Registered number: 07586124

REFORM ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 JUNE 2019

REFORM ENERGY PLC

COMPANY INFORMATION

Directors	J S Lloyd J D Potter
Registered number	07586124
Registered office	Slater Heelis LLP 86 Deansgate Manchester M3 2ER
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank plc Liverpool L3 9AG
Solicitors	Slater Heelis LLP 86 Deansgate Manchester M3 2ER

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STRATEGIC REPORT
FOR THE PERIOD ENDED 27 JUNE 2019

Business review

This report covers to period from the date of filing of the last Accounts at the end of September 2018 to date.

Over the last 18 months the Company has continued to keep in close and regular contact with JMF Europe, the organisation with whom Heads of Agreement for the sale of the Company had originally been agreed and which had been formally extended to 31st December 2018. Subsequently the Directors considered that until JMF were themselves in Funds to proceed there was little point in continuing to extend the period covered by the Heads of Agreement.

However as reported previously, in September 2018 a further alternative was introduced by an arrangement aimed at providing interim funding to move the Fleetwood project to Financial Close, which would result in dilution of shareholders' interests.

That interim funding was in the form of a potential loan from an investor active in the sustainable energy sector which if and when funds were made available to a pre agreed level the investor would have the right to exercise a Call Option on 50% of the shares in the Fleetwood project subsidiary Company. As at the date hereof the Option is not capable of being called as insufficient funding has been released.

At the turn of 2019 it became clear that the proposed EPC and technology provider for the project had by actions and inactions in the market effectively decided that it was no longer interested in providing project technology down to the size required by the Fleetwood project. At this point the Company re engaged with another European EPC provider and very encouraging negotiations have taken place in subsequent months. Providing interim funding is released to the Company to move towards Financial Close it is likely that these alternative technology and EPC arrangements will form the core of the project.

The Company's financing structure has potentially been further complicated by the announcement on Friday 24th May 2019 that Lendy our Mortgagee had entered Administration. As at the date hereof the Company has yet to be contacted by the Joint Administrators and we are unable to make comment other than make stakeholders aware of this.

Throughout the period the Company has remained in close contact with our Landlord at Fleetwood who has remained supportive and pragmatic however it cannot be assumed that this support will continue indefinitely.

During the period a further working capital loan has been provided by one of our major shareholders which has enabled us to secure the certainty of an appropriate grid connection for the Fleetwood site and meet certain other immediate costs.

In August 2019 the company was approached by an alternative funder with a similar funding proposal to JMF. Following further discussions with the party, a Term Sheet was signed between the Company and the party for the sale of the project company Reform Energy Fleetwood Ltd on 2nd March 2020. The Term sheet is subject to completion of the purchasers funding.

As in the previous period the Directors continue to strive for shareholder value at nil remuneration.

Other than as reported above there has in the period to date been very little activity. The Company continues to thank its Shareholders, Creditors and other stakeholders for their ongoing support as we seek to get the Fleetwood project to Financial close, achieve a sale or secure further interim funding.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2019

Going concern

As explained in the business review and the going concern accounting policy in note 2.2 there are uncertainties regarding funding, company sale and other matters. After making enquiries and assessing the current position at the time of approval of the financial statements, the directors continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in Note 2.2 to the financial statements.

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

John Potter

J D Potter
Director

Date: 20/03/20

DIRECTORS' REPORT
FOR THE PERIOD ENDED 27 JUNE 2019

The directors present their report and the financial statements for the Period ended 27 June 2019.

Principal activity

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

Results and dividends

The loss for the Period, after taxation, amounted to £138,882 *(2017 - £32,919)*.

The directors have not recommended a dividend.

Directors

The directors who served during the Period were:

J S Lloyd
J D Potter
P L Moss (resigned 23 March 2018)

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 485 of the Companies Act 2006.

Post balance sheet events

Refer to going concern accounting policy 2.2 for post year end activity.

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

John Potter

J D Potter
Director

Date: 20/03/20

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFORM ENERGY PLC

Opinion

We have audited the financial statements of Reform Energy plc (the 'Company') for the Period ended 27 June 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 Company's affairs as at 27 June 2019 and of its loss for the Period 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 Company 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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which explains the material uncertainty regarding the sale of the company and continued support of the creditors or the ability to obtain additional funding if required. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFORM ENERGY PLC (CONTINUED)

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 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.

Grant Thornton UK LLP

Gary Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 20 March 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 JUNE 2019

	Note	2019 £	*2017* *£*
Administrative expenses		**(138,882)**	*(32,919)*
Operating loss	4	**(138,882)**	*(32,919)*
Loss for the financial Period		**(138,882)**	*(32,919)*

There were no recognised gains and losses for 2019 or *2017* other than those included in the statement of comprehensive income.

All transactions arose from continuing operations.

There was no other comprehensive income for 2019 *(2017: £Nil)*.

The notes on pages 12 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 27 JUNE 2019

	Note		27 June 2019 £		28 December 2017 £
Fixed assets					
Intangible assets	7		**45,562**		*60,750*
Investments	8		**52,605**		*52,605*
			98,167		*113,355*
Current assets					
Stocks	9	**5,462,355**		*4,089,017*	
Debtors: amounts falling due within one year	10	**21,564**		*98,474*	
Cash at bank and in hand	11	**191**		*8,170*	
		5,484,110		*4,195,661*	
Creditors: amounts falling due within one year	12	**(5,747,519)**		*(4,335,376)*	
Net current liabilities			**(263,409)**		*(139,715)*
Total assets less current liabilities			**(165,242)**		*(26,360)*
Net liabilities			**(165,242)**		*(26,360)*
Capital and reserves					
Called up share capital	15		**161,900**		*161,900*
Share premium account	16		**1,606,890**		*1,606,890*
Profit and loss account	16		**(1,934,032)**		*(1,795,150)*
			(165,242)		*(26,360)*

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

John Potter

J D Potter
Director
Date: 20/03/20

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 29 December 2017	161,900	1,606,890	(1,795,150)	(26,360)
Comprehensive income for the Period				
Loss for the Period	-	-	(138,882)	(138,882)
Total comprehensive income for the Period	-	-	(138,882)	(138,882)
At 27 June 2019	161,900	1,606,890	(1,934,032)	(165,242)

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 DECEMBER 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	161,900	1,606,890	(1,762,231)	6,559
Comprehensive income for the period				
Loss for the period	-	-	(32,919)	(32,919)
Total comprehensive income for the period	-	-	(32,919)	(32,919)
At 28 December 2017	161,900	1,606,890	(1,795,150)	(26,360)

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 27 JUNE 2019

	27 June 2019 £	*28 December 2017 £*
Cash flows from operating activities		
Loss for the financial Period	**(138,882)**	*(32,919)*
Adjustments for:		
Amortisation of intangible assets	**15,188**	*4,500*
(Increase) in stocks	**(283,709)**	*(747,393)*
Decrease in debtors	**76,910**	*132,621*
(Decrease)/increase in creditors	**(371,004)**	*648,810*
Increase in amounts owed to groups	**516,879**	-
Net cash generated from operating activities	**(184,618)**	*5,619*
Cash flows from financing activities		
Other new loans	**176,639**	-
Net cash used in financing activities	**176,639**	-
Net (decrease)/increase in cash and cash equivalents	**(7,979)**	*5,619*
Cash and cash equivalents at beginning of Period	**8,170**	*2,551*
Cash and cash equivalents at the end of Period	**191**	*8,170*
Cash and cash equivalents at the end of Period comprise:		
Cash at bank and in hand	**191**	*8,170*
	191	*8,170*

The notes on pages 12 to 22 form part of these financial statements.

1. General information

Reform Energy Plc is a public company limited by shares incorporated in England and Wales and its registered office is c/o Slater Heelis LLP, 86 Deansgate, Manchester, M3 2ER.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared using Sterling as the functional currency.

The following principal accounting policies have been applied:

2.2 Going concern

The directors are currently in the process of agreeing terms with a third party to sell them their investment in Reform Energy Fleetwood Limited. As part of the agreement, Reform Energy Fleetwood Limited will purchase the project from Reform Energy PLC. The directors have maintained regular contact with the potential purchaser and have agreed heads of terms for the deal, subject to completion of the agreement. The directors are not aware of any reason why heads of terms and completion of a sale would not be agreed if funds are obtained.

Once a sale is completed, the company is expected to cease to trade. The directors will then review potential options for the future of the company, which could involve placing the company into solvent liquidation. However, the directors do not anticipate that any liquidation process would take place within the next 12 months.

In the meantime, the directors continue to carefully monitor the cash resources within the company. The loans received from Lendy and other parties are due for repayment at the earlier of repayment of the loan, financial close of the project or after a period of 18 months from 26 September 2018. Lendy Limited have also agreed to cap the amount payable to them subject to terms of agreement being adhered to. The financial statements include the maximum amount payable at 27 June 2019 and do not take account of this cap, as it would apply once the company is sold or at financial close.

On 26 September 2018 an investor active in the sustainable energy sector agreed to a call option with the company which gives them the option to purchase 50% of the option shares of Reform Energy Fleetwood Limited, and provide a loan to the company at the same time which would cover costs required to get to financial close. In the opinion of the directors this additional funding would ensure that there were sufficient funds in the company to fund the project to financial close.

The directors have been in contact with the site landlord and other significant creditors, and as a result of the potential sale the directors believe that the company will have sufficient investment to clear the outstanding debts and continue to meet the operational needs of the company for at least the next 12 months. Should the above sale not happen then the company will need to secure alternative funding for the company to be able to continue as a going concern. There is no guarantee

2. Accounting policies (continued)

2.2 Going concern (continued)

over the ability to secure additional funding, nor is there any guarantee of the continued support of the company's creditors in the event that the sale process does not proceed to completion.

Whilst the directors have confidence that the proposed transaction will move from heads of terms through to successful completion, the failure to conclude the proposed transaction represents a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern. The risk of a deal not being completed is inherently much higher given the current uncertainty around the economic impact of Covid-19 and therefore provides further grounds for uncertainty.

The directors acknowledge the material uncertainty in respect of the completion of the proposed sale of the company and continued support of the creditors or the ability to obtain alternative funding, in the event a sale is not achieved. However, in the opinion of the directors there is no reason to suspect that successful completion of sale will not be achieved, and have therefore prepared the financial statements on the going concern basis.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.4 Intangible assets - goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life of 10 years.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Work in progress

Work in progress represents the costs incurred in respect of the development of the site. Borrowing costs in respect of work in progress are capitalised in accordance with the company's accounting policy on borrowing costs, detailed below. Work in progress is stated at the lower of cost and net realisable value.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.11 Borrowing costs

Borrowing costs directly attributable to the development of the site included in work in progress which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such a time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include;

Management have reviewed the nature of expenditure included in work in progress and have concluded that all capitalised costs meet the criteria to be capitalised under the accounting policies set out by the group, and furthermore that capitalised costs meet the criteria of a qualifying asset on which to capitalise associated borrowing costs. Management have also exercised judgement in assessing that the asset has been under continuous development throughout the period when assessing the quantum of borrowing costs to be capitalised.

4. Operating loss

The operating loss is stated after charging:

	2019 £	*2017* £
Amortisation of intangible assets, including goodwill	**15,188**	*4,500*

5. Auditor's remuneration

	2019 £	*2017* £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**8,500**	*8,500*
Tax compliance services	**1,500**	*1,500*

6. Employees

Staff costs were as follows:

	2019 £	*2017* £
Social security costs	**-**	*(1,442)*

On 17 March 2015 the company issued 150,000 shares of fair value of £0.20 per share to P Moss, a former director of the company who resigned on 23 March 2018. In accordance with the requirements of FRS102 an expense of £30,000 was included within directors remuneration in 2015.

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

	2019 No.	*2017* No.
Directors	**2**	*3*

The directors did not receive any remuneration in the current or prior year.

7. Intangible assets

	Goodwill £
Cost	
At 29 December 2017	**90,000**
At 27 June 2019	**90,000**
Amortisation	
At 29 December 2017	**29,250**
Charge for the year	**15,188**
At 27 June 2019	**44,438**
Net book value	
At 27 June 2019	**45,562**
At 28 December 2017	*60,750*

8. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 29 December 2017	52,605
At 27 June 2019	52,605

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Reform Energy Solutions Limited	Dormant	Ordinary	100%
Reform Energy Fleetwood Limited	Management company	Ordinary	100%
Reform Energy Stations Limited	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 27 June 2019 and the profit or loss for the Period ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Reform Energy Solutions Limited	45	-
Reform Energy Fleetwood Limited	52,500	-
Reform Energy Stations Limited	60	-

9. Stocks

	27 June 2019 £	*Restated 31 December 2017 £*
Work in progress	**5,462,355**	*4,089,017*

Work in progress includes borrowing costs of £2,797,655 *(2017: £1,690,798).*

There were no impairment losses recognised in cost of sales against stock in 2018 or 2017.

Cost of WIP in the Statement of comprehensive income is £Nil *(2017: £Nil).*

10. Debtors

	27 June 2019 £	*28 December 2017 £*
Trade debtors	**-**	*6,875*
Other debtors	**4,464**	*12,743*
Prepayments and accrued income	**17,100**	*78,856*
	21,564	*98,474*

There were no impairment losses recognised against debtors in 2018 or 2017.

11. Cash and cash equivalents

	27 June 2019 £	*28 December 2017 £*
Cash at bank and in hand	**191**	*8,170*

12. Creditors: Amounts falling due within one year

	27 June 2019 £	*Restated 31 December 2017 £*
Bank loans	**2,943,570**	*2,943,570*
Other loans	**226,639**	*50,000*
Trade creditors	**75,000**	*301,544*
Amounts owed to group undertakings	**703,095**	*186,216*
Other taxation and social security	**-**	*1,770*
Other creditors	**10,274**	*3,385*
Accruals and deferred income	**1,788,941**	*848,891*
	5,747,519	*4,335,376*

Secured loans

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 company 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 future;
- all present and future rights, licenses, 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 licenses 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).

13. Financial instruments

	27 June 2019 £	*28 December 2017 £*
Financial assets		
Financial assets measured at fair value through profit or loss	**4,655**	*27,788*
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,747,519)**	*(4,333,606)*

Financial assets measured at fair value through profit or loss comprise other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise bank and other loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

14. Deferred taxation

The company has an un-provided deferred tax asset of £311,294 *(2017: £290,266)* relating to unrelieved tax losses. The directors have not recognised this asset on the basis that they believe it will take some time to recover.

15. Share capital

	27 June 2019 £	*28 December 2017 £*
Allotted, called up and fully paid		
16,190,000 *(2017 - 16,190,000)* Ordinary shares shares of £0.01 each	**161,900**	*161,900*

As at 27 June 2019 the company had 1,300,000 share options in issue under the Enterprise Management Incentive Scheme and 1,010,000 share options in issue under the Executive Share Scheme. All share options are exercisable on the sale of the company at an exercise price of £0.20 per share. The options were issued in May 2014 to eligible employees at an exercise price equal to the fair value of the shares. The directors considered the fair value of the share options at issue date to be the same as the issue price hence no charge has been recognised.

16. Reserves

Share premium account

Represents amounts paid in respect of equity shares in excess of their nominal value.

Profit & loss account

Includes all current and prior period retained earnings and losses.

17. Contingent liabilities

The directors have confirmed that there were no contingent liabilities at 27 June 2019 and 31 December 2017.

18. Capital commitments

The directors have confirmed that there were no capital commitments at 27 June 2019 and 31 December 2017.

19. Related party transactions

The company has taken exemption under FRS102 section 33 not to disclose transactions and balances with other wholly owned group companies.

At 27 June 2019 John Potter owed the company £217 (2017: £12,473 debtor) and Jon Lloyd was owed £10,200 by the company (2017: £Nil).

Included within other loans at 27 June 2019 is a shareholder loan of £201,000 *(2017: £50,000)* owed to Martin Ruscoe. Included in Accruals is £21,280 of accrued interest on shareholder loans.