

Company Registration number: 07130127

REACTIVE TECHNOLOGIES LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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REACTIVE TECHNOLOGIES LIMITED
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REACTIVE TECHNOLOGIES LIMITED
COMPANY INFORMATION

Directors ADK Brierley
GB Dunn
J Madrian
JS Bains
MA Borrett
VB Beckers (resigned 1 July 2017, re-appointed 1 March 2018)
A Ranawake (appointed 17 September 2018)

Company secretary CMS Cameron McKenna LLP

Registered office 9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Auditors BDO LLP
55 Baker Street
London
W1U 7EU

REACTIVE TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the consolidated financial statements for the year ended 31 March 2018.

Directors of the group

The Directors who held office during the year were as follows:

ADK Brierley

GB Dunn

J Madrian

JS Bains

MA Borrett

VB Beckers (resigned 1 July 2017, re-appointed 1 March 2018)

The following Director was appointed after the year end:

A Ranawake (appointed 17 September 2018)

REACTIVE TECHNOLOGIES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Principal activities and review of the financial year

The principal activity of the Group is focussed on the development and commercialisation of two specific product and service offers:

i. **GridMetrix** - the provision of unique technologies and capabilities that enable real-time measurement of critical electricity grid data to transform the future operation and management of grid networks. This includes a platform for directly measuring system inertia and a proven ability to use existing grid infrastructure as a channel for communicating with generation and demand assets connected to the network.

ii. **Tradenergy** - the provision of an energy management platform and innovative suite of services that:

- Introduces a new generation of technology enabled Power Purchase Agreements (PPA's) that actively manages the imbalance risk faced by renewable generators and the optimisation of their portfolios.
- Creates a unique, pioneering exchange connecting renewable energy generators directly with large corporates.

The total consolidated loss for the Group for the year ended 31 March 2018 was £5,984k, (2017: loss of £3,081k). In the year the Group continued to invest in the development of its core platforms and capabilities and in the people, processes and systems required to support commercial roll out of its services. This saw operating costs increase significantly over the prior year. Revenues also grew strongly in the latter part of the year, albeit from a small base, increasing from £157k in 2017 to £397k in 2018.

The Group has made positive, sustained progress across both segments of its business throughout the year and in particular:

GridMetrix

- The innovation project, managed in partnership with the a major grid operator in the UK, to prove the capability of the Company's grid inertia measurement services completed during the year and was an outstanding success. Following on from this, there has been strong interest in the service from Transmission System Operators worldwide. The Directors are confident that a first commercial service contract to provide Grid Inertia Measurement Services will be signed in the very near future with others to follow.
- The Group has also commenced pilot projects of its Grid Inertia Measurement service overseas.

Tradenergy

- Contracts have been signed with several customers for the provision of PPA optimisation and other generator focused services. There is strong interest in the market place for the Group's services and further customer contracts are anticipated.

Future developments

This strong revenue growth will continue into FY 18/19 as the Group moves into full commercialisation of its products and services.

REACTIVE TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

On 17th September the Company concluded an investment from an EIS fund (further information is provided in the 'non-adjusting events after the financial year section below). These funds will enable the Company to expand the commercial roll out of its services (both in the UK and overseas) and allow investment in the people and systems necessary to start supporting and managing this growth in a sustainable way.

Going concern

As at 31 March 2018 the Group had available cash of £497k, and therefore looking forward from the end of the financial year the importance and reliance on new sources of funding remains fundamental to considering the going concern assumption, despite the continuing expected growth of sales income.

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 in order to support the going concern assumption. In producing these forecasts, the Directors have taken account of the following:

Sources of Funding

As explained further in the 'non-adjusting events after the financial year' below and in Note 24, since the year-end the Company concluded a significant investment from an EIS fund (the 'Fund'). This facility provides potential investment of up to £15 million by the end of May 2020, provided the committed funds are raised by the Fund and respective approval granted by the Funds' Investment Committee.

The Directors are confident that they will be able to drawdown this amount in full, however they recognise there is an element of uncertainty around the timing and total drawdown amount given the drawdowns of the facility rely on the ongoing fundraising performed by the Fund. They do not deem that this results in uncertainty around the Group and Company's ability to continue as a going concern for the foreseeable future, a period not less than 12 months from the date of approval of the Financial Statements. As at the date of signing the financial statements £3m of the initial £5m subscription has been invested by the Fund.

Sales development in Financial year 18/19

The Group has made significant strides in developing its customer portfolio throughout the year and has secured several customers for its services. In addition, discussions are at an advanced stage for the first commercial roll out of the Grid Inertia Measurement Service to a major Grid Operator in Europe and the commencement of a number of commercial pilots with international Transmission System Operators are underway or imminent. As a result, the directors are positive about the direction and momentum of its sales activities for the remainder of FY 18/19 and FY 19/20.

The Directors have run sensitivity analysis on the forecasts and sales development in FY 19/20. Allowing for a worst-case scenario the forecast cash flows demonstrate 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. At the time of signing the financial statements the Group had cash of £1.5m, which already supports the continued improvements. 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 2018

Important non adjusting events after the financial period

On 17 September 2018 the Company concluded a significant investment from an EIS fund. The main features of this arrangement are a total investment of up to £15m as follows:

- An initial subscription of up to £5m, as at the date of signing the financial statements £3m of the initial £5m subscription has been invested by the Fund.
- A right for the Company to call on a further, second subscription of up to £5m at any time within 12 months from the investment date. This was conditional on the company receiving notification from the UK tax authorities that the company is considered as a Knowledge Intensive Company, a status that was confirmed by HMRC to the Company in October 2018.
- An additional right for the Company to call on a further subscription of up to £5m at any time during the 12-month period following completion of the full initial subscription of £5m.
- The second and further subscriptions being subject to the committed funds being raised by the Fund and the respective approval from the Funds Investment Committee.

Under the conditions of the above arrangement, the £5.2m, 12-month convertible loan note facility committed under the Agreement dated 19 December 2017 was unwound and replaced by a new agreement. The main elements of the new agreement are:

- The removal of the Company security against the loan based on the new investment funds being received by the Company
- A small quantum of the 12-month convertible loan note facility being converted into equity on 17 September 2018.
- The remaining balance (including accrued interest) on the 12-month convertible loan note facility was converted into a Fixed Rate Secured Convertible Loan Note (FRSCLN) that falls due in 2024. The FRSCLN gives the loan note holder the option, within certain parameters, to convert the loan note into equity so long as the loan note holder's total shareholding in the Company does not exceed a certain level. Likewise, the Company has the right, but not the obligation, to repay up to a certain amount of the FRSCLN without penalty at any time.

Disclosure of information to the auditor

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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 21/12/2018 and signed on its behalf by:


MA Borrett
Director

REACTIVE TECHNOLOGIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REACTIVE TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of Reactive Technologies Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

REACTIVE TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REACTIVE TECHNOLOGIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REACTIVE TECHNOLOGIES
LIMITED**

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London

Date: 27-12-2018
.....

REACTIVE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	3	397,442	157,193
Cost of sales		<u>(52,224)</u>	<u>(121,790)</u>
Gross profit		345,218	35,403
Administrative expenses		<u>(6,410,122)</u>	<u>(3,108,851)</u>
Operating loss	4	(6,064,904)	(3,073,448)
Other interest receivable and similar income	5	39	1
Interest payable and similar charges	6	<u>(97,297)</u>	<u>(7,242)</u>
Loss before tax		(6,162,162)	(3,080,689)
Taxation	10	<u>178,017</u>	<u>-</u>
Loss for the financial year		<u>(5,984,145)</u>	<u>(3,080,689)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(5,984,145)</u>	<u>(3,080,689)</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 20 to 39 form part of these financial statements.

REACTIVE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Loss for the year	(5,984,145)	(3,080,689)
Foreign currency translation gains/(losses)	<u>(41,948)</u>	<u>(326)</u>
Total comprehensive income for the year	<u><u>(6,026,093)</u></u>	<u><u>(3,081,015)</u></u>

The notes on pages 20 to 39 form part of these financial statements.

REACTIVE TECHNOLOGIES LIMITED
(REGISTRATION NUMBER: 07130127)
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	639,695	550,482
Tangible assets	12	<u>79,324</u>	<u>29,819</u>
		<u>719,019</u>	<u>580,301</u>
Current assets			
Stocks	14	40,754	2,309
Debtors	15	248,493	131,710
Cash at bank and in hand		<u>497,295</u>	<u>1,648,030</u>
		786,542	1,782,049
Creditors: Amounts falling due within one year	17	<u>(5,569,199)</u>	<u>(619,532)</u>
Net current (liabilities)/assets		<u>(4,782,657)</u>	<u>1,162,517</u>
Total assets less current liabilities		(4,063,638)	1,742,818
Creditors: Amounts falling due after more than one year	17	<u>(622,261)</u>	<u>(607,149)</u>
Net (liabilities)/assets		<u>(4,685,899)</u>	<u>1,135,669</u>
Capital and reserves			
Called up share capital	19	526	526
Share premium reserve		7,476,892	7,476,892
Foreign currency translation		(171,162)	(129,214)
Profit and loss reserve		<u>(11,992,155)</u>	<u>(6,212,535)</u>
Equity attributable to owners of the company		<u>(4,685,899)</u>	<u>1,135,669</u>
Total equity		<u>(4,685,899)</u>	<u>1,135,669</u>

Approved and authorised by the Board on 21/12/2018 and signed on its behalf by:


MA Borrett
Director

The notes on pages 20 to 39 form part of these financial statements.

REACTIVE TECHNOLOGIES LIMITED
(REGISTRATION NUMBER: 07130127)
COMPANY BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	560,274	462,043
Tangible assets	12	44,811	22,761
Investments	13	203,392	142,363
Other financial assets	15	918,733	1,000,000
		<u>1,727,210</u>	<u>1,627,167</u>
Current assets			
Debtors	15	3,014,929	2,351,812
Cash at bank and in hand		383,995	611,055
		<u>3,398,924</u>	<u>2,962,867</u>
Creditors: Amounts falling due within one year	17	<u>(6,282,041)</u>	<u>(1,563,673)</u>
Net current (liabilities)/assets		<u>(2,883,117)</u>	<u>1,399,194</u>
Net (liabilities)/assets		<u>(1,155,907)</u>	<u>3,026,361</u>
Capital and reserves			
Called up share capital		526	526
Share premium reserve		7,476,892	7,476,892
Profit and loss reserve		<u>(8,633,325)</u>	<u>(4,451,057)</u>
Total equity		<u>(1,155,907)</u>	<u>3,026,361</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company profit and loss account. The net loss for the parent company was £4,386,793 (2017: £1,619,781 loss)

Approved and authorised by the Board on 21/12/2018 and signed on its behalf by:


MA Borrett
Director

The notes on pages 20 to 39 form part of these financial statements.

REACTIVE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary share capital £	Share premium £	Foreign currency translation £	Profit and loss reserve £	Total £	Total equity £
At 1 April 2017	526	7,476,892	(129,214)	(6,212,535)	1,135,669	1,135,669
Movement in year:						
Loss for the year	-	-	-	(5,984,145)	(5,984,145)	(5,984,145)
Other comprehensive income	-	-	(41,948)	-	(41,948)	(41,948)
Total comprehensive income	-	-	(41,948)	(5,984,145)	(6,026,093)	(6,026,093)
Share based payment transactions	-	-	-	204,525	204,525	204,525
Total movement for the year	-	-	(41,948)	(5,779,620)	(5,821,568)	(5,821,568)
At 31 March 2018	526	7,476,892	(171,162)	(11,992,155)	(4,685,899)	(4,685,899)

REACTIVE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary share capital £	Share premium £	Foreign currency translation £	Profit and loss reserve £	Total £	Total equity £
At 1 April 2016	397	3,427,112	(128,888)	(3,247,357)	51,264	51,264
Movement in year:						
Loss for the year	-	-	-	(3,080,689)	(3,080,689)	(3,080,689)
Other comprehensive income	-	-	(326)	-	(326)	(326)
Total comprehensive income	-	-	(326)	(3,080,689)	(3,081,015)	(3,081,015)
New share capital subscribed	129	4,049,780	-	-	4,049,909	4,049,909
Share based payment transactions	-	-	-	115,511	115,511	115,511
Total movement for the year	129	4,049,780	(326)	(2,965,178)	1,084,405	1,084,405
At 31 March 2017	526	7,476,892	(129,214)	(6,212,535)	1,135,669	1,135,669

REACTIVE TECHNOLOGIES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary share capital £	Share premium £	Profit and loss reserve £	Total £
At 1 April 2017	526	7,476,892	(4,451,057)	3,026,361
Movement in year:				
Loss for the year	-	-	(4,386,793)	(4,386,793)
Total comprehensive income	-	-	(4,386,793)	(4,386,793)
Share based payment transactions	-	-	204,525	204,525
	-	-	(4,182,268)	(4,182,268)
At 31 March 2018	526	7,476,892	(8,633,325)	(1,155,907)

REACTIVE TECHNOLOGIES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary share capital £	Share premium £	Profit and loss reserve £	Total £
At 1 April 2016	397	3,427,112	(2,946,787)	480,722
Movement in year:				
Loss for the year	-	-	(1,619,781)	(1,619,781)
Total comprehensive income	-	-	(1,619,781)	(1,619,781)
New share capital subscribed	129	4,049,780	-	4,049,909
Share based payment transactions	-	-	115,511	115,511
	129	4,049,780	(1,504,270)	2,545,639
At 31 March 2017	526	7,476,892	(4,451,057)	3,026,361

REACTIVE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(5,984,145)	(3,080,689)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	70,864	45,432
Profit on disposal of tangible assets		(1,032)	-
Finance income	5	(39)	(1)
Finance costs	6	97,297	7,242
Share based payment transactions		204,525	115,511
Income tax expense	10	(178,017)	-
		<u>(5,790,547)</u>	<u>(2,912,505)</u>
Working capital adjustments			
Increase in stocks	14	(38,445)	(185)
Increase in trade debtors	15	(116,783)	(43,831)
Increase in trade creditors	17	<u>618,531</u>	<u>316,379</u>
Cash generated from operations		(5,327,244)	(2,640,142)
Income taxes received	10	<u>178,017</u>	<u>-</u>
Net cash flow from operating activities		<u>(5,149,227)</u>	<u>(2,640,142)</u>
Cash flows from investing activities			
Interest received		39	1
Acquisitions of tangible assets		(82,511)	(9,892)
Proceeds from sale of tangible assets		4,786	-
Acquisition of intangible assets	11	<u>(130,825)</u>	<u>(235,135)</u>
Net cash flows from investing activities		<u>(208,511)</u>	<u>(245,026)</u>
Cash flows from financing activities			
Interest paid	6	(36,014)	(7,242)
Proceeds from issue of ordinary shares, net of issue costs		-	4,049,909
Proceeds from other borrowing draw downs		<u>4,243,017</u>	<u>48,539</u>
Net cash flows from financing activities		<u>4,207,003</u>	<u>4,091,206</u>
Net (decrease)/increase in cash and cash equivalents		(1,150,735)	1,206,038
Cash and cash equivalents at 1 April 2017		<u>1,648,030</u>	<u>441,992</u>
Cash and cash equivalents at 31 March 2018		<u><u>497,295</u></u>	<u><u>1,648,030</u></u>

REACTIVE TECHNOLOGIES LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(4,386,793)	(1,619,781)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	49,004	31,025
Profit on disposal of tangible assets		(1,032)	-
Loss from disposals of investments		13,919	-
Finance income		(66,726)	(36,093)
Finance costs		89,578	880
Share based payment transactions		129,171	15,018
Income tax expense	10	(178,017)	-
		(4,350,896)	(1,608,951)
Working capital adjustments			
Increase in trade debtors	15	(663,117)	(2,319,015)
Increase in trade creditors	17	429,596	1,295,432
(Increase)/decrease in other financial assets	18	81,267	(1,000,000)
Cash generated from operations		(4,503,150)	(3,632,534)
Income taxes received	10	178,017	-
Net cash flow from operating activities		(4,325,133)	(3,632,534)
Cash flows from investing activities			
Interest received		66,726	36,093
Acquisition of subsidiaries	13	(9)	(858)
Acquisitions of tangible assets		(42,214)	(4,668)
Proceeds from sale of tangible assets		4,786	-
Acquisition of intangible assets	11	(130,825)	(228,996)
Net cash flows from investing activities		(101,536)	(198,429)
Cash flows from financing activities			
Interest paid		(28,295)	(880)
Proceeds from issue of ordinary shares, net of issue costs		-	4,049,909
Proceeds from other borrowing draw downs		4,227,904	-
Net cash flows from financing activities		4,199,609	4,049,029
Net (decrease)/increase in cash and cash equivalents		(227,060)	218,066
Cash and cash equivalents at 1 April 2017		611,055	392,989
Cash and cash equivalents at 31 March 2018	16	383,995	611,055

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1 General information

Reactive Technologies Limited is a private company limited by shares, incorporated in England & Wales.

The address of its registered office is:

9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

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.

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 have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£), which is the Company's functional and the group's presentational currency.

Summary of disclosure exemptions

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.

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2018.

REACTIVE TECHNOLOGIES LIMITED
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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.

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.

REACTIVE TECHNOLOGIES LIMITED
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Going concern

As at 31 March 2018 the Group had available cash of £497k, and therefore looking forward from the end of the financial year the importance and reliance on new sources of funding remains fundamental to considering the going concern assumption, despite the continuing expected growth of sales income.

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 in order to support the going concern assumption. In producing these forecasts, the Directors have taken account of the following:

Sources of Funding

As explained further in the 'non-adjusting events after the financial year' below and in Note 24, since the year-end the Company concluded a significant investment from an EIS fund (the 'Fund'). This facility provides potential investment of up to £15 million by the end of May 2020, provided the committed funds are raised by the Fund and respective approval granted by the Funds' Investment Committee.

The Directors are confident that they will be able to drawdown this amount in full, however they recognise there is an element of uncertainty around the timing and total drawdown amount given the drawdowns of the facility rely on the ongoing fundraising performed by the Fund. They do not deem that this results in uncertainty around the Group and Company's ability to continue as a going concern for the foreseeable future, a period not less than 12 months from the date of approval of the Financial Statements. As at the date of signing the financial statements £3m of the initial £5m subscription has been invested by the Fund.

Sales development in Financial year 18/19

The Group has made significant strides in developing its customer portfolio throughout the year and has secured several customers for its services. In addition, discussions are at an advanced stage for the first commercial roll out of the Grid Inertia Measurement Service to a major Grid Operator in Europe and the commencement of a number of commercial pilots with international Transmission System Operators are underway or imminent. As a result, the directors are positive about the direction and momentum of its sales activities for the remainder of FY 18/19 and FY 19/20.

The Directors have run sensitivity analysis on the forecasts and sales development in FY 19/20. Allowing for a worst-case scenario the forecast cash flows demonstrate 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. At the time of signing the financial statements the Group had cash of £1.5m, which already supports the continued improvements. On this basis the Directors continue to adopt the going concern basis in preparing the annual financial statements.

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.

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

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

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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:

Asset class	Depreciation method and rate
Plant and machinery	15% reducing balance
Office equipment	25% reducing balance
Website	33.3% reducing balance

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:

Asset class	Amortisation method and rate
Goodwill	5 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.

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.

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Debtors

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

Trade debtors are recognised at the transaction price, 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 at the transaction price.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs.

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.

Convertible loan note facilities are recognised as short term loan within the balance sheet until the necessary conditions for conversion have been met

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. Transaction costs associated with the issuing of shares are deducted from the share premium.

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.

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.

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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 entities receive services from employees as consideration for equity instruments (options) of the Parent Company. 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 the Black Scholes 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.

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether the Group financial statements should be prepared under the going concern assumption – as discussed further in the accounting policies above, and in the Directors Report, there is an element of uncertainty around the receipt and timing of financing and key revenue contracts. This has required judgement around these areas of uncertainty in performing a detailed assessment of cash flows.

- Intangible assets are amortised over their expected useful lives taking into account residual values, where appropriate. These are assessed annually, and may vary depending on a number of factors. In re-assessing the asset lives, several factors such as patent expiry dates are taken into account, however require an element of judgement in determining their useful lives over which assets should be amortised.

- Equity settled transactions with employees and directors are recognised at fair value. The fair value has been determined using a Black-Scholes option pricing model and is based on a number of key estimates and therefore uses significant judgement. The estimation of the following inputs necessarily uses judgement:

- Weighted average share price at date of grant;
- Weighted average exercise price;
- Expected volatility;
- Risk-free interest rate.

3 Turnover

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

	2018	2017
	£	£
Contract income	<u>397,442</u>	<u>157,193</u>

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 Operating loss

Arrived at after charging/(crediting):

	2018	2017
	£	£
Depreciation expense	29,252	10,128
Amortisation expense	41,612	35,304
Subcontractor costs	816,321	-
Research and development cost	2,781,503	1,093,549
Foreign exchange gains	(29,908)	-
Profit on disposal of property, plant and equipment	<u>(1,032)</u>	<u>-</u>

5 Other interest receivable and similar income

	2018	2017
	£	£
Interest income on bank deposits	<u>39</u>	<u>1</u>

6 Interest payable and similar expenses

	2018	2017
	£	£
Interest expense on other loans	<u>97,297</u>	<u>7,242</u>

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 Staff costs

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

	2018	2017
	£	£
Wages and salaries	3,291,568	1,376,638
Social security costs	211,023	93,596
Pension costs, defined contribution scheme	299,694	151,122
Share-based payment expenses	204,525	115,511
Other employee expense	87,783	59,672
	<u>4,094,593</u>	<u>1,796,539</u>

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

	2018	2017
	No.	No.
Research and development	20	13
Sales	20	6
	<u>40</u>	<u>19</u>

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2018	2017
	£	£
Remuneration	<u>302,900</u>	<u>209,296</u>

In respect of the highest paid director:

	2018	2017
	£	£
Remuneration	<u>163,239</u>	<u>114,000</u>

9 Auditors' remuneration

	2018	2017
	£	£
Audit of these financial statements	<u>36,512</u>	<u>27,600</u>
Other fees to auditors		
Taxation compliance services	<u>-</u>	<u>24,300</u>

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

Tax charged/(credited) in the profit and loss account:

2018
£

Current taxation

UK corporation tax (178,017)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2018 £	2017 £
Loss before tax	<u>(6,162,162)</u>	<u>(3,080,689)</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(1,170,811)	(616,138)
Effect of tax losses	<u>992,794</u>	<u>616,138</u>
Total tax credit for period	<u>(178,017)</u>	<u>-</u>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a credit of £178,017 (2017: nil).

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11 Intangible assets

Group

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 April 2017	6,139	638,399	644,538
Additions	-	130,825	130,825
At 31 March 2018	6,139	769,224	775,363
Amortisation			
At 1 April 2017	1,227	92,829	94,056
Amortisation charge	1,200	40,412	41,612
At 31 March 2018	2,427	133,241	135,668
Carrying amount			
At 31 March 2018	3,712	635,983	639,695
At 31 March 2017	4,912	545,570	550,482

Company

	Trademarks, patents and licenses £	Total £
Cost or valuation		
At 1 April 2017	520,258	520,258
Additions	130,825	130,825
At 31 March 2018	651,083	651,083
Amortisation		
At 1 April 2017	58,215	58,215
Amortisation charge	32,594	32,594
At 31 March 2018	90,809	90,809
Carrying amount		
At 31 March 2018	560,274	560,274
At 31 March 2017	462,043	462,043

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible assets

Group

	Office equipment £	Plant and machinery £	Website costs £	Total £
Cost or valuation				
At 1 April 2017	10,362	50,009	-	60,371
Additions	14,562	34,524	33,425	82,511
Disposals	(4,244)	-	-	(4,244)
At 31 March 2018	20,680	84,533	33,425	138,638
Depreciation				
At 1 April 2017	4,254	26,298	-	30,552
Charge for the year	4,252	13,881	11,119	29,252
Eliminated on disposal	(490)	-	-	(490)
At 31 March 2018	8,016	40,179	11,119	59,314
Carrying amount				
At 31 March 2018	12,664	44,354	22,306	79,324
At 31 March 2017	6,108	23,711	-	29,819

Company

	Office equipment £	Plant and machinery £	Website costs £	Total £
Cost or valuation				
At 1 April 2017	10,362	24,262	-	34,624
Additions	8,789	-	33,425	42,214
Disposals	(4,244)	-	-	(4,244)
At 31 March 2018	14,907	24,262	33,425	72,594
Depreciation				
At 1 April 2017	4,254	7,609	-	11,863
Charge for the year	2,792	2,499	11,119	16,410
Eliminated on disposal	(490)	-	-	(490)
At 31 March 2018	6,556	10,108	11,119	27,783
Carrying amount				
At 31 March 2018	8,351	14,154	22,306	44,811
At 31 March 2017	6,108	16,653	-	22,761

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13 Investments

	2018 £	2017 £
Investments in subsidiaries	<u>203,392</u>	<u>142,363</u>
Subsidiaries		£
Cost or valuation		
At 1 April 2017		142,363
Additions		75,363
Disposals		<u>(14,334)</u>
At 31 March 2018		<u>203,392</u>
Provision		
Carrying amount		
At 31 March 2018		<u>203,392</u>
At 31 March 2017		<u>142,363</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Reactive Technologies Finland Oy*	Finland	Ordinary shares	100%	100%
Reactive Technologies France SAS*	France	Ordinary shares	100%	99%
Reactive Technologies UK limited*	UK	Ordinary shares	100%	100%
Reactive Technologies BV*	Netherlands	Ordinary shares	0%	100%

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

The principal activity of Reactive Technologies Finland Oy* is the development of the technology, capabilities and platforms to support the Company's services to the GridMetrix & Tradenergy segments.

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 commercialisation and sale of the Company's services in the UK.

Reactive Technologies BV* was a dormant entity incorporated in the Netherlands. The company was formally wound up and dissolved in June 2017.

The registered office of Reactive Technologies Finland Oy is Tutkijantie 4, 90590 Oulu.

The registered office of Reactive Technologies France SAS is 7 Rue du parc de Clagny, 78 Versailles.

The registered office of Reactive Technologies UK Limited is 9400 Garsington Road Oxford Business Park, Oxford, United Kingdom, OX4 2HN.

14 Stocks

	2018	Group	2018	Company
	£	2017	£	2017
	£	£	£	£
Other stocks	<u>40,754</u>	<u>2,309</u>	<u>-</u>	<u>-</u>

Group

The cost of stocks recognised as an expense in the year amounted to £8,765 (2017 - £25,373).

Company

The cost of stocks recognised as an expense in the year amounted to £Nil (2017 - £21,800).

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15 Debtors

	2018	Group	2018	Company
	£	2017	£	2017
		£		£
Trade debtors	23,726	18,986	20,700	18,000
Amounts owed by group undertakings	-	-	2,927,529	959,520
Other debtors	164,047	67,619	30,991	20,278
Prepayments	60,720	45,105	35,709	1,354,014
	<u>248,493</u>	<u>131,710</u>	<u>3,014,929</u>	<u>2,351,812</u>
Other financial assets				
Other financial assets	-	-	918,733	1,000,000
Trade and other debtors	<u>248,493</u>	<u>131,710</u>	<u>3,933,662</u>	<u>3,351,812</u>

Details of non-current trade and other debtors

Company

£918,733 (2017 - £1,000,000) 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

	2018	Group	2018	Company
	£	2017	£	2017
		£		£
Cash at bank	496,688	1,644,532	383,388	607,557
Short-term deposits	607	3,498	607	3,498
	<u>497,295</u>	<u>1,648,030</u>	<u>383,995</u>	<u>611,055</u>

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

17 Creditors

	Note	2018 £	Group 2017 £	2018 £	Company 2017 £
Due within one year					
Loans and borrowings	20	4,227,904	-	4,227,904	-
Trade creditors		370,855	179,530	98,368	99,057
Amounts owed to group undertakings		-	-	1,370,281	1,271,949
Social security and other taxes		167,040	52,078	60,333	32,357
Other creditors		42,395	6,462	42,059	6,173
Accrued expenses		761,005	381,462	483,096	154,137
		<u>5,569,199</u>	<u>619,532</u>	<u>6,282,041</u>	<u>1,563,673</u>
Due after one year					
Loans and borrowings	20	<u>622,261</u>	<u>607,149</u>	<u>-</u>	<u>-</u>

18 Pension and other schemes

Defined contribution pension scheme

The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £299,694 (2017 - £151,122).

19 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary shares of £0.01 each	40,093	400.93	40,093	400.93
A Ordinary shares of £0.01 each	12,505	125.05	12,505	125.05
	<u>52,598</u>	<u>526</u>	<u>52,598</u>	<u>526</u>

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

20 Loans and borrowings

	2018 £	Group 2017 £	2018 £	Company 2017 £
Current loans and borrowings				
Fixed Rate Convertible Loan note facility	<u>4,227,904</u>	<u>-</u>	<u>4,227,904</u>	<u>-</u>

	2018 £	Group 2017 £	2018 £	Company 2017 £
Non-current loans and borrowings				
State backed loan	<u>622,261</u>	<u>607,149</u>	<u>-</u>	<u>-</u>

Group

State backed loan

The state backed loan relates to a state loan provided to a subsidiary in Finland and is denominated in Euros with a nominal interest rate of 3% below the Finnish base rate with a collar of 1%. The current payable rate is 1% per annum, and the final instalment is due on 1 July 2023. The carrying amount at year end is £622,261 (2017 - £607,149).

Fixed Rate Convertible loan note facility

The Fixed Rate Convertible Loan Note was provided by a shareholder to Reactive Technologies Limited. The loan carrying amount was £4,227,904 (2017-£nil) with an interest rate of 7% per annum. The facility is secured by a fixed and floating charge held by the loan note holder over the assets of the Company and its subsidiaries. The loan note was unwound and replaced by a new facility on 17 September 2018. Please see note 24 'Non-adjusting events after the financial period' for details.

21 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	<u>72,000</u>	<u>72,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £62,415 (2017 - £42,442).

REACTIVE TECHNOLOGIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

22 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 £12,417 (2017- £7,709)

J Madrian a Director maintained an interest free current account with the Group. At the balance sheet date the amount due from J Madrian was £10,052 (2017- £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.

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 2018

24 Non adjusting events after the financial period

On 17 September 2018 the Company concluded a significant investment from an EIS fund. The main features of this arrangement are a total investment of up to £15m as follows:

- An initial subscription of up to £5m, as at the date of signing the financial statements £3m of the initial £5m subscription has been invested by the Fund.
- A right for the Company to call on a further, second subscription of up to £5m at any time within 12 months from the investment date. This was conditional on the company receiving notification from the UK tax authorities that the company is considered as a Knowledge Intensive Company, a status that was confirmed by HMRC to the Company in October 2018.
- An additional right for the Company to call on a further subscription of up to £5m at any time during the 12-month period following completion of the full initial subscription of £5m.
- The second and further subscriptions being subject to the committed funds being raised by the Fund and the respective approval from the Funds Investment Committee.

Under the conditions of the above arrangement, the £5.2m, 12-month convertible loan note facility committed under the Agreement dated 19 December 2017 was unwound and replaced by a new agreement. The main elements of the new agreement are:

- The removal of the Company security against the loan based on the new investment funds being received by the Company
- A small quantum of the 12-month convertible loan note facility being converted into equity on 17 September 2018.
- The remaining balance (including accrued interest) on the 12-month convertible loan note facility was converted into a Fixed Rate Secured Convertible Loan Note (FRSCLN) that falls due in 2024. The FRSCLN gives the loan note holder the option, within certain parameters, to convert the loan note into equity so long as the loan note holder's total shareholding in the Company does not exceed a certain level. Likewise, the Company has the right, but not the obligation, to repay up to a certain amount of the FRSCLN without penalty at any time.