

REGISTERED NUMBER: 08163554 (England and Wales)

Financial Statements

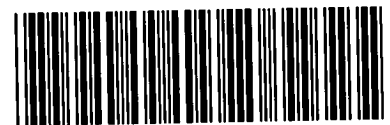
for the Period

1st October 2015 to 31st December 2016

for

TIDAL LAGOON POWER LIMITED

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for the Period 1st October 2015 to 31st December 2016

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TIDAL LAGOON POWER LIMITED

Company Information
for the Period 1st October 2015 to 31st December 2016

DIRECTORS:

M C Shorrock
P J Carter

SECRETARY:

P J Carter

REGISTERED OFFICE:

Pillar & Lucy House
Merchants Road
Gloucester
Gloucestershire
GL2 5RG

REGISTERED NUMBER:

08163554 (England and Wales)

AUDITORS:

Davies Mayers Barnett LLP
Statutory Auditors
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)

Balance Sheet
31st December 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	6	26	54
CURRENT ASSETS			
Debtors	7	1,282	2,182
Cash at bank		<u>129</u>	<u>46</u>
		1,411	2,228
CREDITORS			
Amounts falling due within one year	8	<u>(4,792)</u>	<u>(2,591)</u>
NET CURRENT LIABILITIES		<u>(3,381)</u>	<u>(363)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,355)	(309)
PROVISIONS FOR LIABILITIES		<u>-</u>	<u>(7)</u>
NET LIABILITIES		<u>(3,355)</u>	<u>(316)</u>
CAPITAL AND RESERVES			
Called up share capital		-	-
Retained earnings		<u>(3,355)</u>	<u>(316)</u>
SHAREHOLDERS' FUNDS		<u>(3,355)</u>	<u>(316)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 26th May 2017 and were signed on its behalf by:


P J Carter - Director

The notes form part of these financial statements

TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)

Notes to the Financial Statements
for the Period 1st October 2015 to 31st December 2016

1. STATUTORY INFORMATION

Tidal Lagoon Power Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The July 2015 amendments to FRS 102 have been early adopted along with the provisions of SI 2015 / No. 980 "The Companies, Partnership and Groups (Accounts and Reports) Regulations 2015".

Refer to the first year adoption note for further details.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis and on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified below. They are presented in Pounds Sterling, rounded to the nearest thousand pounds.

The financial statements cover a period of 15 months as the year end was changed during the period to be coterminous with the parent company, Tidal Lagoon plc. Therefore, the information presented in the comparatives for the year ended 30 September 2015 is not entirely comparable with that presented for the current period.

The Company has, to date, met its day-to-day working capital requirements from its cash balances and a loan from its parent company, where the parent company has generated funding from a series of ongoing equity fund raises. The parent company is currently raising additional funds sufficient to fund the activities of the Group for at least the next 12 months and has reasonable visibility on the sources of those funds. The Board of the parent company have experience of both the management of and the raising of funds for development phases of significant renewable energy infrastructure projects such as those contemplated by the Group.

The Directors have prepared projected cash flow information for the next 12 months from the date of approval of the financial statements. These take account of projected expenditure to meet the business plan, forecast funds available to the Group and actions the Board of the parent company may take in response to reasonable cash flow sensitivities that arise from timing differences in the raising of funds.

The Directors anticipate, based on previous track record, that the funding target will be met and therefore fully believe that the going concern basis is appropriate. However, the nature of the Company's ongoing funding activities and the current political uncertainty around tidal lagoons is such that there remains uncertainty over the timing of cash receipts and the availability of alternative finance, should this be required. However, after consideration of the forecasts and making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents the value of work carried out to date, including the provision of professional services on a consultant by consultant basis in respect of current projects. In addition, turnover includes work performed in the company's capacity as provider of technical and managerial support services to other group and related companies.

Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Notes to the Financial Statements - continued
for the Period 1st October 2015 to 31st December 2016

3. **ACCOUNTING POLICIES - continued**

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss account when it is incurred.

Expenditure on development activities, which can be separately distinguished from the research phase of a project, is capitalised if the product or process can be demonstrated as technically and commercially feasible, will generate probable future economic benefits and that the Company has adequate technical, financial and other resources available to complete the development. Other development expenditure is recognised in the profit and loss account as incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Exceptional items

Exceptional items are those which are separately identified by virtue of their size or nature to allow a full understanding of the underlying performance of the company.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. 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.

TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)

Notes to the Financial Statements - continued
for the Period 1st October 2015 to 31st December 2016

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Leasehold improvements	- over the period of the lease
Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost is defined as purchase cost or valuation, including costs directly attributable to making the asset capable of operating as intended, less any residual value.

Depreciation is charged from the month of acquisition at the above rates.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. There are no estimates or assumptions that are deemed to have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 74 (2015 - 65).

5. AUDITORS' REMUNERATION

	Period 1.10.15 to 31.12.16 £'000	Year Ended 30.9.15 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	<u>8</u>	<u>3</u>

TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)

**Notes to the Financial Statements - continued
for the Period 1st October 2015 to 31st December 2016**

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1st October 2015	41	46	21	108
Additions	<u>22</u>	<u>-</u>	<u>-</u>	<u>22</u>
At 31st December 2016	<u>63</u>	<u>46</u>	<u>21</u>	<u>130</u>
DEPRECIATION				
At 1st October 2015	22	19	13	54
Charge for period	<u>22</u>	<u>20</u>	<u>8</u>	<u>50</u>
At 31st December 2016	<u>44</u>	<u>39</u>	<u>21</u>	<u>104</u>
NET BOOK VALUE				
At 31st December 2016	<u>19</u>	<u>7</u>	<u>-</u>	<u>26</u>
At 30th September 2015	<u>19</u>	<u>27</u>	<u>8</u>	<u>54</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade debtors	695	1,638
Amounts owed by group undertakings	1	425
Other debtors	26	1
Corporation tax recoverable	500	-
Prepayments and accrued income	<u>60</u>	<u>118</u>
	<u>1,282</u>	<u>2,182</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors	745	1,163
Amounts owed to group undertakings	2,561	967
Social security and other taxes	141	320
Accruals and deferred income	<u>1,345</u>	<u>141</u>
	<u>4,792</u>	<u>2,591</u>

9. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 £'000	2015 £'000
Within one year	234	219
Between one and five years	<u>142</u>	<u>430</u>
	<u>376</u>	<u>649</u>

TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)

Notes to the Financial Statements - continued
for the Period 1st October 2015 to 31st December 2016

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Independent Auditors to the Members was unqualified.

Emphasis of Matter

The following Emphasis of Matter paragraph was included within the Report:

"The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the support of the parent company, and as such, the timing of cash flows from the parent company's fund raising activities and the availability of alternative funding as referred to in Note 3 of the financial statements. In forming our opinion, which is not qualified in respect of this matter, we have considered the adequacy of the disclosures made in the financial statements. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern."

The senior statutory auditor was Nicola Smith, for and on behalf of Davies Mayers Barnett LLP.

11. CONTINGENT ASSETS

At the balance sheet date, the company had a contingent asset of £474,000 (2015: n/a).

For further details, refer to details included within the related party note.

12. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

These financial statements are included within the consolidated financial statements of the parent company, Tidal Lagoon plc, which are publicly available. The parent company's registered office is Pillar & Lucy House, Merchants Road, Gloucester, Gloucestershire, GL2 5RG.

Owners holding a participating interest in the company

During the period, amounts owed to owners holding a participating interest in the company of £491,000 (2015: £Nil) were waived.

Other related entities

During the period, the company agreed to meet certain costs on behalf of a related company in which the director and ultimate controlling party, M C Shorrock, has significant influence. These costs have been included within the profit and loss account. The recovery of these costs and accrued interest thereon is dependent on a future contingent event. The likely occurrence of the contingent event remains uncertain as at the date of this report.

At the balance sheet date, the amount of this contingent asset was £474,000 (2015: n/a).

13. FIRST YEAR ADOPTION

This year is the first year the company has presented its financial statements under FRS 102.

The last financial statements prepared under the previous UK GAAP were for the year ended 30th September 2015. The date of transition to FRS 102 was 1st October 2014.

The directors do not consider there to be any material adjustments on transition to FRS 102.

Transitional relief

On transition to FRS102, the company has taken advantage of the transitional relief available to not apply the requirements of paragraphs 20.15A to 20.25A in respect of lease incentives.