

REACH ENERGY LIMITED
No. SC402713

FILLETED ACCOUNTS
FOR THE PERIOD FROM 1 JULY 2016 TO 29 JUNE 2017

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REACH ENERGY LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	2 - 7

REACH ENERGY LIMITED

BALANCE SHEET AS AT 29 JUNE 2017

			2017	As restated 30 June 2016
	Notes	£	£	£
Fixed assets				
Intangible assets	3		118,176	34,118
Tangible assets	4		142,563	171,672
			<u>260,739</u>	<u>205,790</u>
Current assets				
Debtors	5	20,796		68,419
Cash at bank and in hand		80,723		53,629
		<u>101,519</u>		<u>122,048</u>
Creditors: amounts falling due within one year	6	(1,945,058)	(1,855,278)	
Net current liabilities			<u>(1,843,539)</u>	<u>(1,733,230)</u>
Net liabilities			<u>(1,582,800)</u>	<u>(1,527,440)</u>
Capital and reserves				
Called up share capital	7		2	2
Profit and loss reserves			<u>(1,582,802)</u>	<u>(1,527,442)</u>
Total equity			<u>(1,582,800)</u>	<u>(1,527,440)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The directors confirm that the company was entitled to exemption from the requirement to have an audit under the provisions of section 477(1) of the Companies Act 2006 and that the members have not required the company to obtain an audit for the period in accordance with section 476(1) of that Act. The directors acknowledge their responsibility to ensure that the company keeps accounting records in accordance with section 386 and to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its loss for that financial period in accordance with section 394 and which otherwise comply with the Companies Act 2006 as far as applicable to the company.

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

The financial statements were approved by the board of directors and authorised for issue on 25 June 2018 and are signed on its behalf by:



Miles Newman
Director

Company Registration No. SC402713

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 JUNE 2017

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements for the period ended 29 June 2017 are the first financial statements of Reach Energy Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Corresponding figures

After the prior year accounts were completed it was determined that directors loans totalling £1,812,433 shown as due after more than one year are technically repayable on demand. Due to this they have been transferred from Other creditors due after more than one year to Other creditors within one year. This has no impact on the loss for the year ended 30 June 2016 or net liabilities as at 30 June 2016.

1.3 Going concern

The company have prepared the accounts on a going concern basis which assumes that the company will continue to trade. This assumption is based upon assurances received from the directors that it is their intention to provide such assistance as is required to enable the company to meet its financial commitments. If the company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amount and to provide for any further liabilities that might arise.

1.4 Reporting period

The financial statements have been prepared for the period 1 July 2016 to 29 June 2017 due to operational reasons.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue for the provision of services is recognised by reference to the date on which services were rendered.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JUNE 2017

1 Accounting policies (continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Exploration and evaluation assets	Nil
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Exploration and Evaluation ("E&E") costs, including 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 resources are determined to exist. If proved and or probable reserves are found, 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 expenditure 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 amounts exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development and production	Nil
Fixtures, fittings and equipment	15% Straight line
Computer equipment	33% Straight line

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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JUNE 2017

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JUNE 2017

1 Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 4 (2016 - 4).

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JUNE 2017

3 Intangible fixed assets

	Exploration and evaluation assets £
Cost	
At 1 July 2016	379,015
Additions	118,462
At 29 June 2017	497,477
Amortisation and impairment	
At 1 July 2016	344,897
Impairment losses	34,404
At 29 June 2017	379,301
Carrying amount	
At 29 June 2017	118,176
At 30 June 2016	34,118

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2016	997,652
Additions	21,041
Disposals	(12,105)
At 29 June 2017	1,006,588
Depreciation and impairment	
At 1 July 2016	825,980
Depreciation charged in the period	24,351
Impairment losses	13,694
At 29 June 2017	864,025
Carrying amount	
At 29 June 2017	142,563
At 30 June 2016	171,672

REACH ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 JUNE 2017

5 Debtors

	2017	30 June 2016
	£	£
Amounts falling due within one year:		
Trade debtors	20,796	1,135
Other debtors	-	67,284
	<u>20,796</u>	<u>68,419</u>

6 Creditors: amounts falling due within one year

	2017	As restated 2016
	£	£
Trade creditors	26,506	13,664
Other taxation and social security	469	677
Other creditors	1,918,083	1,840,937
	<u>1,945,058</u>	<u>1,855,278</u>

7 Called up share capital

	2017	2016
	£	£
Ordinary share capital Issued and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

8 Directors' transactions

As at 29 June 2017 the company was due the directors £1,912,503 (30 June 2016 - £1,812,433). The loans are interest free with no set repayment terms.

9 Company information

Reach Energy Limited is a private company limited by shares incorporated in Scotland. The registered office is 6 Rubislaw Terrace, Aberdeen, AB10 1XE.