

REGISTERED NUMBER: 08163554 (England and Wales)

**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 30th September 2015**  
**for**  
**TIDAL LAGOON POWER LIMITED**

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**for the Year Ended 30th September 2015**

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**TIDAL LAGOON POWER LIMITED**

**Company Information**  
**for the Year Ended 30th September 2015**

**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)**

**Report of the Directors  
for the Year Ended 30th September 2015**

The directors present their report with the financial statements of the company for the year ended 30th September 2015.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st October 2014 to the date of this report.

M C Shorrocks  
P J Carter

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



P J Carter - Director

27th June 2016

**Report of the Independent Auditors to the Members of**  
**Tidal Lagoon Power Limited**

We have audited the financial statements of Tidal Lagoon Power Limited for the year ended 30th September 2015 on pages five to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of Matter**

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the continued support and status of other group and related undertakings as referred to in Note 1 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.

**Opinion on other matter prescribed by the Companies Act 2006**

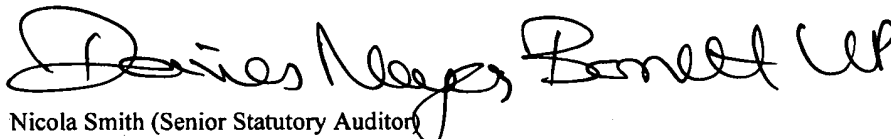
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of**  
**Tidal Lagoon Power Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Nicola Smith (Senior Statutory Auditor)  
for and on behalf of Davies Mayers Barnett LLP  
Statutory Auditors  
Pillar House  
113/115 Bath Road  
Cheltenham  
Gloucestershire  
GL53 7LS

Date: 28.6.16

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Profit and Loss Account**  
**for the Year Ended 30th September 2015**

	Notes	2015 £'000	2014 £'000
<b>TURNOVER</b>		<b>4,912</b>	<b>2,086</b>
Cost of sales		<u>(214)</u>	<u>(166)</u>
<b>GROSS PROFIT</b>		<b>4,698</b>	<b>1,920</b>
Administrative expenses		<u>(5,002)</u>	<u>(2,186)</u>
<b>OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>(304)</b>	<b>(266)</b>
Tax on loss on ordinary activities	4	<u>173</u>	<u>57</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(131)</u></b>	<b><u>(209)</u></b>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Balance Sheet**  
**30th September 2015**

	Notes	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible assets	5	54	134
<b>CURRENT ASSETS</b>			
Debtors	6	2,182	1,671
Cash at bank		<u>46</u>	<u>7</u>
		2,228	1,678
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(2,591)</u>	<u>(1,975)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(363)</u>	<u>(297)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(309)	(163)
<b>PROVISIONS FOR LIABILITIES</b>	9	<u>(7)</u>	<u>(22)</u>
<b>NET LIABILITIES</b>		<u>(316)</u>	<u>(185)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Profit and loss account	11	<u>(316)</u>	<u>(185)</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u>(316)</u>	<u>(185)</u>

The financial statements were approved by the Board of Directors on 27th June 2016 and were signed on its behalf by:



P J Carter - Director



M C Shorrocks - Director

The notes form part of these financial statements



**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements**  
**for the Year Ended 30th September 2015**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The principal accounting policies applied in the preparation of these financial statements are set out below:

**Basis of preparation**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards on a going concern basis.

The company's financial position is closely linked with the status of other group and related undertakings. The Directors have prepared projected cash flow information for the next 12 months from the date of approval of the financial statements at a group level. These take account of projected expenditure required to support group objectives, the fundraising activities of fellow subsidiary companies and actions the Board may take in response to reasonable cash flow sensitivities that arise from adverse timing differences in the raising of funds.

Whilst the Directors fully believe that the going concern basis is appropriate, the nature of the group's activities means that there is inherent uncertainty over the timing of future cash flows arising from the group's fundraising activities and the availability of alternative finance should this be required. However, after making enquiries and considering these uncertainties, the Directors have a reasonable expectation that the group and company have 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.

If the company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts and to provide for any further liabilities that may arise.

**Financial reporting standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published 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.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off 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

Cost is defined as purchase cost less any residual value.

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

The net book values of the assets are regularly reviewed by the director and further adjustments to carrying values are made where considered appropriate.

**Deferred tax**

Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Full provision is made without discounting for all deferred tax liabilities. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered against taxable profits.

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

1. **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.

**Hire purchase and leasing commitments**

Operating lease rentals are charged to the profit and loss account over the life of the lease.

2. **STAFF COSTS**

	2015	2014
	£'000	£'000
Wages and salaries	3,001	1,128
Social security costs	<u>338</u>	<u>128</u>
	<u>3,339</u>	<u>1,256</u>

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

	2015	2014
Development staff	<u>62</u>	<u>28</u>

3. **OPERATING LOSS**

The operating loss is stated after charging:

	2015	2014
	£'000	£'000
Depreciation - owned assets	49	4
Auditors remuneration	3	3
Land and buildings operating leases	94	14
Other operating leases	<u>15</u>	<u>-</u>

	2015	2014
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

The directors holding office received their emoluments from the parent company, Shire Oak Energy Limited and notes to the financial statements of Shire Oak Energy Limited include the disclosure of directors' remuneration. An element of the remuneration is then recharged to this company.

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

**4. TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	2015 £'000	2014 £'000
Current tax:		
Under provision of group relief surrender in prior year	(63)	-
Group relief surrender	<u>(95)</u>	<u>(79)</u>
Total current tax	(158)	(79)
Deferred tax:		
Origination and reversal of timing differences	<u>(15)</u>	<u>22</u>
Tax on loss on ordinary activities	<u>(173)</u>	<u>(57)</u>

**Factors affecting the tax credit**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	<u>(304)</u>	<u>(266)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 22%)	(61)	58
Effects of:		
Expenses not deductible for tax purposes	3	1
Capital allowances in excess of depreciation	-	(22)
Depreciation in excess of capital allowances	15	-
Additional deduction for research and development expenditure	(60)	(63)
Under provision of group relief charge	(63)	63
Tax not provided for	<u>8</u>	<u>-</u>
Current tax credit	<u>(158)</u>	<u>(79)</u>

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

**5. TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1st October 2014	62	43	34	139
Additions	39	28	2	69
Contribution to fixed assets	<u>(60)</u>	<u>(25)</u>	<u>(15)</u>	<u>(100)</u>
At 30th September 2015	<u>41</u>	<u>46</u>	<u>21</u>	<u>108</u>
<b>DEPRECIATION</b>				
At 1st October 2014	-	1	4	5
Charge for year	<u>22</u>	<u>18</u>	<u>9</u>	<u>49</u>
At 30th September 2015	<u>22</u>	<u>19</u>	<u>13</u>	<u>54</u>
<b>NET BOOK VALUE</b>				
At 30th September 2015	<u>19</u>	<u>27</u>	<u>8</u>	<u>54</u>
At 30th September 2014	<u>62</u>	<u>42</u>	<u>30</u>	<u>134</u>

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Trade debtors	1,638	1,654
Amounts owed by group undertakings	425	-
Other debtors	1	15
Prepayments and accrued income	<u>118</u>	<u>2</u>
	<u>2,182</u>	<u>1,671</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Trade creditors	1,163	261
Amounts owed to group undertakings	967	1,617
Social security and other taxes	320	64
Accruals and deferred income	<u>141</u>	<u>33</u>
	<u>2,591</u>	<u>1,975</u>

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued  
for the Year Ended 30th September 2015**

**8. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiring:				
Within one year		3		
Between one and five years	<u>155</u>	<u>-</u>	<u>18</u>	<u>-</u>
	<u>155</u>	<u>3</u>	<u>18</u>	<u>-</u>

**9. PROVISIONS FOR LIABILITIES**

	2015	2014
	£'000	£'000
Deferred tax:		
Accelerated capital allowances	<u>7</u>	<u>22</u>
		<b>Deferred tax</b>
		<b>£'000</b>
Balance at 1st October 2014		22
Credit to Profit and Loss Account during year		<u>(15)</u>
Balance at 30th September 2015:		<u>7</u>

**10. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	£	£
120	Ordinary	£1	<u>120</u>	<u>120</u>

**11. RESERVES**

	Profit and loss account
	£'000
At 1st October 2014	(185)
Deficit for the year	<u>(131)</u>
At 30th September 2015	<u>(316)</u>

**12. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Shire Oak Energy Limited, a company registered in England and Wales.

These accounts are included within the consolidated financial statements of the ultimate parent company, copies of which are available to the public at Pillar & Lucy House, Merchants Road, Gloucester, GL2 5RG.

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

**13. CONTINGENT LIABILITIES**

There were no contingent liabilities at the balance sheet date (2014: £Nil).

**14. CAPITAL COMMITMENTS**

There were no capital commitments at the balance sheet date (2014: £Nil).

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

15. **RELATED PARTY DISCLOSURES**

Ultimate control resides with the director M C Shorrock.

Tidal Lagoon Power Limited is a 95% owned subsidiary of Shire Oak Energy Limited. At the year end, amounts were included within the balance sheet as owed by / (to) the parent company and other fellow subsidiary companies as follows:

	2015 £'000	2014 £'000
<b><u>Shire Oak Energy Limited</u></b>		
Amounts owed (to) group undertakings	(867)	(1,617)
Accruals and deferred income	<u>(7)</u>	<u>-</u>
 <b><u>Dean Quarry Mineral Rights Limited</u></b>		
Amounts owed (to) group undertakings	<u>(100)</u>	<u>-</u>
 <b><u>Shire Oak Quarries Limited</u></b>		
Amounts owed by group undertakings	<u>425</u>	<u>-</u>
 <b><u>Tidal Lagoon Plc</u></b>		
Trade debtors	1,221	-
Prepayments and accrued income	33	-
Accruals and deferred income	<u>(20)</u>	<u>-</u>

During the year, transactions were undertaken with the parent company and other fellow subsidiaries as follows:

	2015 £'000	2014 £'000
<b><u>Shire Oak Energy Limited</u></b>		
Professional services	(475)	(451)
Computer and software	(5)	-
Group relief charge	<u>158</u>	<u>79</u>
 <b><u>Shire Oak Quarries Limited</u></b>		
Turnover	<u>5</u>	<u>-</u>
 <b><u>Tidal Lagoon Plc</u></b>		
Turnover	<u>1,734</u>	<u>-</u>

The directors, M C Shorrock and P J Carter are also directors and shareholders of the related company, Tidal Lagoon (Swansea Bay) Plc. At the year end, amounts were included within the balance sheet as owed by this company as follows:

	2015 £'000	2014 £'000
<b><u>Tidal Lagoon (Swansea Bay) Plc</u></b>		
Trade debtors	417	1,652
Prepayments and accrued income	33	-
Accruals and deferred income	<u>(23)</u>	<u>-</u>

**TIDAL LAGOON POWER LIMITED (REGISTERED NUMBER: 08163554)**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2015**

15. **RELATED PARTY DISCLOSURES - continued**

During the year, transactions were undertaken with this related company as follows:

	2015	2014
	£'000	£'000
<u>Tidal Lagoon (Swansea Bay) Plc</u>		
Turnover	3,169	2,086
Fixed asset contribution	<u>80</u>	<u>-</u>

16. **POST BALANCE SHEET EVENTS**

On 21st January 2016, Tidal Lagoon Plc, a fellow subsidiary of the ultimate parent company, Shire Oak Energy Limited, acquired the entire issued share capital of the Company. Prior to this acquisition, the parent company Shire Oak Energy Limited waived amounts owed to it by the Company of £491,000.

17. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2015	2014
	£'000	£'000
Loss for the financial year	<u>(131)</u>	<u>(209)</u>
<b>Net reduction of shareholders' funds</b>	<b>(131)</b>	<b>(209)</b>
Opening shareholders' funds	<u>(185)</u>	<u>24</u>
<b>Closing shareholders' funds</b>	<b><u>(316)</u></b>	<b><u>(185)</u></b>