Financial Statements
Reform Energy plc

For the year ended 31 December 2014

Registered number: 07586124

Company Information

Directors	J S Lloyd J D Potter D R Foran P L Moss C N Evans (resigned 4 April 2014)
Company secretary	J D Potter
Registered number	07586124
Registered office	86 Deansgate Manchester M3 2ER
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank plc Liverpool L3 9AG
Solicitors	Slater Heelis LLP 86 Deansgate Manchester M3 2ER

Contents

Directors' report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 then apply them consistently;
- make judgments 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;
- 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.

Principal activity

The company's principal activity is that of providing energy generation and efficiency solutions.

Results and dividends

The loss for the year, after taxation, amounted to £107,478 (2013 - loss £129,081).

The directors have not recommended a dividend.

Post year end share issue

The following amounts have been raised from the issue of equity shares post year end:
17 March 2015- £130,000 for the issue of 650,000 Ordinary shares

Post year end bridging loan

The company took a £2.9m bridging loan from Lendy Limited on 25 March 2015, which the directors are utilising in achieving the company's strategic objectives.

Lendy Limited holds a charge on the company's assets relateing to all buildings and fixtures and fittings that are situated on or form part of the company's property at any time.

Directors' report

For the year ended 31 December 2014

Directors

The directors who served during the year were:

J S Lloyd
J D Potter
D R Foran
P L Moss
C N Evans (resigned 4 April 2014)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

P L Moss
Director

Date: 21/05/2015

Strategic report

For the year ended 31 December 2014

This is the Company's Strategic Report encompassing the Chief Executive's operating report for the year ended 31 December 2014, which sets out the key progress the Company has made, it's successes and issues addressed in the period.

The project

Whilst the last 15 months has been invariably busy and at times very challenging for the Company, the Board now believes that the Company is in the strongest position, both financially and operationally that it has been in since the first public subscription was concluded in (July 2011).

Within the past 6 weeks a new sector specialist shareholder has invested £100,000 as new equity into the Company securing approximately 5% of the enlarged share capital and in excess of £2.25m mezzanine funding has been secured and banked to enable rapid progress towards financial close of the Fleetwood project.

During 2014 the Planning Consent conditions for the Fleetwood power station were satisfied in their entirety and towards the end of the year the Consent was implemented with initial works being undertaken on site. Additionally the Company has, following successful renegotiation of Terms, entered into a new 99 year lease direct with the Freeholder rather than as had been proposed taking the Assignment of the unexpired term of an older Lease. The revised terms and a direct relationship with the Freeholder made the pre project finance funding significantly more achievable than had previously proved to be the case.

A further important source of funding for the associated off take development, the Fleetwood Fish Park, was a conditional offer of £2.5m in Regional Growth Fund support aimed at promoting and protecting the economic strength of Fleetwood and its surrounding area.

The acquisition of the Company's strategic fuel partner remains a key plank of the strategy.
Taken together these major steps have put the Company firmly on track to achieve financial close on the Fleetwood project in the current calendar year and pursue its wider strategy to develop several similar exemplar projects in suitable locations across the UK.

The Board wishes to express thanks to a wide array of stakeholders who have in their various ways continued to believe in and support the Company's aspirational strategy. The Company is now closer than ever to and funded to a position where financial close at Fleetwood is within sight.

The following sections of this report expand on this very satisfactory set of circumstances and the Board looks forward to reporting further steps towards substantial growth in Shareholder value in the months ahead.

Funding

On 17th March 2015 an individual who leads a highly successful sector specialist company in the UK concluded that the prospects for success of the Fleetwood project and thereafter the wider Company strategy were such that he would personally invest £100,000 at 20p per share to secure circa 5% of the enlarged share capital of Reform Energy Plc. This individual has been known to The Company for more than 2 years and the Board both welcomes his participation in the Company and thanks him for the trust placed in the Company and it's strategy.
Prior to this date the company had continued to be supported by its Directors, the new equity investment enabled commitment to the necessary fees and expenses to conclude a debt based funding package to take Fleetwood to financial close.

Strategic report (continued)
For the year ended 31 December 2014

On 14th April 2015, for the purposes of promoting the Fleetwood project, the company entered into a 12 month property backed commercial loan secured against its Lease of the Fleetwood site in Jameson Road and a Company Debenture. The loan on normal arms' length commercial terms for a mezzanine facility of this type and satisfactory to the Board represents a Loan To Value of circa 55% of the recently reconfirmed valuation of the Company's Lease. It will be repaid out of the structured project finance facility to be entered into by the Company on financial close. In the Boards view the facility represents excellent value for shareholders and could potentially lead to similar pre project finance facilities in the future to enable the Company to expedite its strategy.

As previously reported to shareholders there are several routes open to the Company to financial close of the project finance package. The key elements remain in place for a traditional debt/equity package with participation of the Finnish export guarantee organization, a major UK bank and sector specialist equity houses. All organizations remain keen to move to binding terms.

The Company, with the benefit of the mezzanine funding injection is rapidly appraising this and other sources of structured project finance and holds the view that its ability to complete financial close at Fleetwood is now more than ever a process and a shareholder interest maximization exercise. The Board expects to update Shareholders further on this within 6 months.

As reported in the Summary above after a national call for projects the Government has, subject to contract and due diligence awarded our Fish Park development substantial commitment from its Regional Growth Fund pot. In achieving selection the Board believes that this important power and heat offtake user is now nearing becoming a certainty for the benefit of the Company, its stakeholders and the wider economic base of Fleetwood. After the successful Pre Application negotiations with the Planning Authority a detailed planning application for this associated development will be submitted in May. Meanwhile the Company is moving towards an exchange of contracts to acquire the site having agreed Heads of Terms with the current site owner ABP. Our pre application discussions leads the Company to believe that a rapid and successful outcome to the planning application can be achieved.

Further certainty to the likely overall success of the Fleetwood project is also given by the agreed principle Heads of Terms for a major industrial user to take power of approximately 4MW from the project and the agreeing of headline terms with an international power trading organization for a PPA, Power Purchase Agreement on terms and in a structure that could be rolled out across a portfolio of the Company's projects.

Looking ahead

The Board is confident that the coming months will see the Company bringing the Fleetwood project to financial close, followed rapidly by the purchase of our fuel supply partner, the creation of a fuel hub and the detailed appraisal of a number of interesting potential projects that could be of exemplar standard. This progress if achieved would place the Company at the front of this type of decentralized power and heat generation with associated commercial development.

The Board remains convinced that whilst harsh economic conditions and uncertainty around the ability to access suitable initial pre project funding for its growth strategy has delayed shareholder value, its dogged determination to prove the Reform Energy model is now close to fruition. It re iterates it's thanks to the Company's shareholders, its various stakeholders, its internal team and its best in class external specialist team members.

Strategic report (continued)

For the year ended 31 December 2014

Financial risk management objectives and policies

The company uses several financial instruments, which include cash and various items, such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet forseeable needs and invest safely and profitably.

This report was approved by the board and signed on its behalf.

J D Potter
Chief Executive Officer

Date: 21/5/15

Grant Thornton

Independent auditor's report to the members of Reform Energy plc

We have audited the financial statements of Reform Energy plc for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent auditor's report to the members of Reform Energy plc

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Grant Thornton UK LLP

Emma Stoddart (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Liverpool
Date: 21 May 2015

Profit and loss account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Administrative expenses		**(107,478)**	(129,081)
Loss on ordinary activities before taxation		**(107,478)**	(129,081)
Tax on loss on ordinary activities		**-**	-
Loss for the financial year	11	**(107,478)**	(129,081)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 11 to 18 form part of these financial statements.

Reform Energy plc
Registered number: 07586124

Balance sheet
As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	5		**74,250**		78,750
Investments	6		**106**		106
			74,356		78,856
Current assets					
Debtors	7	**49,058**		123,188	
Cash at bank		**18,527**		3,155	
		67,585		126,343	
Creditors: amounts falling due within one year	8	**(134,545)**		(171,125)	
Net current liabilities			**(66,960)**		(44,782)
Net assets			**7,396**		34,074
Capital and reserves					
Called up share capital	10		**140,400**		136,860
Share premium account	11		**898,390**		821,130
Profit and loss account	11		**(1,031,394)**		(923,916)
Shareholders' funds	12		**7,396**		34,074

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

J D Potter
Director

Date: 21/5/15

Cash flow statement

For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	13	**(65,428)**	(59,149)
Cash outflow before financing		**(65,428)**	(59,149)
Financing	14	**80,800**	41,800
Increase/(Decrease) in cash in the year		**15,372**	(17,349)

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 31 December 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	**15,372**	(17,349)
Cash outflow from decrease in debt and lease financing	-	15,000
Movement in net debt in the year	**15,372**	(2,349)
Net funds at 1 January 2014	**3,155**	5,504
Net funds at 31 December 2014	**18,527**	3,155

The notes on pages 11 to 18 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements and are unchanged on the prior period.

1.2 Going concern

The directors continue to carefully monitor cash resources within the company. The company took a £2.9m bridging loan from Lendy Limited on 25 March 2015, which the directors are utilising in achieving the company's strategic objectives. The directors have prepared cash flow projections for the next 12 months. Based on the headroom shown in the forecasts, the directors are confident that the company will be able to meet its liabilities as they fall due and consequently they have prepared the accounts on a going concern basis.

The bridging loan is due for repayment on 25 March 2016. The directors are confident that full financial closure will be reached on the project before the repayment is due.

1.3 Consolidation

The directors consider that the subsidiary undertakings of the company taken together are not material and therefore consolidated financial statements are not presented. These financial statements present information about the company as an individual undertaking and not about its group.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	Over 20 years

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Notes to the financial statements
For the year ended 31 December 2014

1. Accounting policies (continued)

1.6 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1.7 Current tax

The current tax charge is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statement and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the financial statements
For the year ended 31 December 2014

2. Operating loss

The loss is stated after charging:

	2014	2013
	£	£
Amortisation - intangible fixed assets	**4,500**	4,500
Depreciation of tangible fixed assets:		
- owned by the company	**-**	504
Auditor's remuneration	**4,500**	4,500
Auditor's remuneration - non-audit	**1,500**	1,500

3. Staff costs

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
Directors	**4**	5

4. Directors' remuneration

	2014	2013
	£	£
Amounts receivable under share payment schemes	**37,500**	-

On 4 April 2014 the company issued 187,500 shares of fair value £0.20 per share to J Potter, a director of the company. In accordance with the requirements of FRS20 an expense of £37,500 has been included within directors remuneration.

Notes to the financial statements
For the year ended 31 December 2014

5. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2014 and 31 December 2014	**90,000**
Amortisation	
At 1 January 2014	**11,250**
Charge for the year	**4,500**
At 31 December 2014	**15,750**
Net book value	
At 31 December 2014	**74,250**
At 31 December 2013	78,750

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2014 and 31 December 2014	**106**
Net book value	
At 31 December 2014	**106**
At 31 December 2013	106

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Reform Energy Solutions Limited	Ordinary shares	100%
Reform Energy N.W. Limited	Ordinary shares	100%
Reform Energy Stations Limited	Ordinary shares	100%

Reform Energy N.W. Limited, Reform Energy Stations Limited and Reform Energy Solutions Limited are dormant companies and have net assets at 31 December 2014 of £1, £60 and £45 respectively.

Notes to the financial statements
For the year ended 31 December 2014

7. Debtors

	2014	2013
	£	£
Other debtors	**2,487**	269
Prepayments and accrued income	**46,571**	122,919
	49,058	123,188

8. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	**92,142**	79,900
Amounts owed to group undertakings	**106**	106
Other creditors	**4,149**	3,147
Accruals and deferred income	**38,148**	87,972
	134,545	171,125

9. Deferred taxation

	2014	2013
	£	£
At beginning and end of year/period	**-**	-

The company has an un-provided deferred tax asset of £165,847 (2013: £137,202) relating to un-relieved tax losses. The directors have not recognised this asset on the basis they believe it will take some time to recover.

Notes to the financial statements

For the year ended 31 December 2014

10. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
14,040,000 (2013 - 13,686,000) Ordinary shares of £0.01 each	**140,400**	136,860

There were two issues of ordinary share capital in the period as detailed below:

Issue date and share value	Number of ordinary £0.01 shares issued	Consideration £	Share premium £
4 April 2014 - £0.20 per share	**264,000**	**60,500**	**57,475**
14 April 2014 - £0.20 per share	**51,500**	**10,300**	**9,785**
Total	**315,500**	**70,800**	**67,260**

11. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2014	**821,130**	**(923,916)**
Loss for the financial year	-	**(107,478)**
Premium on shares issued during the year	**77,260**	-
At 31 December 2014	**898,390**	**(1,031,394)**

The movement on the share premium includes £10,000 credit (2013: £22,400 debit) of share issue costs posted direct to share premium. The £10,000 credit relates to over accrued share issue costs in the previous financial year.

Notes to the financial statements
For the year ended 31 December 2014

12. Reconciliation of movement in shareholders' funds

	2014	2013
	£	£
Opening shareholders' funds	**34,074**	106,355
Loss for the financial year/period	**(107,478)**	(129,081)
Shares issued during the year/period	**3,540**	1,980
Share premium on shares issued (net of expenses)	**77,260**	54,820
Closing shareholders' funds	**7,396**	34,074

13. Net cash flow from operating activities

	2014	2013
	£	£
Operating loss	**(107,478)**	(129,081)
Amortisation of intangible fixed assets	**4,500**	4,500
Depreciation of tangible fixed assets	**-**	504
Decrease in debtors	**74,130**	9,225
(Decrease)/increase in creditors	**(36,580)**	55,703
Net cash outflow from operating activities	**(65,428)**	(59,149)

14. Analysis of cash flows for headings netted in cash flow statement

	2014	2013
	£	£
Financing		
Issue of ordinary shares net of issue costs	**80,800**	56,800
Repayment of other loans	**-**	(15,000)
Net cash inflow from financing	**80,800**	41,800

15. Analysis of changes in net funds

	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
	£	£	£	£
Cash at bank and in hand	3,155	15,372	-	18,527
Net funds	3,155	15,372	-	18,527

Notes to the financial statements

For the year ended 31 December 2014

16. Contingent liabilties

The directors have confirmed that there were no contingent liabilitties at 31 December 2014 and 31 December 2013.

17. Post balance sheet events

Post year end share issue

The following amounts have been raised from the issue of equity shares post year end:
17 March 2015- £130,000 for the issue of 650,000 Ordinary shares of fair value £0.20 per share

Post year end bridging loan

The company took a £2.9m bridging loan from Lendy Limited on 25 March 2015, which the directors are utilising in achieving the company's strategic objectives.

Lendy Limited holds a charge on the company's assets relating to all buildings and fixtures and fittings that are situated on or form part of the company's property at any time.

As a continuing security for the payment and discharge of the Secured Liabilities, the compny with full title guarantee charges to the Lender by way of first fixed charge:

- all Properties owned by the company or acquired by the company in the future;
- all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;
- all present and future interests of the company not effectively mortgaged or charged under the preceding provisions, or over, freehold or leasehold property;
- all licences, consents and authorisations (statutory or otherwise) held or required in connection with the company's business or the use of any Charged Property, and all rights in connection with them;
- all its present and future goodwill and uncalled capital;
- all the Equipment;
- all the Intellectual Property;
- all the Book Debts;
- all the Investments; and
- all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including each Designated Account).

18. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2014 and 31 December 2013.

19. Related party transactions

During the period, the company paid £Nil (2013: £30,000) to APA Developments Limited in respect of consultancy fees, a company of which J D Potter is a director.