Company registration number: **SC394571**

Celtic Renewables Limited

Report & Financial Statements 16 Month Period Ended 31 December 2018

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Celtic Renewables Limited
Report of the Directors
for the period ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the 16 month period ended 31 December 2018.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities & future developments

The principal activity of the Company is the research, development and commercialisation of its intellectual property and know-how for the ABE fermentation technology whereby residues and wastes from other industries are processed to sustainably produce high value solvents (Butanol, Acetone and Ethanol) and animal feed.

On 30 November 2018, the Company established a wholly owned subsidiary, Celtic Renewables Grangemouth plc, for the purpose of the construction and commercial operation of a demonstrator plant for the ABE fermentation technology under licence from the Company.

Directors

The directors, who served during the period and subsequently, were as follows:

Mr M Simmers
Mr D Houston
Dr D Ward CBE
Professor M Tangney OBE

Funding and Going Concern

Since 31 December 2018 the Company has been financing its activities and those of its subsidiary by way of additional convertible loans. As described in note 2.2, at the date of this report, the Company and its subsidiary have substantially agreed terms on a financing package which is expected to provide sufficient funding for both companies to pay creditors and meet all costs until the completion and commencement of operations of the demonstrator plant at Grangemouth, currently scheduled to be in full operation by the first quarter of 2021. The directors are confident that the achievement of this key milestone in the Company's development will unlock the income streams the Company expects from the deployment of the technology at large scale in the future and will make the Company an attractive prospect for future equity or debt financing. The directors have therefore prepared the financial statements for the 16 month period ended 31 December 2018 on a going concern basis.

Statement of director's responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 the 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 United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Celtic Renewables Limited
Report of the Directors
for the period ended 31 December 2018

Statement of director's responsibilities (continued)

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 to 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.

Disclosure of information to auditors

In the case of each person who was a director at the date this report was approved:

- so far as the director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

A resolution to re-appoint the auditor, Johnston Carmichael LLP, will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Mark Simmers
Director
31 January 2020

Independent auditor's report to the members of Celtic Renewables Limited

Opinion

We have audited the financial statements of Celtic Renewables Limited (the 'company') for the 16 month period ended 31 December 2018 which comprise the Profit and loss account, Balance sheet 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 31 December 2018, 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 which indicates that the Company's ability to continue as a going concern is reliant upon the group raising a combination of equity, debt and grant funds totalling £17.3m in the near term, and the subsequent successful completion of construction and commercial operation of a demonstrator plant for the ABE fermentation technology, being constructed by subsidiary Celtic Renewables Grangemouth plc. As stated in note 2.2, these events or conditions, along with 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.

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Independent auditor's report
to the members of Celtic Renewables Limited

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities statement set out on pages 3-4 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Independent auditor's report
to the members of Celtic Renewables Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters which we are required to address

The financial statements for the year ended 31 August 2017 were unaudited.

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.

Johnston Carmichael LLP

Barry Masson (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

31 January 2020

7-11 Melville Street
Edinburgh

Celtic Renewables Limited
Profit and loss account
for the period ended 31 December 2018

	16 months to 31 Dec 2018 £	Unaudited Year to 31 Aug 2017 £
Administrative expenses	(1,644,948)	(833,893)
Other operating income	648,390	140,596
Operating loss	**(996,558)**	**(693,297)**
Interest payable & similar expenses	(346,217)	(129,540)
Loss before taxation	**(1,342,775)**	**(822,837)**
Taxation	207,898	-
Loss for period/year	**(1,134,877)**	**(822,837)**

During both periods presented, the Company had no income or expenditure which is not reflected in the profit and loss accounts as presented above.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Celtic Renewables Limited
Balance sheet
as at 31 December 2018

	Notes	31 Dec 2018 £	Unaudited 31 Aug 2017 £
Fixed Assets			
Intangible assets	4	233,340	233,340
Tangible assets	5	39,957	22,669
Investment in subsidiary undertaking	6	12,500	-
Total fixed assets		285,797	256,009
Current assets			
Debtors	7	233,665	22,775
Cash at bank & in hand		2,838	500
Total current assets		236,503	23,275
Creditors – amounts falling due within one year			
Trade & other creditors	8	(849,265)	(220,219)
Bank loans & overdrafts	9	-	(44,362)
Total current liabilities		(849,265)	(264,581)
Net current liabilities		(612,762)	(241,306)
Total assets less current liabilities		(326,965)	14,703
Creditors – amounts falling due after more than one year			
Convertible loans	9	(2,209,453)	(1,416,244)
Net liabilities		**(2,536,418)**	**(1,401,541)**
Capital & reserves			
Called-up share capital	10	128	128
Share premium account	11	1,236,182	1,236,182
Own shares	11	(10)	(10)
Profit & loss reserves	11	(3,772,718)	(2,637,841)
Shareholders deficit		**(2,536,418)**	**(1,401,541)**

Company registration number: **SC394571**

These financial statements have been prepared and delivered in accordance with the provisions applicable to the small companies regime with the exception of certain voluntary disclosures with respect to profit and loss account items.

The Annual Report and financial statements were approved by the board of directors and authorised for issue on 31 January 2020 and are signed on behalf of the board by:

Mark Simmers
Director

Celtic Renewables Limited
Notes to the financial statements

1. General information

The principal activity of the Company is the research and development of fermentation technology to produce organic chemicals and other products by converting residues and wastes from other industries and to commercialise its intellectual property and know-how.

The Company is a private company limited by shares incorporated in Scotland. The Company's registered office is 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD.

2. Significant accounting policies

The accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied for all periods presented.

2.1 Basis of preparation

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 have been applied, other than where additional disclosure is required to show a true and fair view or is provided on a voluntary basis.

In August 2018 the accounting period end for the Company and was changed to 31 December to align the period ends of the Company and its wholly owned subsidiary undertaking Celtic Renewables Grangemouth plc. The current period results in these financial statements therefore reflect a 16 month period for the Company.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the recognition of certain financial liabilities measured at amortised cost.

2.2 Going concern

The Company incurred a loss of £1,134,877 for the 16 month period ended 31 December 2018 and at that date has a shareholders deficit of £2,536,418. Since 31 December 2018 the Company has received further convertible loans totalling £2,950,000 and other loans totalling £100,000. These have been used to partially pay the creditors of the Company and its subsidiary Celtic Renewables Grangemouth plc and to pay the ongoing adminstrative costs of the Company.

At the date of signing these financial statements the Company and its subsidiary have substantially agreed the terms of a refinancing package under which the Company will receive new equity investments totalling £4.6m and all existing convertible loans including accrued interest will be convert to shares in the Company. Additionally, a new convertible loan facility of £1m will be made available to the Company. Celtic Renewables Grangemouth plc will also secure senior debt funding and additional debenture funding totalling £11.7m together with grant funding of £1m. The refinancing agreements are expected to complete in February 2020.

The Company's forecasts reflect that this refinance package will provide sufficient funding to pay the remaining creditors of both the Company and subsidiary, to meet all the Company's expenditure up to the first quarter of 2021 and to complete and commission the demonstrator plant at Grangemouth also planned for the first quarter of 2021.

Thereafter the Company's forecasts reflect that the subsidiary will generate sufficient cash from operations to meet all its own costs and service its own debt until 2022. The forecasts reflect that the Company itself will require further funding by the first quarter of 2021 to meet ongoing administrative expenses and other costs and that this funding will come from both income streams from the deployment of the technology at large scale or future equity or debt financing.

2. Significant Accounting policies (continued)

2.2 Going concern (continued)

Given that, as at the date of signing these financial statements the group's refinancing and fundraising has yet to complete, and the future of the business is reliant upon the successful commissioning of the Grangemouth plant, there remains material uncertainty over the going concern status of the Company at the date of signing the financial statements. However, the directors are confident in the completion of fundraising in February 2020, and that the demonstrator plant will be completed in a timely basis, such that Celtic Renewables Limited will then be able to access additional funding through both income streams from the deployment of the technology at large scale or future equity or debt financing.

Accordingly, the directors have adopted the going concem basis of accounting in preparing the financial statements.

2.3 Foreign currency

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

2.4 Taxation

The tax expense represents current and deferred tax recognised in the reporting period. the sum of the tax currently payable.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

R&D tax credits
R&D tax credits are recognised at fair value of the asset received or receivable when there is reasonable assurance that claims will be successful. R&D tax credits are recognised as part of the taxation charge or credit in the year the recognition criteria is met. R&D tax credits relating to earlier periods are included in the current tax charge or credit as adjustments in respect of prior periods.'

Deferred tax
Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.5 Employee benefits

Short-term 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 fixed assets.

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

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant Accounting policies (continued)

2.7 Intangible fixed assets other than goodwill

The Company's intangible fixed assets comprise patents which are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. Amortisation commences once commercial application and development has been realised.

2.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25%-100% reducing balance
Computer equipment	3 years straight line

2.9 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).

2.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11 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 financial instruments.

Financial instruments are recognised in the 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.

2. Significant Accounting policies (continued)

2.12 Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

2.13 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and that the grants will be received. Capital grants are recognised to match the related development expenditure and are deducted in arriving at the carrying value of the related assets.

2.15 Employee Benefit Trust

The company operates an employee benefit trust (EBT) for the purpose of enabling qualifying staff of the company to acquire shares in the company. The company's own shares held by the EBT are accounted for as if they were held by the company, as a debit reserve representing the cost paid by the EBT for the shares. Gains and losses on own shares transactions are accounted for as transfers between own shares reserve and retained earnings.

3. Employee information

	16 months to 31 Dec 2018 Number	Unaudited Year to 31 Aug 2017 Number
Average number of executive directors and staff	9	7

Share based payments

The Company has adopted share option award schemes, including an Enterprise Management Incentive (EMI) scheme. The share option schemes are granted over the £0.01 ordinary shares of the Company and can be exercised only at the disposal or sale of the Company and within 10 years of grant of the option.

As at 31 December 2018 share options over 2,810 £0.01 ordinary shares (31 August 2017: 2,060 shares) had been granted and have a weighted average exercise price of £25.44. No charge has been recognised through the profit and loss account in this respect, on the basis any such charge would not be material.

4. Intangible assets

	£
Cost	
At 1 September 2017 and 31 December 2018	233,340
Amortisation and impairment	
At 1 September 2017 and 31 December 2018	-
Carrying amount	
At 31 August 2017 and 31 December 2018	233,340

Intangible assets represent the cost of patents held by the Company over the fermentation technology to produce organic chemicals and other products by converting residues and wastes from other industries.

5. Tangible assets

	Plant, machinery, fixtures & fittings £
Cost	
At 1 September 2017 (unaudited)	61,434
Additions	30,512
At 31 December 2018	91,946
Depreciation & impairment	
At 1 September 2017 (unaudited)	38,765
Depreciation charge for the period	13,224
At 31 December 2018	51,989
Net book value	
At 31 December 2018	39,957
At 31 August 2017 (unaudited)	22,669

6. Investment in subsidiary undertaking

The investment represents 100% of the ordinary share capital of Celtic Renewables Grangemouth plc, a company limited by shares incorporated in Scotland. The Company's registered office is 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD.

The principal activity of Celtic Renewables Grangemouth plc is the construction and commercial operation of a demonstrator plant for the ABE fermentation technology to sustainably produce high value solvents and animal feeds using the intellectual property and know-how licenced to it by the Company.

The Company has pledged the shareholding in the subsidiary as security for the borrowings of the subsidiary.

7. Debtors

	31 Dec 2018 £	Unaudited 31 Aug 2017 £
Other debtors	10,369	22,775
Corporation tax repayable in respect of research and development costs	223,296	-
	233,665	22,775

Celtic Renewables

Celtic Renewables Limited
Notes to the financial statements

8. Trade & other creditors

	31 Dec 2018 £	Unaudited 31 Aug 2017 £
Amount due to subsidiary undertaking	611,561	-
Trade creditors	64,237	98,440
Other taxation & social security	70,165	44,102
Other creditors	2,362	20,887
Accruals & deferred income	100,940	56,790
	849,265	220,219

The amount due to the subsidiary undertaking is unsecured, interest free and has no fixed terms for repayment.

9. Loans & other borrowings

	31 Dec 2018 £	Unaudited 31 Aug 2017 £
Bank loans and overdrafts	-	44,362
Convertible Loans	2,209,453	1,416,244
	2,209,453	1,460,606

Convertible loans

	£
Balance at 1 September 2017 (unaudited)	1,416,244
Loans drawn down during period	450,000
Interest during period rolled-up	343,209
Balance at 31 December 2018	2,209,453

The convertible loans bear interest at rates between 8% and 20% and all interest is rolled up. The loans are secured by floating charges over the assets of the company.

At 31 December 2018 the lenders had agreed to convert all loans plus all interest accrued and rolled up into ordinary share capital of the Company upon a refinancing of the Company and its subsidiary Celtic Renewables Grangemouth plc.

Celtic Renewables Limited
Notes to the financial statements

10. Called-up share capital

Ordinary shares of 1p each – issued and fully paid	Number	£
At 1 September 2017 and 31 December 2018	12,740	128

11. Other reserves

Share premium account

This account records the premium where the consideration received for the issue of share capital exceeds the nominal value of shares issued less the costs relating to the issue,

Profit & loss reserves

This reserve records retained earnings and accumulated losses.

Own shares reserves

The balance represents 1,000 £0.01 ordinary shares in the Company held by the Celtic Renewables Employee Benefit Trust (EBT) which was established in 2011 to provide a mechanism to hold shares in the company to be used in the future to settle the exercise of share options and other share transactions with employees.

The Company's ordinary shares held by the EBT are accounted for as if they were the Company's own shares and are treated as treasury shares.

12. Financial commitments, guarantees and contingent liabilities

The Company has provided an unlimited guarantee in respect of the borrowings of its subsidiary undertaking Celtic Renewables Grangemouth plc.

13. Related party transactions

During the period a company controlled by D Houston, a director, made loans of £150,000 to the Company. As at 31 December 2018 the aggregate convertible loans due to D Houston or companies controlled by him was £595,000 (2017: £445,000) plus accrued interest rolled up of £162,329 (2017: £61,288).

During the period the Company recharged staff costs totalling £477,867 to its subsidiary undertaking Celtic Renewables Grangemouth plc being the costs of the employees of the Company who are directly engaged in the construction and commissioning of the demonstrator plant at Grangemouth.

14. Events after the end of the reporting period

Since 31 December 2018 the Company has received further convertible loans totalling £2,950,000 and other loans totalling £125,000.