ISLE OF MAN - COMPANY NUMBER 6969V
ENGLAND AND WALES - COMPANY NUMBER FC022829

TomCo Energy plc

Annual report and financial statements 2013

Board of Directors and Company Information

Isle of Man
Company number
6969V

England and Wales
FC022829

Country of incorporation
Isle of Man

Board of Directors
Sir Nicholas Bonsor – non-executive chairman
Paul Rankine – chief executive officer
Miikka Haromo – finance director

Secretary and Registered Office
Stuart J Adam CPFA, Chartered MCSI
2nd Floor
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Nominated adviser and broker
Fox-Davies Capital
1 Tudor Street
London EC4Y 0AH

Registrars
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Auditors
BDO LLP
55 Baker Street
London W1U 7EU

Solicitors
Gowlings (UK) LLP
125 Old Broad Street
London EC2N 1AR

Bankers
Barclays Bank plc
Bridgewater House
Counterslip
Bristol BS1 6BX

Chase Bank
9100 S Redwood Road
West Jordan
UT 84088
USA

Directors' report

The Directors submit their report and the financial statements of the Company and of the Group for the year ended 30 September 2013.

Principal activity

The principal activity of the Group is that of developing oil shale leases for future production.

Risk assessment

The Group's oil and gas activities are subject to a range of financial and operational risks which can significantly impact on its performance.

Operational risk

The Group has obtained resource assessments in relation to its oil shale leases, the latest of which shows 126 million bbl of oil in surface mineable JORC Measured Resource.

TomCo has entered into a license with Red Leaf Resources Inc ("Red Leaf"), which owns the EcoShale™ extraction process, to use this unique and environmentally sensitive technology to extract oil from the Group's leases. Having built and tested a pilot plant in 2008, Red Leaf is currently completing its permitting for the Seep Ridge project. Following this, Red Leaf is expected to start constructing a one-off Early Production System capsule, which is 75% of the planned full scale commercial capsules used to produce 9,800 barrels of oil per day (bopd), to demonstrate scalability of the process and economic viability of its Utah projects. The technology produced by Red Leaf is currently unique within the marketplace and until extraction commences, the viability of this technology will not be determinable. Once the viability of this technology has been determined, the Group intends to build and operate a similar EcoShale™ plant on its Holliday Block lease.

Environmental, health and safety and other regulatory standards

The Group's future extraction activities are subject to various federal and state laws and regulations relating to the protection of the environment including the obtaining of appropriate permits and approvals by relevant environmental authorities. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. The Group ensures it complies with the relevant laws and regulations in force in the jurisdictions in which it operates.

Liquidity and interest rate risks

Cash forecasts identifying the liquidity requirements of the Group are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists for at least a twelve month period. This strategy will continually be reviewed in the light of developments with existing projects and new project opportunities as they arise.

Currency risk

Due to the limited income and expenses denominated in foreign currencies, it was not considered cost effective to manage transactional currency exposure on an active basis. However, as the financial statements are reported in sterling and the Group's revenue and the majority of its exploration costs are in US dollars, movements in the exchange rate of the US dollar against sterling may significantly affect the Group's statements of comprehensive income and financial position. The Group holds some cash in US dollars to mitigate the foreign exchange risk.

Financial instruments

The Group holds an investment in Red Leaf. There is a risk that in the future this investment falls in value and the Group is unable to realise its accounting value. TomCo continues to monitor the progress of Red Leaf and in the event that the value is deemed by the Group to have declined, an impairment will be recognised. No such impairment has occurred to date. Further details can be found in Note 12.

It was not considered an appropriate policy for the Group to enter into any hedging activities or trade in any financial instruments. Further information can be found in Note 21.

Results and dividends

The statement of comprehensive income is set out on page 8. The Directors do not propose the payment of a dividend (2012: £Nil).

The Group made no charitable or political donations in the year (2012: £Nil).

Directors' report

Review of the key events during the year

Financing

On 28 January 2013, the Group announced it had entered into a Liquidity Facility Agreement and an associated Promissory Note (together the "Liquidity Facility") with Windsor Capital Partners Limited ("Windsor Capital"). Under the Liquidity Facility TomCo has issued and allotted 100 million ordinary shares of 0.5p each ("Ordinary Shares"), representing an increase of 6% on the then current number of shares in issue, to Windsor Capital in exchange for the Promissory Note. After suspending the Liquidity Facility on 28 May 2013, it was reinstated on 23 September 2013 and amended by way of introducing a floor price of 2p per share and limiting the maximum net amount raised following the announcement to one million pounds. Shares that are not sold during the life of the Facility will be returned to the Group and cancelled. The Liquidity Facility allows the Group to access capital using the natural liquidity that is available in the Group's shares in a more cost-effective manner than a traditional equity line product.

On 7 March 2013, the Group announced that it had successfully raised £1.781 million, before expenses, through a share placing of 148,406,526 new ordinary shares of 0.5p each at a price of 1.2p per share. The Placing was supported by a number of new financial institutions as well as certain existing shareholders. The net proceeds from the Placing are being used by TomCo to advance the permits required for commercial production at the Group's Holliday project and for general working capital purposes.

Oil Shale

During the year the Group completed drilling activities on its Holliday Block to appraise the water quality, quality of any aquifers and the permeability of rock below surface of the Holliday lease area. Utah State law requires that any facility that discharges or may potentially discharge pollutants to ground water must have an approved Groundwater Discharge Permit from the Utah Division of Water Quality ("DWQ"). The results of water quality and permeability testing are expected by this calendar year end.

TomCo was also granted a Small Mine Permit by the Utah Division of Oil, Gas and Mining ("DOGM") to carry out trial mining during 2014. In addition, work on its Large Mine Permit application is progressing well, with its submission to DOGM expected before this calendar year end. This is another important step to securing all necessary permits required for commercial production.

TomCo is actively advancing towards the goal of obtaining all the relevant permitting required by Utah State law. The Group is working closely with DWQ and the DOGM to ensure its Groundwater Discharge Permit and Large Mine Permit applications meet the required standards and are issued as soon as possible. Once these two key permits have been granted, TomCo will be well placed to continue development efforts and will have the same approved legal documentation as Red Leaf is expected to have in the near future.

During the year, DWQ solicited comments on its request to issue a Groundwater Discharge Permit to Red Leaf and is currently reviewing these comments. DOGM has already approved its Notice of Intention to Commence Large Mining Operations at Red Leaf's Seep Ridge project, conditional on a Groundwater Discharge Permit, which means that once DWQ issues the permit, Red Leaf will be fully permitted to progress with capsule construction and commence production from its block.

Directors

Directors who served on the Board during the year to 30 September 2013 were as follows:

Sir Nicholas Bonsor
Paul Rankine
Miikka Haromo

Directors' interests in the shares of the Group, including family interests, were as follows:

	30 September 2013		30 September 2012	
	Ordinary 0.5 pence shares	**Share warrants**	Ordinary 0.5 pence shares	Share warrants
N Bonsor *	-	-	-	2,278,647
M Haromo**	-	-	-	7,595,492
P Rankine	1,295,301	-	1,295,301	-
	1,295,301	-	1,295,301	9,874,139

Details of the share warrants can be found in note 20.

*Sir Nicholas Bonsor had an option to acquire 10 million Ordinary Shares from Kenglo One Limited at a price of 3p per Ordinary Share. The option period commenced on 1 April 2010 and ended on 31 March 2013.

** Miikka Haromo has an option to acquire 15 million Ordinary Shares from Kenglo One Limited at a price of 3p per Ordinary Share. The option period commenced on 21 July 2012 and ends on 31 December 2014.

Payments of payables

The Group's policy is to negotiate payment terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed and to abide by those terms of payment.

The Group's payment days as at 30 September 2013 for trade payables was 11 days (2012: 23 days).

Going concern

The Directors are confident that the Group has sufficient funds to meet its working capital requirements and known commitments for a period of twelve months from the date of signing of these financial statements. The Group's working capital and commitments are closely monitored by the directors and monthly forecasts are prepared in order to ensure that the Group has cash available to meet known project and overhead commitments. There are no contractual commitments for minimum development spend within any of the Group's licences and therefore the pace of development of the asset can be adjusted within the availability of cash resources. As a result of the review performed by the directors, the monitoring of the cash position and the forecast cash at the end of the twelve month period from the date of signing the financial statements, the directors have confirmed that it is appropriate for the financial statements to be prepared on the going concern basis.

Insurance of key management

The Group maintains Directors' and officers' liability insurance cover for TomCo Energy Plc's Directors in respect of their duties as Directors.

Directors' responsibilities

The Directors are responsible for keeping proper 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 Group and enable them to ensure that the financial statements comply with the requirements of the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and for taking steps for the prevention and detection of fraud and other irregularities.

The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the directors are required to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with these requirements, and, having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Directors' report

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The external auditors are required to rotate the Senior Statutory Auditor responsible for the company audits every five years. In certain circumstances, it is permissible to extend that tenure by up to two years. The Board believes that due to significant strategic changes the Group has undergone over the last 18 months and the developments anticipated by the Group merits having a continuity of the Senior Statutory Auditor that this extension provides.

BDO LLP and the Company have agreed to extend the term of the Senior Statutory Auditor for a sixth year in line with the guidance as to how long a responsible individual may remain the Senior Statutory Auditor for a client as set out in Ethical Standard 3 'Long Association with the Audit Engagement' issued by the Audit Practices Board. There are specific provisions relating to the extension of tenure for listed companies with which the Company complies.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Sir Nicholas Bonsor

Non-Executive Chairman

12 November 2013

Independent auditors’ report

to the members of TomCo Energy plc

We have audited the financial statements of TomCo Energy plc for the year ended 30 September 2013 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable Isle of Man company law and International Financial Reporting Standards as adopted by the European Union (IFRS).

This report is made solely to the Company’s members as a body, in accordance with the terms of our engagement. 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 opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors’ responsibilities, the directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable Isle of Man company 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 APB’s website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of, in all material respects the state of the Group and the Company’s affairs as at 30 September 2013 and of the Group’s loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

BDO LLP

BDO LLP
Chartered Accountants and registered auditors
London
United Kingdom

12 November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the financial year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Revenue	2	**11**	13
Cost of sales	2	**(4)**	(4)
Gross profit		**7**	9
Administrative expenses		**(872)**	(1,013)
Operating loss	5	**(865)**	(1,004)
Finance income	3	**1**	1
Finance costs	4	**(1)**	(9)
Derivative expense	4,16	**-**	(556)
Loss on ordinary activities before taxation		**(865)**	(1,568)
Taxation	6	**-**	-
Loss for the year attributable to equity shareholders of the parent		**(865)**	(1,568)
Total comprehensive loss attributable to equity shareholders of the parent		**(865)**	(1,568)

Loss per share attributable to the equity shareholders of the parent		**2013 Pence per share**	2012 Pence per share
Basic & diluted loss per share	8	**(0.05)**	(0.10)

The Company has elected to take exemption under the Companies Act not to present the parent company's statement of comprehensive income. The loss for the parent company for the year was £863,153 (2012: £1,530,787).

The notes on pages 12 to 27 form part of these financial statements.

Consolidated and Company Statement of Financial Position

as at 30 September 2013

	Note	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Assets					
Non-current assets					
Intangible assets	9	**8,421**	**1,314**	8,095	1,314
Property, plant and equipment	10	**-**	**-**	9	9
Investment in subsidiaries	11	**-**	**7,107**	-	6,781
Available for sale financial assets	12	**3,262**	**3,262**	3,262	3,262
Other receivables	13	**-**	**137**	-	-
		11,683	**11,820**	11,366	11,366
Current assets					
Trade and other receivables	13	**63**	**34**	52	52
Cash and cash equivalents	14	**1,236**	**933**	411	396
		1,299	**967**	463	448
TOTAL ASSETS		**12,982**	**12,787**	11,829	11,814
Liabilities					
Current liabilities					
Trade and other payables	15	**(221)**	**(34)**	(41)	(41)
		(221)	**(34)**	(41)	(41)
Net current assets		**1,078**	**933**	422	407
Non current liabilities					
Other liabilities	15	**-**	**(5)**	-	-
TOTAL LIABILITIES		**(221)**	**(39)**	(41)	(41)
Total net assets		**12,761**	**12,748**	11,788	11,773
Shareholders' equity					
Share capital	18	**8,894**	**8,894**	8,105	8,105
Share premium	19	**14,636**	**14,636**	13,629	13,629
Warrant reserve	20	**42**	**42**	361	361
Retained deficit		**(10,811)**	**(10,824)**	(10,307)	(10,322)
Total equity		**12,761**	**12,748**	11,788	11,773

The accounts on pages 8 to 27 were approved and authorised for issue by the Board of Directors on 12 November 2013.

Paul Rankine
Director

Miikka Haromo
Director

Consolidated statement of changes in equity
for the financial year ended 30 September 2013

	Note	Group					Company				
		Share capital	Share premium	Warrant reserve	Retained Deficit	Total	Share capital	Share premium	Warrant reserve	Retained deficit	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2011		**6,555**	**10,573**	**492**	**(9,607)**	**8,013**	**6,555**	**10,573**	**492**	**(9,659)**	**7,961**
Total comprehensive loss for the year		-	-	-	(1,568)	(1,568)	-	-	-	(1,531)	(1,531)
Warrants exercised and expired	20	173	347	(131)	131	520	173	347	(131)	131	520
Issue of share capital	18,19	872	2,205	-	-	3,077	872	2,205	-	-	3,077
Conversion of loan	18,19	505	504	-	737	1,746	505	504	-	737	1,746
Balance at 30 September 2012		**8,105**	**13,629**	**361**	**(10,307)**	**11,788**	**8,105**	**13,629**	**361**	**(10,322)**	**11,773**
Total comprehensive loss for the year		-	-	-	(865)	(865)	-	-	-	(863)	(863)
Issue of warrants	20	-	(42)	42	-	-	-	(42)	42	-	-
Expired warrants	20	-	-	(361)	361	-	-	-	(361)	361	-
Issue of share capital	18,19	789	1,049	-	-	1,838	789	1,049	-	-	1,838
At 30 September 2013		**8,894**	**14,636**	**42**	**(10,811)**	**12,761**	**8,894**	**14,636**	**42**	**(10,824)**	**12,748**

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Descriptions and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Warrant reserve	Amounts credited to equity in respect of warrants to acquire ordinary shares in the Company.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

The notes on pages 12 to 27 form part of these financial statements.

Consolidated and company statements of cash flows
for the financial year ended 30 September 2013

	Note	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Cash flows from operating activities					
Loss after tax	2	**(865)**	**(863)**	(1,568)	(1,531)
Depreciation	10	**9**	**9**	4	4
Share-based payments	20	**-**		-	-
Non-cash transactions settled as shares	18	**-**	**-**	120	120
Finance income	3	**(1)**	**(1)**	(1)	(1)
Finance costs	4	**1**	**1**	565	565
(Increase)/decrease in trade and other receivables	13	**(11)**	**(306)**	150	150
Decrease in trade and other payables	15/18	**(7)**	**(2)**	(246)	(283)
Cash used in operations		**(874)**	**(1,162)**	(976)	(976)
Cash flows from investing activities					
Purchase of technology licence	9	**-**	**-**	-	-
Investment in oil & gas assets	9	**(139)**	**(139)**	(150)	(150)
Direct costs incurred in purchase of available for sale financial assets	12	**-**	**-**	(114)	(114)
Purchase of available for sale financial assets	12	**-**	**-**	(190)	(190)
Net cash used in investing activities		**(139)**	**(139)**	(454)	(454)
Cash flows from financing activities					
Issue of share capital (net of issue costs)	18,19	**1,838**	**1,838**	478	478
Net cash generated from financing activities		**1,838**	**1,838**	478	478
Net increase/(decrease) in cash and cash equivalents		**825**	**537**	(952)	(952)
Cash and cash equivalents at beginning of financial year		**411**	**396**	1,363	1,348
Cash and cash equivalents at end of financial year		**1,236**	**933**	411	396

The notes on pages 12 to 27 form part of these financial statements.

Notes to the financial statements
for the financial year ended 30 September 2013

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention modified by the revaluation of certain financial instruments to fair value including derivatives and available for sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Details of the Group's significant accounting judgments and critical accounting estimates are set out in these financial statements and include:

- Commercial reserves estimates; (see Note 9);

- Impairment of intangible assets (Note 9);

- Impairment of available for sale financial assets (Note 12);

- Share based payments (Note 20);

The Group has consistently applied all applicable accounting standards.

The Directors are confident that the Group has sufficient funds to meet its working capital requirements and known commitments for a period of twelve months from the date of signing of these financial statements. The Group's working capital and commitments are closely monitored by the directors and monthly forecasts are prepared in order to ensure that the Group has funds available to meet known project and overhead commitments. There are no contractual commitments for minimum development spend within any of the Group's licences and therefore the pace of development of the asset can be adjusted within the availability of cash resources. As a result of the review performed by the directors, the monitoring of the cash position and the forecast cash at the end of the twelve month period from the date of signing the financial statements, the directors have confirmed that it is appropriate for the financial statements to be prepared on the going concern basis.

1.2 Future changes in accounting standards

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

There were no new standards, interpretations and amendments to published standards effective in the year which had a significant impact on the Group.

Standards, Interpretations and amendments, which are effective for future reporting periods:

International Accounting Standards (IAS/IFRS)		Effective date (periods beginning on or after)
• IAS 19	Employee Benefits	1 Jan 2013
• IFRS 13	Fair Value Measurement	1 Jan 2013
• IAS 1	Annual Improvements to IFRSs (2009 - 2011 cycle)	1 Jan 2013
• IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 Jan 2013
• IFRS 10	Consolidated Financial Statements	1 Jan 2014
• IFRS 11	Joint Arrangements	1 Jan 2014
• IFRS 12	Disclosure of Interests in Other Entities	1 Jan 2014
• IAS 32	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 Jan 2014
• IAS 27	Separate Financial Statements	1 Jan 2014
• IAS 36	Recoverable amounts disclosures for non-financial assets	1 Jan 2014
• IFRS 9	Financial instruments	1 Jan 2015

These standards are not expected to have a material impact on future financial statements.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of the parent company, TomCo Energy Plc, and all its subsidiary undertakings drawn up to 30 September 2013. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. A subsidiary is consolidated where the Company has the power, either directly or indirectly, to govern the financial and operating activities of another entity or business, so it is able to obtain benefits from its activities. On acquisition all the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at the time. If, after re-assessment, the Group's interest in the net fair value of the identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, and the Finance Director.

Based on an analysis of risks and returns, the Directors consider that the Group has one principle business segment based on geographical location. The Group's revenue arises within the US. The profit /(loss) before taxation arises within the UK and US. Net assets are in the UK and the US.

1.5 Revenue

Turnover represents the Group's share of sales of oil during the year, excluding sales tax and royalties. Income arises from the US and is recognised when the oil is delivered to the customer, and is net of taxes and royalty interests.

1.6 Finance income

Finance income is accounted for on an effective interest basis.

1.7 Property, plant and equipment

Office fixtures, fittings and equipment are stated at cost of purchase. Depreciation of office fixtures, fittings and equipment is provided at 33.3% straight line per annum on cost.

Oil & Gas development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with any decommissioning asset. They are presented as oil properties in Note 10.

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related commercial reserves of the field, taking into account estimated future development expenditures necessary to bring those reserves into production.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairments are charged to administrative expenses within the statement of comprehensive income.

1.8 Intangible assets

The Company applies the full cost based method of accounting for oil and gas operations. For evaluation properties, all lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration appraisal and development are capitalised as intangible fixed assets in appropriate cost pools. Costs relating to unevaluated properties are held outside the relevant cost pool, and are not amortised until such time as the related property has been fully appraised. When a cost pool reaches an evaluated and bankable feasibility stage, the assets are transferred from intangible to oil properties within property, plant and equipment.

Depreciation is not charged on the technology licences as the technology is not yet available for use. The technology produced by Red Leaf is currently unique within the marketplace and until extraction commences, the full scale viability of this technology will not be determinable.

1.9 Impairment

An impairment test on intangible oil & gas assets is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount. The cash generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows of each field are interdependent.

The carrying amounts of the Group's assets, other than oil & gas assets (described above), are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1.10 Asset disposals

Proceeds from the disposal of an asset, or part thereof, are taken to the statement of comprehensive income together with the requisite net book value of the asset, or part thereof, being sold.

1.11 Taxation

Taxation expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profits for the financial period using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversals of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Foreign currencies

The accounts have been prepared in pounds sterling being the presentational currency of the Group and Company. The functional currency of the holding Company and the Company's subsidiaries is also pounds sterling. Assets and liabilities held in the Company or overseas subsidiaries in US dollars are translated into pounds sterling at the rate of exchange ruling at the reporting date and statement of comprehensive income items are translated at the average rate for the year. The exchange difference arising on the retranslation of the opening capital and reserves are recognised as a separate component of equity.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity and accumulated in the foreign exchange reserve.

Exchange differences arising from the settlement of monetary items are included in the statement of comprehensive income for that period.

1.13 Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.14 Available-for-sale financial assets

The Group classifies its investments as available-for-sale financial assets.

If the fair value of available for sale financial assets can be reliably measured then they are carried at fair value with changes in fair value recognised directly in equity within the available-for-sale reserve; exchange differences on available-for-sale financial assets denominated in a foreign currency are recognised in other comprehensive income. If the fair value of available for sale financial assets cannot be reliably measured then they are carried at historic cost. Where there is a significant or prolonged decline in the carrying value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised directly in equity within the available-for-sale reserve, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in carrying value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

1.15 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset such as receivables from subsidiaries. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group or Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated balance sheet.

1.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at the bank and other short term liquid investments with original maturities of three months or less.

1.17 Trade payables

Trade payables, defined as financial liabilities in accordance with IAS 39, are recognised at amortised cost. All of the trade payables are non-interest bearing.

1.18 Convertible bond – hybrid financial instruments

Following a deed of amendment signed in August 2010 the terms of the convertible loan arrangement were modified such that the option was not settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash. The impact of this was that the convertible loan no longer met the definition of a compound financial instrument and was reclassified as a hybrid financial instrument with the option to convert classified as an embedded derivative.

The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. The embedded derivatives are measured at fair value with changes in fair value recognised in the statement of comprehensive income as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost. The embedded derivatives and host contract are presented under separate headings in the statement of financial position and the fair values of any embedded derivative are calculated using Black-Scholes or other simulation models depending on the characteristics of the loan notes. At the year end, the value of the embedded derivative has been separately disclosed on the face of the statement of financial position to due to material nature of the balance.

Where the terms and conditions of conversion are substantially modified before the instrument matures, the difference, at the date the terms are amended, between the carrying value of the instrument and the fair value of the instrument under the revised terms is recognised as a loss in the statement of comprehensive income.

Upon conversion of the loan, the liability, including the derivative liability, is derecognised in the statement of financial position. At the same time, an amount equal to the cash redemption value is recognised within share capital and share premium. Any resulting difference is recognised in reserves.

Warrants issued in consideration as part of the arrangement fee are valued in accordance with the share based payment policy and considered as part of the overall convertible loan note financing costs. Direct finance costs are charged against the loan and amortised over the life of the loan.

1.19 Share capital

Ordinary shares are classified as equity. Ordinary shares allotted under a Liquidity Facility Agreement and an associated Promissory Note (Note 18) are only recognised as equity on sale and issue to a third party. Shares which remain unsold at the reporting date are not included within the share capital and share premium account as they are not considered called up.

1.20 Share based payments and warrants

For equity-settled share-based payments, the fair value determined at the date of grant is expensed on a straight-line basis over the vesting period. Fair value is measured by the use of the Black Scholes model. The calculation of this fair value is detailed in Note 20.

1.21 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less impairment provisions.

2. Segmental reporting - *Analysis by geographical segment*

The Group's revenue arises within the US. The loss before taxation arises within the UK and US. Net assets are in the UK and US. Based on an analysis of risks and returns, the Directors consider that the Group has one principle business segment based on geography, with the UK representing head office costs of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, and the Finance Director. The Directors therefore consider that no further segmentation is appropriate.

Year ended 30 September	United States 2013 £'000	United Kingdom 2013 £'000	Total 2013 £'000	United States 2012 £'000	United Kingdom 2012 £'000	Total 2012 £'000
Revenue	11	-	11	13	-	13
Cost of sales	(4)	-	(4)	(4)	-	(4)
Gross profit	7	-	7	9	-	9
Depreciation	-	(9)	(9)		(4)	(4)
Administrative expenses	(8)	(855)	(863)	-	(1,009)	(1,009)
Operating (loss)/profit	(1)	(864)	(865)	9	(1,013)	(1,004)
Financial income	-	1	1	-	1	1
Finance costs	-	(1)	(1)	-	(565)	(565)
Profit/(Loss) for the year	(1)	(864)	(865)	9	(1,577)	(1,568)
Total profit/(loss)	(1)	(864)	(865)	9	(1,577)	(1,568)
Non-Current assets:						
– property, plant and equipment	-	-	-	-	9	9
– exploration and development licences	7,107	-	7,107	6,781	-	6,781
– technology licence	1,314	-	1,314	1,314	-	1,314
- Available for sale financial assets	-	3,262	3,262	-	3,262	3,262
	8,421	3,262	11,683	8,095	3,271	11,366
Current assets:						
Trade and other receivables	28	35	63	-	52	52
Cash and cash equivalents	303	933	1,236	15	396	411
Total assets	8,752	4,230	12,982	8,110	3,719	11,829
Current liabilities:						
Trade and other payables	(187)	(34)	(221)	-	(41)	(41)
Total liabilities	(187)	(34)	(221)	-	(41)	(41)

3. Finance income

	2013	2012
	£'000	£'000
Bank interest	**1**	1
	1	1

4. **Finance costs**

	2013	2012
	£'000	£'000
Interest on loan note	**-**	7
Bank charges	**1**	2
	1	9
Derivative expense (Note 16)	**-**	556
	1	565

5. Operating loss

	2013	2012
The following items have been charged in arriving at operating loss:	**£'000**	**£'000**
Depreciation of property, plant and equipment	**9**	4
Directors' fees (Note 7)	**316**	449
Auditors' remuneration:		
– audit services	**24**	29
Rentals payable in respect of land and buildings	**38**	66

6. **Taxation**

There is no tax charge in the year due to the loss for the year.

Factors affecting the tax charge:

	2013	2012
	£'000	£'000
Loss on ordinary activities before tax	**(865)**	(1,568)
Loss on ordinary activities at standard rate of corporation tax in the UK of 23.5% (2012 - 25%)	**(203)**	(392)
Effects of:		
Excess management expenses carried forward	**203**	392
Tax charge for the financial year	**-**	**-**

The Company has tax losses in respect of excess management expenses of £8,395,275 (2012: £7,532,122) available for offset against future Company income. This gives rise to a potential deferred tax asset at the reporting date of £2,098,819 (2012: £1,883,030). No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the Company, the timing of which cannot reasonably be foreseen.

7. Employees and Directors

The Group has no employees other than the directors, whose emoluments comprise fees paid for services. Share-based payments relate to warrants issued, further details of which are included in Note 20. The amounts paid for their services are detailed below:

	Salaries	**Salaries**	**Compensation payments**	**Total**
	2013	**2012**	**2012**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
N Bonsor	**71**	71	-	71
P Rankine	**141**	70	-	70
S A Komlosy*	**-**	57	147	204
M Haromo	**104**	104	-	104
Total remuneration	**316**	302	147	449

* Resigned as director on 6 March 2012. Under a 3 month consultancy agreement entered into on resignation, £20,000 was paid in shares.

8. Loss per share

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations of the losses and weighted average number of shares used in the calculations are set out below.

		Weighted average	
		Number	**Per share**
	Losses	**of shares**	**Amount**
Financial year ended 30 September 2013	**£'000**	**'000**	**Pence**
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(865)	1,709,363	(0.05)
Total losses attributable to ordinary shareholders	**(865)**	**1,709,363**	**(0.05)**
Financial year ended 30 September 2012	£'000	'000	Pence
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(1,568)	1,517,977	(0.10)
Total losses attributable to ordinary shareholders	(1,586)	1,517,977	(0.10)

The warrants which were in issue at the year end (Note 20) are considered anti-dilutive. As the options and warrants would be anti-dilutive a separate diluted loss per share is not presented.

9. Intangible assets

	Oil & Gas Exploration and development licence £'000	Oil & Gas Technology licence £'000	Oil & Gas Total £'000
Cost			
At 1 October 2011	**6,631**	**1,314**	**7,945**
Additions	150	-	150
At 30 September 2012	**6,781**	**1,314**	**8,095**
Additions	326	-	326
Net book value			
At 30 September 2013	**7,107**	**1,314**	**8,421**
At 30 September 2012	**6,781**	**1,314**	**8,095**
At 30 September 2011	**6,631**	**1,314**	**7,945**

The exploration and development licences comprise two State of Utah oil shale leases covering approximately 2,919 acres and independent natural resources consultants SRK Consultants Ltd, part of the internationally recognised SRK Group, has declared a surface mineable JORC compliant Measured Resource of 126 million barrels on the main tract of TomCo's Holliday Block lease. The claim areas and the Group's interest in them is:

Asset	Per cent Interest	Licence Status	Expiry Date	Licence Area (Acres)
ML 49570	100	Prospect	31/12/2024	1,638.84
ML 49571	100	Prospect	31/12/2024	1,280.00

In performing an assessment of the carrying value of the licences at the reporting date, the Directors concluded that it was not appropriate to book an impairment. The Directors do not consider the asset to be impaired as there is a planned programme of development work for the next year which will add to the Company's knowledge and understanding of the asset. As the data from this programme is collated and analysed we will inform our shareholders through the Regulatory News Service of the results. As shareholders you are aware of the potential for these assets but the directors draw your attention to the likely need to raise additional funds in the future in order to continue to explore and develop the asset and bring it into commercial production. At this early stage of the project the Directors do not consider that there is any need for any impairment of the valuation of the asset. The Group has obtained resource assessments in relation to its oil shale leases, the latest of which shows 126 million bbl of oil in surface mineable JORC Measured Resource. If the required additional funding was not to be made available to the company, the carrying value of the asset might need to be impaired.

The oil and gas technology licence was signed in 2010 and grants to TomCo an exclusive, site-specific license of certain patent rights and "know how" relating to the EcoShale In-Capsule Process ™, developed by Red Leaf Resources Inc. Under the terms of the License, Red Leaf has agreed to provide TomCo with all new patents, techniques, information and new discoveries in relation to the EcoShale™ system. The directors consider that as the testing of the EcoShale™ technology continues to progress as planned, with initial test results showing that the technology works on a small scale, no impairment of the oil and gas technology licence is required.

10. Property, plant and equipment

Group	Oil properties	Fixtures, fittings and equipment	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 October 2011	102	32	134
At 30 September 2012	102	32	134
At 30 September 2013	**102**	**32**	**134**
Depreciation			
At 1 October 2011	102	19	121
Charge in year	-	4	4
At 30 September 2012	**102**	**23**	**125**
Charge in year	-	9	9
At 30 September 2013	102	32	134
Net book value			
At 30 September 2013	**-**	**-**	**-**
At 30 September 2012	-	9	9
At 30 September 2011	-	13	13

Company	Fixtures, fittings and equipment	Total
Cost	**£'000**	**£'000**
At 1 October 2011, 2012 and 2013	**32**	**32**
Depreciation		
At 1 October 2011	19	19
Depreciation	4	4
At 1 October 2012	23	23
Depreciation	9	9
At 30 September 2013	**32**	**32**
Net book value		
At 30 September 2013	**-**	**-**
At 30 September 2012	9	9
At 30 September 2011	13	13

11. Company investment in subsidiaries

Shares in Group undertakings

	Total £'000
Cost	
At 1 October 2011	**6,631**
Additions	150
At 30 September 2012	**6,781**
Additions	326
At 30 September 2013	**7,107**

The investments in subsidiaries are not considered impaired. For further details see note 9.

TomCo Energy plc holds interests in the following subsidiaries:

Subsidiary Undertaking	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
The Oil Mining Company Inc	Utah, USA	100%	Holding of oil shale leases
TomCo I LLC	Delaware, USA	100%	Holding company of TomCo II
TomCo II LLC	Delaware, USA	100% indirect holding	TomCo II is engaged in the exploration and extraction of oil and gas through joint investment in oil leases

During the year the company dissolved its Isle of Man registered dormant subsidiary LKH Limited on 15 January 2013 and Luton Kennedy Ltd, its Israeli subsidiary on 2 May 2013.

12. Available-for-sale financial assets

	Unlisted investments
Cost	**£'000**
At 30 September 2011	180
Additions	**3,262**
At 30 September 2012	3,442
Additions	-
At 30 September 2013	3,442
Provisions	
At 30 September 2012 and 2013	180
	180
Net book value	
At 30 September 2013	**3,262**
At 30 September 2012	**3,262**
At 30 September 2011	**-**

During the year to 30 September 2012, the Company invested $5 million (£3,147,735) in Red Leaf Resources Inc (Equity securities US (3)) at $1,500 per share as part of a $100 million raising by Red Leaf in conjunction with the closing of a Joint Venture ("JV") with Total E&P USA Oil Shale, LLC, an affiliate of Total SA, the 5th largest international integrated oil and gas company. The purchase of the investment in Red Leaf was funded partly by the subscription by Altima Global Special Situations Master Fund Ltd, Dominic Redfern and Mark Donegan of 169 million TomCo shares at 1.75p per ordinary share for £2,957,500 (Note 18). The balance of the Investment was financed from TomCo's existing cash resources. Direct costs associated with the investment amounted to £113,976, of which £100,000 was paid in shares (Note 18).

12. Available-for-sale financial assets (continued)

The Directors consider that the fair value of the investment cannot be reliably measured and so, as permitted by IFRS, the asset is stated at original cost. There is a risk that in the future this investment falls in value and the Group is unable to realise its accounting value. TomCo continues to monitor the progress of Red Leaf and in the event that the value is deemed by the Group to have declined, an impairment will be recognised. No such impairment has occurred to date.Red Leaf is currently completing its permitting for Seep Ridge. Following this they are expected to start constructing an Early Production System capsule. The value of the Red Leaf investment also depends upon the viability of the EcoShale technology, further details of which are included in Note 9.

Details of unlisted investments

Name	Share holding number	Percentage holding %	Average cost per share	Cost £'000
Equity securities US (1)	9,751	0.78	31pence	30
Equity securities UK	471,070	3.47	20 pence	94
Equity securities US (2)	1,000,000	8.12	5 pence	56
Equity securities US – Red Leaf	3,333.33	0.43	1,500 dollars	3,262

The Directors provided in full for the investment in equity securities in the US (1) in 2007 due to the uncertain future of the Company. The Equity securities, US (2) and UK, classed as investing activities, were also provided in full in 2008 due to uncertainties about the future of those Companies.

13. Trade and other receivables

Current	**Group 2013 £'000**	**Company 2013 £'000**	**Group 2012 £'000**	**Company 2012 £'000**
Other receivables	**47**	**18**	19	19
Prepayments and accrued income	**16**	**16**	33	33
	63	**34**	52	52
Non- current				
Amounts owed from Group undertakings	**-**	**137**	-	-
Total Receivables	**63**	**171**	52	52

As at 30 September 2013 there were no receivables considered past due (2012: £Nil). Having considered the carrying value of amounts owing from Group undertakings against net realisable value, the Board has made a provision against these amounts in the year of £nil (2012: £nil). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable including cash and cash equivalents as disclosed in Note 21.

All current receivable amounts are due within 6 months.

14. Cash and cash equivalents

	Group 2013 £'000	**Company 2013 £'000**	**Group 2012 £'000**	**Company 2012 £'000**
Cash at bank and in hand	**1,236**	**933**	411	396

The Group earns 0.05% (2012: 0.05%) interest on their cash deposits, consequently the Group's exposure to interest rate volatility is not considered material.

15. Trade and other payables

Current	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Trade payables	**3**	**3**	2	2
Other payables	**8**	**8**	8	8
Accruals	**210**	**23**	31	31
	221	**34**	41	41
Non-current				
Amounts owed to Group undertakings	**-**	**5**	-	-
Total Payables	**221**	**39**	41	41

All current amounts are payable within 6 months and the Board of Directors considers that the carrying values adequately represent the fair value of all payables. In the opinion of the directors the carrying value of the financial liabilities approximates to their fair value.

16. Financial liabilities

In January 2010, TomCo issued a Convertible Loan of £2m to Kenglo One Ltd with a term of 12 months and convertible at any time, at 1.5p per share (a total of 133,333,333 shares), with an interest rate of 12% per annum. The terms of this Agreement were varied in August 2010 whereby the conversion price was redefined as the lower of (i) 3p per share (ii) the IPO price, defined as the price per share offered pursuant to a public offering or (iii) the investment price, being defined as the lowest price per share paid by any party investing any amount into TomCo between the date of signing the agreement and date of admission to AIM. This amendment resulted in the conversion option no longer meeting the fixed or fixed criteria for a convertible bond (compound financial instrument) and being reclassified as a hybrid financial instrument with an embedded derivative element. As the terms of the convertible loans were modified the accounting was re-assessed which resulted in a premium being charged to the consolidated statement of comprehensive income of £110,591, representing the difference between the carried and fair value of the loan note. The equity reserve was credited (£313,765) to the retained deficit reserve for the modified instrument. In August 2010, TomCo issued a further Convertible Loan of £500,000 to Kenglo One Ltd on the same terms as those varied for the initial Convertible Loan and on 31 December 2010, the terms of the Agreements were further varied whereby the repayment date applicable of 29 December 2010 was extended to 31 May 2011 for both the £2m and £500,000 convertible loans.

In July 2011, £1,490,795 of the bonds, together with £429,205 of unpaid interest were converted into ordinary shares at 1p per share in accordance with the terms of the bond. On the same date, another deed of amendment was issued which resulted in the final repayment date being extended until December 2014. This extension resulted in the difference at the date the terms were amended between the carrying value of the instrument and the fair value of the extended contractual payments being in excess of 10% which is an IAS 39 trigger for de-recognition of the convertible bond and re-recognition at the adjusted value under the modified terms. This resulted in a gain on modification for the year of £131,224 which has been recognised within the consolidated statement of comprehensive income and the recognition of a derivative liability which has been recognised on the face of the Statement of Financial Position.

In October 2011 the remaining convertible loan, together with all accrued interest, was converted into ordinary shares at 1p per share, in accordance with the August 2010 Variation Agreement described above. Immediately prior to conversion the derivative liability was revalued resulting in an expense of £556k recognised in the statement of comprehensive income. Upon conversion the liability was derecognised in the statement of financial position and an amount of £1,009k, being the cash redemption value, was recognised within share capital and share premium.

The convertible bond recognised in the Statement of Financial Position is calculated as follows:

	Group and Company 2013 £'000	Group and Company 2012 £'000
Convertible loan brought forward	**-**	888
Derivative liability brought forward	**-**	295
Interest expense	**-**	6
Derivative expense	**-**	556
Settlement for shares	**-**	(1,745)
Convertible loan carried forward	**-**	-
Derivative liability carried forward	**-**	-

17. Deferred tax

Unrecognised losses

The Company has not provided deferred tax for excess management expenses. These remain un-provided as it is not anticipated that the Company will make qualifying profits against which these may be offset in the foreseeable future but they are available indefinitely for offset against future taxable income.

	2013	2012
	£'000	£'000
Losses carried forward	**8,395**	7,532

18. Share capital

	Number of shares	2013 £	2012 £
Authorised			
2,000,000,000 (2012: 2,000,000,000) ordinary shares of 0.5p each		**10,000,000**	10,000,000
		10,000,000	10,000,000
Issued and fully paid			
At 1 October		**8,105,246**	6,554,480
Allotted during prior year:			
October 2011 - Loan conversion at 1p per share	**100,920,548**	**-**	504,603
January 2012 - Warrant conversion at 1.5p per share	**31,866,667**	**-**	159,333
January 2012 - Warrant conversion in lieu of expenses at 1.5p per share *	**2,800,000**	**-**	14,000
March 2012 - Subscription at 1.75p per share (Note 12)	**169,000,000**	**-**	845,000
April 2012 - In lieu of expenses at 2.2p per share*	**4,454,938**	**-**	22,275
July 2012 - In lieu of expenses at 1.8p per share *	**1,111,111**	**-**	5,555
Allotted during current year:			
January 2013 – Liquidity Facility	**100,000,000**	**500,000**	-
March 2013 – subscription at 1.2 pence per share	**148,406,526**	**742,033**	-
		1,242,033	1,550,766
1,869,455,744 (2012: 1,621,049,218) ordinary shares of 0.5p each		**9,347,279**	8,105,246
Shares issued under Promissory Note not called up:			
January 2013 – Liquidity Facility	**90,675,831**	**(453,379)**	-
		8,893,900	8,105,246

* These are non-cash transactions

18. Share capital (continued)

During the period, the Group entered into a Liquidity Facility Agreement and an associated Promissory Note (together the "Liquidity Facility") with Windsor Capital Partners Limited ("Windsor Capital"). Under the Liquidity Facility TomCo issued and allotted 100 million ordinary shares of 0.5p each ("Ordinary Shares") to Windsor Capital in exchange for the Promissory Note. The Promissory Note delivers the proceeds of the sale of the Ordinary Shares over the life of the Promissory Note based on the occurrence of "Liquidity Trigger Days". Liquidity Trigger Days are those days on which the volume of shares traded is greater than 80% of the trailing 90 day weighted average daily trading volume. On Liquidity Trigger Days, Windsor Capital will seek to sell Ordinary Shares, up to a maximum of 10% of the daily volume averaged over any 5 day period, on a best effort basis at the AIM Market offer-price or higher. The Liquidity Facility was suspended on 28 May 2013, and reinstated on 23 September 2013 amended by way of introducing a floor price of 2p per share and limiting the maximum net amount raised following the announcement to one million pounds. Shares which remain unsold at the reporting date are not included within the share capital and share premium account as they are not considered called up.

To date, the Group has raised a net amount of £153,275 under the facility at an average price of 1.67p by the sale of 9,324,169 ordinary shares.

During the period, the Group also successfully raised £1.781 million before expenses through a share placing on admission, of 148,406,526 new ordinary shares of 0.5p each at a price of 1.2p per share.

19. Share premium

	2013	**2012**
	£'000	**£'000**
At 1 October	**13,629**	10,573
Premium on shares issued in the year	**1,140**	3,056
Expenses on shares issued in the year	**(133)**	-
At 30 September	**14,636**	13,629

20. Share-based payments

At 30 September 2013, the following share warrants granted for services and shares are outstanding in respect of the ordinary shares:

	2013	**2013**	**2012**	**2012**
		Weighted average		**Weighted average**
		exercise price		**exercise price**
	number	**Pence**	**number**	**Pence**
Outstanding at 1 October	**65,424,778**	**2.5**	126,309,364	2.2
Granted during the year	**7,420,326**	**1.2**	-	-
Lapsed during the year	**(65,424,778)**	**2.5**	(26,217,919)	2.5
Exercised during the year	**-**	**-**	(34,666,667)	2.5
Outstanding at 30 September	**7,420,326**	**1.2**	65,424,778	2.5
Exercisable at 30 September	**7,420,326**	**1.2**	65,424,778	2.5

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting right, pre-emptive right or other right attaching to Ordinary Shares. All warrants issued vest in full. The warrants outstanding at 30 September 2013 had a weighted average exercise price of 1.2p (2012: 2.5p) and a weighted average remaining contractual life of 2.45 years (2012: 0.65 years).

20. Share-based payments (continued)

The inputs into the Black-Scholes model for calculating estimated fair value were:

	2013	2012
Weighted average share price (pence)	**1.5**	**-**
Weighted average exercise price (pence)	**1.2**	**-**
Expected volatility	**55%**	**-**
Risk-free rate	**3%**	**-**
Weighted average remaining contractual life (years)	**2.45**	**-**

Expected volatility was determined by calculating the historical volatility of the Company's share or the volatility of a basket of similar listed companies where the historic volatility was not available. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

21. Financial instruments

The Group and Company's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as other receivables, and trade payables.

Management review the Group and Company's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group and Company. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however, this is constantly under review.

There is no material difference between the book value and fair value of the Group and Company's cash and other financial instruments.

Currency risk

The Group has overseas subsidiaries which operate in the United States and whose expenses are mainly denominated in US$. Foreign exchange risk is inherent in the Group and Company's activities and is accepted as such. Some of the Company's expenses are denominated in US Dollars. The effect of a 10% strengthening or weakening of the US dollar against sterling at the reporting date on the sterling denominated balances would, all other variables held constant, not result in a significant exchange gain or loss in the period.

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

A 1% increase or decrease in the floating rate attributable to the cash balances held at the year end would not result in a significant difference on interest receivable.

Liquidity risk

At the year end the Group and Company had cash balances comprising of the following:

	Group	**Company**	**Group**	**Company**
	2013	**2013**	**2012**	**2012**
Current	**£'000**	**£'000**	**£'000**	**£'000**
British Pounds	**929**	**929**	396	396
US Dollars	**307**	**4**	15	-
Total	**1,236**	**933**	411	396

21. Financial instruments (continued)

Liquidity risk arises from the Group and Company's management of working capital and the finance charges and principal repayments on any debt instruments. It is the risk that the Group and Company will encounter difficulty in meeting its financial obligations as they fall due.

The Group and Company policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days. The group seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on any long term borrowings.

Credit Risk

Credit risk is the risk of financial loss to the Group and Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The Group and Company is exposed to credit risk from its relationship with its partners and is mainly exposed to credit risk from credit sales. It is Group and Company policy, implemented locally, to assess the credit risk of new customers before entering contracts in accordance with best local business practices, and seek external credit ratings where applicable and when available. Credit risk of existing customers is assessed when deemed necessary.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Price Risk

The Group is exposed to commodity price risk on its income and assets relating to oil exploration and production.

Capital management policies

In managing its capital, the Group and Company's primary objective is to maintain a sufficient funding base to enable the Group and Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the Group and Company considers not only its short-term position but also its long-term operational and strategic objectives.

22. Related party disclosures

The Directors are considered to be Key Management and information in respect of key management is given in note 7.

Transactions between the Company and its subsidiaries and related parties during the year are summarised below:

	2013	**2012**
	£	**£**
Inter-group receivable outstanding at year end	**137,800**	-
Inter-group payable outstanding at year end	**5,666**	-
Fees paid to shareholder and advisor under project finance and management agreement	**112,000**	62,000