1,458,637 Ratchet Growth shares of 0.25p for a consideration of £3,647.

13. Share based payments

Ordinary shares

During the year the company issued Nil (2019 - 333,010) options in respect of Ordinary shares which fall within the company's EMI share option plan. Additionally there were 150,000 (2019 - 627,039) options which were cancelled.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Ordinary shares				
Outstanding at the beginning of the year	11	4,487,218	11	4,781,247
Granted during the year	-	-	15	333,010
Cancelled during the year	15	(150,000)	14	(627,039)
Outstanding at the end of the year	<u>11</u>	<u>4,337,218</u>	<u>11</u>	<u>4,487,218</u>

The exercise price of the options outstanding at the end of the year ranged between £0.10 and £0.15 (2019 - £0.10 and £0.15) and their weighted average contractual life was 4.5 years (2019 - 5.8 years).

For the year ended 31 March 2020 the options in respect of Ordinary shares attracted a share-based payment charge of £5,000 (2019 - £5,000) and this is included within administrative expenses.

Of the options above 4,154,208 (2019 - 4,154,208) have vested and are capable of being exercised.

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Share based payments (continued)

Ratchet Growth shares

There were no new options granted in the year in respect of Ratchet Growth shares which fall within the company's EMI share option plan.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Ratchet shares				
Outstanding at the beginning of the year	0.25	7,293,183	0.25	8,751,819
Exercised during the year	0.25	(1,458,637)	0.25	(729,318)
Cancelled during the year			0.25	(729,318)
Outstanding at the end of the year	0.25	5,834,546	0.25	7,293,183

The exercise price of the options outstanding at the end of the year was £0.0025 (2019 - £0.0025) and their weighted average contractual life was 4.3 years (2019 - 5.3 years).

There was no share-based payment charge for the year ended 31 March 2020 (2019 - £Nil) in respect of these Ratchet Growth share options.

Of the options above 5,834,546 (2019 - 7,293,183) have vested and are capable of being exercised.

14. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,272 (2019 - £9,790). There were no contributions payable to the fund at the reporting date (2019 - £Nil).

15. Commitments under operating leases

At 31 March 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	58,384	115,004
Later than 1 year and not later than 5 years	4,127	62,356
	62,511	177,360

RTL Materials Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

16. Related party transactions

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

Included within other creditors falling due after one year are amounts totalling £47,750 (2019 - £47,750) due to a related party. They have confirmed they will not seek repayment for at least another year and interest was not charged on this balance. They are related through their shareholding in the company.

Included within other loans for the current year ended 31 March 2020 are loans of £1,185,893 (2019 - £1,025,501) from related parties. Interest accrued is £1,392,464 (2019 - £1,187,203) and interest charge in the year was £205,261 (2019 - £199,812). These are related through either the related parties' shareholding in the company or being directors.

Unsecured loan facilities totalling £98,427 (2019 - £98,427) have been made available to a former director, all of which has been drawn down by year end. The outstanding loan is repayable on demand and £8,216 (2019 - £7,874) of interest has been recognised in the year.

Key management personnel include those people who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £279,453 (2019 - £241,094).

17. Post balance sheet events

Post year end, in October 2020, the loan holders which are disclosed as Creditors: amounts falling due less than one year agreed in principle to restructure their loans whereby £1.32m of loan principal would be capitalised, £644,737 of accrued interest would be repaid over a period of 5 years and on exit, and the balance of the accrued interest totalling £615,666 as at 31 March 2020 would be written off, with no further interest accrued. This restructuring was completed on 4 May 2021. Had the restructuring taken place prior to 31 March 2020 the company would have had positive net assets of £1.37m at the year end

18. Controlling party

The directors consider that no one party controls the company.

19. Auditor's information

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's member on 18 May 2021. The auditor's report was signed by Stephen Le Bas as the senior statutory auditor and was unqualified.