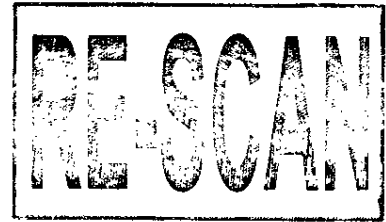


Company Registration number: 07130127



**REACTIVE TECHNOLOGIES LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**



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**REACTIVE TECHNOLOGIES LIMITED**  
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**REACTIVE TECHNOLOGIES LIMITED**  
**COMPANY INFORMATION**

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<b>Directors</b>	M A Borrett G B Dunn J Madrian A Brierley J S Bains
<b>Company secretary</b>	Aldwych Secretaries Limited
<b>Registered office</b>	9400 Garsington Road Oxford Business Park Oxford OX4 2HN
<b>Bankers</b>	Coutts & Co Strand Branch WC2R 0QS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

**REACTIVE TECHNOLOGIES LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their report and the audited consolidated financial statements for the year ended 31 March 2017 for Reactive Technologies Limited ("the Company"; or together with its subsidiaries, "the Group").

**Directors of the Company**

The directors who held office during the year and up to the date of this report unless otherwise stated were as follows:

M A Borrett

G B Dunn

G MacDougall (resigned 22 September 2016)

V B Beckers (resigned 30 June 2017)

J Madrian (appointed 1 June 2016)

A Brierley (appointed 22 August 2016)

J S Bains (appointed 22 September 2016)

**Principal activities and review of the financial year**

The principal activity of the Group is the development and commercialisation of innovative Smart Grid technologies, including Demand Side Management, Network Measurement/Diagnostics and Reactive Power Management.

On 22 August 2016 the Company concluded a funding round with Octopus Energy Group Holdings Limited (OEGH) under which OEGH invested £4m for a minority equity stake in the Company. This funding has enabled the Group to develop its core platform for delivering services to customers and build up its operational and sales capabilities. During the course of the financial year the Company has made very positive progress across all fronts of its business and subsequent to the year end, contracts have been signed with a number of external customers. There is real appetite in the market for the Company's innovative and industry leading solutions and the Directors are confident that further customers will be secured during calendar year 2018 across the Group's core markets.

**Financial risk management**

The Group's principal financial instruments at the year-end comprise bank balances, state loans, trade creditors and debtors and other loans. The main purpose of these instruments is to provide finance for the Group's operations.

Due to the nature of the financial instruments used by the Group, there is little exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments concerned is outlined below.

In respect of bank balances, the liquidity risk is managed by ensuring a degree of short and medium-term flexibility in the cost base to align to the current and known future funding levels of the Group.

The liquidity risk associated with trade creditors is managed by ensuring sufficient funds are available to meet the amounts due.

Exposure to credit risk is limited to trade debtors which are managed by policies concerning the credit limits offered to customers based on their credit profile.

## **REACTIVE TECHNOLOGIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

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#### **Directors' third party indemnity provisions**

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and also at the date of approval of these financial statements.

#### **Going concern**

The directors have produced forecast cash flows for the Group for a period of at least 12 months from the date of signing of these financial statements which include appropriate sensitivities. In producing these forecasts the directors have taken account of the following:

##### **Sources of Funding**

As explained in the 'important non-adjusting events after the financial year' below and in Note 24, since the year end the Company has secured a £5.2m convertible loan note facility from OEGH.

##### **Sales development**

The Group has fully developed its core platform and other capabilities and has secured a number of customers in the UK for its services. As a result, the directors are positive about the direction and momentum of its sales activities and the ability to deliver against internal targets for the remainder of FY 17/18 and FY 18/19.

In addition to this, the Company has commenced a process to attract significant new strategic investment from a third party in return for a non-controlling equity stake. At this stage in the process the Company has received significant expressions of interest from numerous parties and the directors are confident that the process will be concluded in the Spring of 2018. The proceeds raised will be used to repay the convertible loan note facility and provide the funding to underpin the Group's growth and expansion plans until the Group is self-sufficient in terms of operational cash flow. As the outcome of this cannot be predicted with certainty at the date of these financial statements, the directors have not included any new funding arising from the strategic investment process in their cash flow forecasts.

The directors have run sensitivity analysis on the sales development included in the cash flow forecasts. Allowing for a worst-case scenario (no new sales contracts over and above that which is already under contract or virtually certain) the forecast cash flows demonstrate that specific and identifiable cost reduction measures, implemented in a timely manner, will ensure that sufficient funds are in place for the Group to continue in operational existence for a period of at least 12 months from the date of this report. On this basis the directors continue to adopt the going concern basis in preparing the annual financial statements.

## **REACTIVE TECHNOLOGIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

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#### **Important non adjusting events after the financial year**

As referenced in the Directors' Report, the Company has made very positive progress across all fronts of its business and has embarked on a Strategic Investor fundraising process to provide sufficient growth capital to support the commercial ambitions and opportunities that the Company presently has at hand.

On 19 December 2017 the Company concluded a new funding agreement with OEGH that replaces the original investment agreement dated 22 August 2016. The key features of the new agreement are:

OEGH commits to invest £5.2m in the Company by way of a convertible loan note. The loan note facility is available to the Company and carries interest at the rate of 7% pa which will be added to the loan principal. The loan note can be repaid in full or in part by the Company at any time during the first 12 months. If the Company chooses not to completely repay the loan by the end of the 12 months, OEGH has the right to convert any outstanding loan balance and undrawn facility to equity. Equally, subject to meeting certain conditions, the Company has the right to force Octopus to convert the outstanding loan balance and undrawn facility to equity.

OEGH holds a warrant, exercisable for 30 months from the date of the new agreement, to acquire a non-controlling equity interest in the Company's trading subsidiary, Reactive Technologies UK Limited, for a fixed consideration of £4.4m.

At the date of signing of these financial statements the Company had drawn down £2.7m of the total convertible loan note facility.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 19 December 2017 and signed on its behalf by:



M.A. Borrett  
Director

**REACTIVE TECHNOLOGIES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REACTIVE TECHNOLOGIES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED**

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**Report on the financial statements**

**Our opinion**

In our opinion, Reactive Technologies Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2017 and of the Group's loss and the Group's and the Company's cash flows 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.

**What we have audited**

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated Balance Sheet and the Company Balance Sheet as at 31 March 2017;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Other Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows and the Company Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.



**REACTIVE TECHNOLOGIES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED**

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**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.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**REACTIVE TECHNOLOGIES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED**

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**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**REACTIVE TECHNOLOGIES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED**

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**What an audit of financial statements involves**

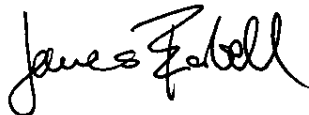
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



James Eastell (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

21 December 2017

**REACTIVE TECHNOLOGIES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Turnover	3	157,193	365,029
Cost of sales		<u>(121,790)</u>	<u>(366,006)</u>
Gross profit/(loss)		35,403	(977)
Administrative expenses		<u>(3,108,851)</u>	<u>(1,614,133)</u>
Operating loss	4	(3,073,448)	(1,615,110)
Interest receivable and similar income	5	1	4,578
Interest payable and similar expenses	6	<u>(7,242)</u>	<u>(5,195)</u>
Loss before taxation		(3,080,689)	(1,615,727)
Tax on loss	10	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(3,080,689)</u>	<u>(1,615,727)</u>
<b>Loss for the financial year attributable to:</b>			
Owners of the company		<u>(3,080,689)</u>	<u>(1,615,727)</u>

**REACTIVE TECHNOLOGIES LIMITED**  
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**


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	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Loss for the financial year		(3,080,689)	(1,615,727)
Foreign currency translation losses		<u>(326)</u>	<u>(49,501)</u>
Total comprehensive expense for the year		<u>(3,081,015)</u>	<u>(1,665,228)</u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the company		<u>(3,081,015)</u>	<u>(1,665,228)</u>

**REACTIVE TECHNOLOGIES LIMITED**  
**(REGISTRATION NUMBER: 07130127)**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Fixed assets</b>			
Intangible assets	11	550,482	350,651
Tangible assets	12	<u>29,819</u>	<u>30,055</u>
		<u>580,301</u>	<u>380,706</u>
<b>Current assets</b>			
Stocks	14	2,309	2,124
Debtors	15	131,710	87,879
Cash and cash equivalents	16	<u>1,648,030</u>	<u>441,992</u>
		1,782,049	531,995
<b>Creditors: Amounts falling due within one year</b>	17	<u>(619,532)</u>	<u>(302,827)</u>
<b>Net current assets</b>		<u>1,162,517</u>	<u>229,168</u>
<b>Total assets less current liabilities</b>		1,742,818	609,874
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(607,149)</u>	<u>(558,610)</u>
<b>Net assets</b>		<u>1,135,669</u>	<u>51,264</u>
<b>Capital and reserves</b>			
Called up share capital	19	526	397
Share premium account		7,476,892	3,427,112
Other reserves		(129,214)	(128,888)
Profit and loss account		<u>(6,212,535)</u>	<u>(3,247,357)</u>
Equity attributable to owners of the company		<u>1,135,669</u>	<u>51,264</u>
<b>Total equity</b>		<u>1,135,669</u>	<u>51,264</u>

Approved and authorised by the Board on 19 December 2017 and signed on its behalf by:

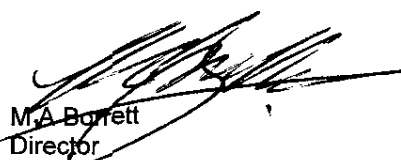
  
M A Borrett  
Director

**REACTIVE TECHNOLOGIES LIMITED**  
**(REGISTRATION NUMBER: 07130127)**  
**COMPANY BALANCE SHEET AS AT 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Fixed assets</b>			
Intangible assets	11	462,043	259,091
Tangible assets	12	22,761	23,074
Investments	13	142,363	41,012
		<u>627,167</u>	<u>323,177</u>
<b>Current assets</b>			
Debtors	15	3,351,812	32,797
Cash and cash equivalents	16	611,055	392,989
		3,962,867	425,786
<b>Creditors: Amounts falling due within one year</b>	17	<u>(1,563,673)</u>	<u>(268,241)</u>
<b>Net current assets</b>		<u>2,399,194</u>	<u>157,545</u>
<b>Total assets less current liabilities</b>		<u>3,026,361</u>	<u>480,722</u>
<b>Net assets</b>		<u>3,026,361</u>	<u>480,722</u>
<b>Capital and reserves</b>			
Called up share capital	19	526	397
Share premium		7,476,892	3,427,112
Profit and loss account		<u>(4,451,057)</u>	<u>(2,946,787)</u>
<b>Total equity</b>		<u>3,026,361</u>	<u>480,722</u>

The company made a loss for the financial year of £1,619,781 (2016 - loss of £2,283,194).

Approved and authorised by the Board on 19 December 2017 and signed on its behalf by:

  
M.A. Borrett  
Director

**REACTIVE TECHNOLOGIES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of the company £	Total equity £
At 1 April 2016	397	3,427,112	(128,888)	(3,247,357)	51,264	51,264
Loss for the financial year	-	-	-	(3,080,689)	(3,080,689)	(3,080,689)
Other comprehensive expense	-	-	(326)	-	(326)	(326)
Total comprehensive expense	-	-	(326)	(3,080,689)	(3,081,015)	(3,081,015)
<b>Transactions with owners:</b>						
New share capital subscribed	129	4,049,780	-	-	4,049,909	4,049,909
Share based payment transactions	-	-	-	115,511	115,511	115,511
At 31 March 2017	526	7,476,892	(129,214)	(6,212,535)	1,135,669	1,135,669



**REACTIVE TECHNOLOGIES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of the company £	Total equity £
At 1 April 2015	397	3,427,112	(79,387)	(1,659,865)	1,688,257	1,688,257
Loss for the financial year	-	-	-	(1,615,727)	(1,615,727)	(1,615,727)
Other comprehensive expense	-	-	(49,501)	-	(49,501)	(49,501)
Total comprehensive expense	-	-	(49,501)	(1,615,727)	(1,665,228)	(1,665,228)
<b>Transactions with owners:</b>						
Share based payment transactions	-	-	-	28,235	28,235	28,235
At 31 March 2016	397	3,427,112	(128,888)	(3,247,357)	51,264	51,264

**REACTIVE TECHNOLOGIES LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2016	397	3,427,112	(2,946,787)	480,722
Loss for the financial year	-	-	(1,619,781)	(1,619,781)
Total comprehensive expense	-	-	(1,619,781)	(1,619,781)
<b>Transactions with owners:</b>				
New share capital subscribed	129	4,049,780	-	4,049,909
Share based payment transactions	-	-	115,511	115,511
At 31 March 2017	526	7,476,892	(4,451,057)	3,026,361

**REACTIVE TECHNOLOGIES LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2015	397	3,427,112	(691,828)	2,735,681
Loss for the financial year	-	-	(2,283,194)	(2,283,194)
Total comprehensive income	-	-	(2,283,194)	(2,283,194)
<b>Transactions with owners:</b>				
Share based payment transactions	-	-	28,235	28,235
At 31 March 2016	397	3,427,112	(2,946,787)	480,722

**REACTIVE TECHNOLOGIES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Loss for the financial year		(3,080,689)	(1,615,727)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	45,432	29,856
Finance income	5	(1)	(4,578)
Finance costs	6	7,242	5,195
Share based payment transactions		115,511	28,235
		(2,912,505)	(1,557,019)
Movements in working capital			
(Increase)/decrease in stocks		(185)	18,134
(Increase)/decrease in debtors		(43,831)	201,373
Increase/(decrease) in creditors		316,379	(2,404,230)
Net cash (outflow)/inflow from operating activities		(2,640,142)	(3,741,742)
<b>Cash flows from investing activities</b>			
Interest received		1	4,578
Acquisitions of tangible assets	12	(9,892)	(27,685)
Acquisition of intangible assets	11	(235,135)	(52,066)
Net cash outflow from investing activities		(245,026)	(75,173)
<b>Cash flows from financing activities</b>			
Interest paid	6	(7,242)	(5,195)
Proceeds from issue of ordinary shares		4,049,909	-
Proceeds from other loan		48,539	143,232
Net cash inflow from financing activities		4,091,206	138,037
Net increase/(decrease) in cash and cash equivalents		1,206,038	(3,678,878)
Cash and cash equivalents at 1 April		441,992	4,120,870
Cash and cash equivalents at 31 March	16	1,648,030	441,992

**REACTIVE TECHNOLOGIES LIMITED**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Loss for the financial year		(1,619,781)	(2,283,194)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		31,025	19,253
Finance income		(36,093)	(4,578)
Finance costs		880	-
Share based payment transactions		15,018	3,671
		<u>(1,608,951)</u>	<u>(2,264,848)</u>
Working capital adjustments			
(Increase)/decrease in trade and other debtors		(3,319,015)	941,080
Increase/(decrease) in trade and other creditors		1,295,432	(2,325,148)
Net cash (outflow)/inflow from operating activities		<u>(3,632,534)</u>	<u>(3,648,916)</u>
<b>Cash flows from investing activities</b>			
Interest received		36,093	4,578
Acquisition of subsidiaries	13	(858)	-
Acquisitions of tangible assets		(4,668)	(23,466)
Acquisition of intangible assets	11	<u>(228,996)</u>	<u>(52,066)</u>
Net cash outflows from investing activities		<u>(198,429)</u>	<u>(70,954)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(880)	-
Proceeds from issue of ordinary shares, net of issue costs		4,049,909	-
Net cash flows from financing activities		<u>4,049,029</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		218,066	(3,719,870)
Cash and cash equivalents at 1 April		<u>392,989</u>	<u>4,112,859</u>
Cash and cash equivalents at 31 March	16	<u>611,055</u>	<u>392,989</u>

**REACTIVE TECHNOLOGIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 General information and basis of preparation**

The Company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

9400 Garsington Road  
Oxford Business Park  
Oxford  
OX4 2HN

**Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**Basis of preparation**

These financial statements are presented in Sterling (£) and have been prepared using the historical cost convention in accordance with the Companies Act 2006.

These financial statements are presented in Sterling (£).

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**Going concern**

The directors have produced forecast cash flows for the Group for a period of at least 12 months from the date of signing of these financial statements which include appropriate sensitivities. In forming their view on going concern the directors have considered the following:

**Sources of Funding**

As explained in Note 24 the Company has secured a £5.2m convertible loan note facility from OEGH.

**Sales development**

The Group has fully developed its core platform and other capabilities and has secured a number of customers in the UK for its services. As a result, the directors are positive about the direction and momentum of its sales activities and the ability to deliver against internal targets in FY 18/19.

In addition the Company has commenced a process to attract significant new strategic investment from a third party in return for a non-controlling equity stake. At this stage in the process the Company has received significant expressions of interest from numerous parties and the directors are confident that the process will be concluded in the Spring of 2018. The proceeds raised will be used to repay the convertible loan note facility and provide the funding to underpin the Group's growth and expansion plans until the Group is self-sufficient in terms of operational cash flow. As the outcome of this cannot be predicted with certainty at the date of these financial statements, the directors have not included any new funding arising from the strategic investment process in their cash flow forecasts.

The directors have run sensitivity analysis on the sales development included in the cash flow forecasts. Even allowing for a worst case scenario (no new sales contracts over and above that which is already under contract or virtually certain) the forecast cash flows demonstrate that specific and identifiable cost reduction measures, implemented in a timely manner, will ensure that sufficient funds are in place for the Group to continue in operational existence for a period of at least 12 months from the date of this report. On this basis the directors continue to adopt the going concern basis in preparing the annual financial statements.

**Exemption from the preparation of a Company profit and loss account**

The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented the profit and loss account for the Company separately.

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2017.

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A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

## **2 Accounting policies**

### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.



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**Significant accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Turnover**

Turnover represents revenue earned under contracts to provide services. Revenue is recognised as earned when, and to the extent that, the Group obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration.

**Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

**Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	15% reducing balance
Office equipment	25% reducing balance

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**Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

**Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

**Intangible assets**

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Research and development expenditure is written off as incurred.

**Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	4 Years
Patents	20 Years

**Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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**Financial instruments**

The Group has the following types of financial instruments:

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

**Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Reserves**

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on the issue of share capital.

Foreign currency translation reserve includes translation differences arising from the translation of the financial statements of the Group's foreign entities into Sterling (£).

Profit and loss account includes all current and prior period profits and losses.

**Defined contribution pension obligation**

The Group operates a defined contribution plan for its employees in Finland and France in accordance with the local requirements and regulations of those countries. Defined contribution schemes were established from 1 July 2017 for all UK employees as required by pensions auto-enrolment regulations in the UK. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account 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 Group in independently administered funds.

**Share based payments**

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using an appropriate option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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**3 Turnover**

The analysis of the Group's turnover for the year from continuing operations is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Contract income	<u>157,193</u>	<u>365,029</u>

Turnover is wholly attributable to the principal activity of the Group which the directors consider to be a single class of business. Included in the 2017 turnover is £9,290 (2016: nil) relating to Reactive Technologies France SAS.

**4 Operating loss**

Arrived at after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation expense	10,128	8,283
Amortisation expense	35,304	21,573
Research and development cost	<u>1,093,549</u>	<u>119,542</u>

**5 Interest receivable and similar income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest income on bank deposits	<u>1</u>	<u>4,578</u>

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**6 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest expense on other loans	<u>7,242</u>	<u>5,195</u>

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,376,638	779,289
Social security costs	93,596	47,456
Other pension costs	151,122	104,687
Share-based payment expenses	115,511	28,235
Other employee expenses	<u>59,672</u>	<u>6,781</u>
	<u><u>1,796,539</u></u>	<u><u>966,448</u></u>

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Research and development	13	11
Sales	<u>6</u>	<u>3</u>
	<u><u>19</u></u>	<u><u>14</u></u>

**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>209,296</u>	<u>164,000</u>

In respect of the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>114,000</u>	<u>114,000</u>

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**9 Auditors' remuneration**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Audit of these financial statements	<u>27,600</u>	<u>21,500</u>
<b>Other fees to auditors</b>		
Taxation compliance services	<u>24,300</u>	<u>39,650</u>

**10 Tax on loss**

The tax on loss before taxation is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK ) of 20% (2016 - 20%).

The differences are reconciled below:

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Loss before taxation	<u>(3,080,689)</u>	<u>(1,615,727)</u>
Corporation tax at standard rate	(616,138)	(323,145)
Effect of expense not deductible in determining taxable profit (taxable loss)	-	8,794
Tax losses carried forward to future years	<u>616,138</u>	<u>314,351</u>
Total tax charge	<u>-</u>	<u>-</u>

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**11 Intangible assets**

<b>Group</b>	<b>Goodwill £</b>	<b>Patents £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016	-	409,403	409,403
Additions	6,139	228,996	235,135
At 31 March 2017	6,139	638,399	644,538
<b>Accumulated amortisation</b>			
At 1 April 2016	-	58,752	58,752
Amortisation charge	1,227	34,077	35,304
At 31 March 2017	1,227	92,829	94,056
<b>Carrying amount</b>			
At 31 March 2017	4,912	545,570	550,482
At 31 March 2016	-	350,651	350,651
<b>Company</b>		<b>Patents £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016		291,262	291,262
Additions		228,996	228,996
At 31 March 2017		520,258	520,258
<b>Accumulated amortisation</b>			
At 1 April 2016		32,171	32,171
Amortisation charge		26,044	26,044
At 31 March 2017		58,215	58,215
<b>Carrying amount</b>			
At 31 March 2017		462,043	462,043
At 31 March 2016		259,091	259,091



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**12 Tangible assets**

<b>Group</b>	<b>Office equipment £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016	5,694	44,785	50,479
Additions	<u>4,668</u>	<u>5,224</u>	<u>9,892</u>
At 31 March 2017	<u>10,362</u>	<u>50,009</u>	<u>60,371</u>
<b>Accumulated depreciation</b>			
At 1 April 2016	2,213	18,211	20,424
Charge for the year	<u>2,041</u>	<u>8,087</u>	<u>10,128</u>
At 31 March 2017	<u>4,254</u>	<u>26,298</u>	<u>30,552</u>
<b>Carrying amount</b>			
At 31 March 2017	<u>6,108</u>	<u>23,711</u>	<u>29,819</u>
At 31 March 2016	<u>3,481</u>	<u>26,574</u>	<u>30,055</u>
<b>Company</b>			
	<b>Office equipment £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016	5,694	24,262	29,956
Additions	<u>4,668</u>	<u>-</u>	<u>4,668</u>
At 31 March 2017	<u>10,362</u>	<u>24,262</u>	<u>34,624</u>
<b>Accumulated depreciation</b>			
At 1 April 2016	2,213	4,669	6,882
Charge for the year	<u>2,041</u>	<u>2,940</u>	<u>4,981</u>
At 31 March 2017	<u>4,254</u>	<u>7,609</u>	<u>11,863</u>
<b>Carrying amount</b>			
At 31 March 2017	<u>6,108</u>	<u>16,653</u>	<u>22,761</u>
At 31 March 2016	<u>3,481</u>	<u>19,593</u>	<u>23,074</u>

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**13 Investments**

	2017 £	2016 £
Investments in subsidiaries	<u>142,363</u>	<u>41,012</u>
<b>Subsidiaries</b>		<b>£</b>
<b>Cost</b>		
At 1 April 2016		41,012
Additions		<u>101,351</u>
At 31 March 2017		<u>142,363</u>
<b>Carrying amount</b>		
At 31 March 2017		<u>142,363</u>
At 31 March 2016		<u>41,012</u>

Investment additions comprise the following: £1 in Reactive Technologies UK Limited, £857 in RES Reactive Flexibilite Services SAS for £857 and £100,493 in share based payments issued in the year.

**Details of undertakings**

Details of the undertakings in which the company holds 20% or more of the nominal value of any class of share capital either directly or indirectly are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2017	2016
<b>Subsidiary undertakings</b>				
Reactive Technologies Finland Oy*	Finland	Ordinary shares	100%	100%
Reactive Technologies France SAS*	France	Ordinary shares	99%	0%
Reactive Technologies UK Limited*	UK	Ordinary shares	100%	0%
Reactive Technologies BV*	Netherlands	Ordinary shares	100%	100%

\* indicates direct investment of the company

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Reactive Technologies France SAS changed its name from RES Reactive Flexible Services France on 9 May 2017.

**Subsidiary undertakings**

The principal activity of Reactive Technologies Finland Oy is the development and commercialisation of innovative Smart Grid technologies, including Demand Side Management, Network Measurement / Diagnostics and Reactive Power Management.

The principal activity of Reactive Technologies France SAS is the provision of Demand Side Response Services in France

The principal activity of Reactive Technologies UK Limited is the provision of environmental consulting activities

Reactive Technologies BV is a dormant non trading entity incorporated in Holland. The Company was formally wound up and dissolved in June 2017.

**14 Stocks**

	<b>2017</b>	<b>Group</b>	<b>2017</b>	<b>Company</b>
	<b>£</b>	<b>2016</b>	<b>£</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other stocks	<u>2,309</u>	<u>2,124</u>	<u>-</u>	<u>-</u>

**Group**

The cost of stocks recognised as an expense in the year amounted to £25,373 (2016 - £107,749).

**Company**

The cost of stocks recognised as an expense in the year amounted to £21,800 (2016 - £106,375).

**15 Debtors**

	<b>2017</b>	<b>Group</b>	<b>2017</b>	<b>Company</b>
	<b>£</b>	<b>2016</b>	<b>£</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	18,986	4,970	18,000	-
Amounts owed by Group undertakings	-	-	1,959,520	-
Other debtors	67,619	19,470	20,278	672
Prepayments and accrued income	<u>45,105</u>	<u>63,439</u>	<u>1,354,014</u>	<u>32,125</u>
Total current trade and other debtors	<u>131,710</u>	<u>87,879</u>	<u>3,351,812</u>	<u>32,797</u>

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**Details of non-current trade and other debtors**

**Company**

£1,000,000 (2016 - £Nil) of Amounts owed from group undertakings is classified as non current. This relates to a loan from Reactive Technologies Limited to Reactive Technologies UK Limited. The loan is denominated in Sterling with an annual interest rate of 7.5%. The borrowing is due to be repaid by 2020.

**16 Cash and cash equivalents**

	<b>2017</b>	<b>Group</b>	<b>2017</b>	<b>Company</b>
	<b>£</b>	<b>2016</b>	<b>£</b>	<b>2016</b>
		<b>£</b>		<b>£</b>
Cash at bank	1,644,532	440,886	607,557	391,883
Short-term deposits	3,498	1,106	3,498	1,106
	<u>1,648,030</u>	<u>441,992</u>	<u>611,055</u>	<u>392,989</u>

**17 Creditors**

	<b>Note</b>	<b>2017</b>	<b>Group</b>	<b>2017</b>	<b>Company</b>
		<b>£</b>	<b>2016</b>	<b>£</b>	<b>2016</b>
			<b>£</b>		<b>£</b>
<b>Amounts falling due within one year</b>					
Trade creditors		179,530	92,954	99,057	58,586
Amounts owed to Group undertakings		-	-	1,271,949	111,840
Taxation and social security		52,078	39,473	32,357	25,198
Other creditors		6,462	1,587	6,173	1,467
Accruals		381,462	168,813	154,137	71,150
		<u>619,532</u>	<u>302,827</u>	<u>1,563,673</u>	<u>268,241</u>
<b>Amounts falling due after one year</b>					
Other loan	20	<u>607,149</u>	<u>558,610</u>	<u>-</u>	<u>-</u>

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**18 Pension and other schemes**

**Defined contribution pension scheme**

The Group operates defined contributions plans for its employees in Finland and France in accordance with the local requirements and regulations of those countries. Defined contribution schemes were established from 1st July 2017 for all UK employees as required by pension auto enrolment regulation in UK. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £151,122 (2016 - £104,687).

**19 Called up share capital**

**Allotted, called up and fully paid shares**

	No.	2017 £	No.	2016 £
Ordinary shares of £0.01 each	40,093	400.93	39,658	396.58
A Ordinary Shares of £0.01 each	12,505	125.05	-	-
	<u>52,598</u>	<u>525.98</u>	<u>39,658</u>	<u>396.58</u>

On 15 July 2016, 435 ordinary shares were issued at £114.733 per share.

On 23 August 2016, 12,505 ordinary shares were issued at £319.872 per share.

**20 Loans and borrowings**

	2017 £	Group 2016 £	2017 £	Company 2016 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	<u>607,149</u>	<u>558,610</u>	<u>-</u>	<u>-</u>

**Group**

**Other loan**

The other loan relates to a state loan provided to a subsidiary in Finland. The loan carrying amount of £607,149 (2016 - £558,610) is denominated in Euros with a variable interest rate of 3% below the Finnish base rate with a collar of 1%. The current payable rate is 1% per annum. The borrowing is due to be repaid over seven instalments commencing 1 July 2019 and finishing on 1 July 2025.

**REACTIVE TECHNOLOGIES LIMITED**  
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**21 Related party transactions**

**Group**

**Summary of transactions with other related parties**

M A Borrett a director maintained an interest free current account with the Group. At the balance sheet date the amount due from M A Borrett was £7,709 (2016 - Nil).

The company has taken advantage of the exemption in FRS 102 section 33 from disclosing transactions with related parties that are part of the Group.

**22 Financial instruments**

**Group**

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Loans and receivables measured at amortised cost:				
Trade debtors	18,986	-	4,970	-
Financial liabilities measured at amortised cost:				
Trade creditors	-	179,530	-	92,954
Accruals	-	381,462	-	168,813
<b>Total</b>	<b>18,986</b>	<b>560,992</b>	<b>4,970</b>	<b>261,767</b>

All financial instrument balances relate to the Group.

The Group considers that the fair value of financial assets and financial liabilities are not materially different from their carrying value.

**23 Parent and ultimate parent undertaking**

There is no ultimate controlling party.

**REACTIVE TECHNOLOGIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**24 Non adjusting events after the financial year**

As referenced in the Directors' Report, the Company has made very positive progress across all fronts of its business and has embarked on a Strategic Investor fundraising process to provide sufficient growth capital to support the commercial ambitions and opportunities that the Company presently has at hand.

On 19 December 2017 the Company concluded a new funding agreement with OEGH that replaces the original investment agreement dated 22 August 2016. The key features of the new agreement are:

OEGH commits to invest £5.2m in the Company by way of a convertible loan note. The loan note facility is available to the Company and carries interest at the rate of 7% pa which will be added to the loan principal. The loan note can be repaid in full or in part by the Company at any time during the first 12 months. If the Company chooses not to completely repay the loan by the end of the 12 months, OEGH has the right to convert any outstanding loan balance and undrawn facility to equity. Equally, subject to meeting certain conditions, the Company has the right to force Octopus to convert the outstanding loan balance and undrawn facility to equity.

OEGH holds a warrant, exercisable for 30 months from the date of the new agreement, to acquire a non-controlling equity interest in the Company's trading subsidiary, Reactive Technologies UK Limited, for a fixed consideration of £4.4m.

At the date of signing of these financial statements the Company had drawn down £2.7m of the total convertible loan note facility.

**25 Share based payments**

The Group has granted eleven employees options to acquire shares in the Company. These employees were granted 774 options in 2015 at an exercise price of £14.37 per share. These employees were granted a further 1,337 options at the same exercise price in 2016. The options vest over a period of 10 years, provided they remain in employment and Group performance targets are met. There are no further performance conditions on the options. The fair value of the options is estimated at the grant date using an appropriate option pricing model. The compensation cost that has been charged against income in respect of the share options for the Group was £115,511 (2016 - £28,235).



**Companies House**

**COMPANY NAME: REACTIVE TECHNOLOGIES LIMITED**  
**COMPANY NUMBER: 07130127**

**Pages containing unnecessary material in the accounts were  
administratively removed from the public register on 11/01/2018**