

Registered Number SC402713

REACH ENERGY LIMITED

Abbreviated Accounts

30 June 2016

Abbreviated Balance Sheet as at 30 June 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	2	34,118	101,340
Tangible assets	3	171,672	150,115
		<u>205,790</u>	<u>251,455</u>
Current assets			
Debtors		68,419	61,802
Cash at bank and in hand		53,629	180,742
		<u>122,048</u>	<u>242,544</u>
Creditors: amounts falling due within one year		<u>(42,845)</u>	<u>(105,691)</u>
Net current assets (liabilities)		<u>79,203</u>	<u>136,853</u>
Total assets less current liabilities		<u>284,993</u>	<u>388,308</u>
Creditors: amounts falling due after more than one year		(1,812,433)	(1,707,433)
Total net assets (liabilities)		<u>(1,527,440)</u>	<u>(1,319,125)</u>
Capital and reserves			
Called up share capital	4	2	2
Profit and loss account		(1,527,442)	(1,319,127)
Shareholders' funds		<u>(1,527,440)</u>	<u>(1,319,125)</u>

- For the year ending 30 June 2016 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.
- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 21 December 2016

And signed on their behalf by:

Miles St John Newman, Director

Notes to the Abbreviated Accounts for the period ended 30 June 2016**1 Accounting Policies****Basis of measurement and preparation of accounts**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Turnover policy

Turnover comprises revenue recognised by the company in respect of oil and gas production sold, exclusive of Value Added Tax.

Tangible assets depreciation policy

The net carrying value of development and production assets will be depleted using the unit of production method by reference to the ratio of production in the period to the related estimate of recoverable reserves.

Fixtures and fittings and office equipment costs are depreciated over their expected useful lives on the following bases:

Fixtures and Fittings - 15% straight line

Office Equipment - 33% straight line

Intangible assets amortisation policy

Exploration and evaluation ("E&E") costs, including the costs of acquiring undeveloped land and drilling costs are initially capitalised until the drilling of the well is complete and the results have been evaluated. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved or probable reserves are determined to exist. If proved and or probable reserves are found, the drilling costs and associated undeveloped land are transferred to development and production assets. The cost of undeveloped land that expires or any impairment of capitalised E&E expenditures recognised during a period is charged to the profit and loss account.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units ("CGU's").

Other accounting policies

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

The functional currency of the Company is Sterling. Foreign currency denominated transactions are translated into the entity's functional currency as follows; monetary items denominated in foreign currencies are translated into its functional currency at the rates of exchange at the period end date. Non-monetary items translated to the functional currency at the historical exchange rate. Any gains or losses are recorded in the profit and loss account.

Financial instruments

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

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

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

Property, plant and equipment

Items of property and equipment currently consists of office equipment, fixtures and fittings and oil and gas development and production assets. Property, Plant & Equipment assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses.

The cost of development and production assets will include; transfers from E&E assets, which generally include the cost to drill the well and the cost of the associated land upon determination of technical feasibility and commercial viability; the cost to complete and tie-in the wells; facility costs; geological and geological costs; and directly attributable overheads.

When significant parts of an item of property, and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components). Development and production assets are grouped into CGU's for impairment testing.

2 Intangible fixed assets

	£
Cost	
At 1 July 2015	446,237
Additions	43
Disposals	(67,265)
Revaluations	-
Transfers	-

At 30 June 2016	<u>379,015</u>
Amortisation	
At 1 July 2015	344,897
Charge for the year	-
On disposals	-
At 30 June 2016	<u>344,897</u>
Net book values	
At 30 June 2016	<u>34,118</u>
At 30 June 2015	<u>101,340</u>

The disposals relate to the relinquishment of licences in the USA and UK. The UK licences were relinquished after the balance sheet date.

3 Tangible fixed assets

	£
Cost	
At 1 July 2015	921,763
Additions	128,494
Disposals	(52,605)
Revaluations	-
Transfers	-
At 30 June 2016	<u>997,652</u>
Depreciation	
At 1 July 2015	771,648
Charge for the year	54,332
On disposals	-
At 30 June 2016	<u>825,980</u>
Net book values	
At 30 June 2016	<u>171,672</u>
At 30 June 2015	<u>150,115</u>

the disposals relate to the relinquishment of licences in the USA and UK. The UK licences were relinquished after the balance sheet date.

4 Called Up Share Capital

Allotted, called up and fully paid:

	2016	2015
	£	£
2 A Ordinary shares of £1 each	2	2

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