

Tidal Energy Business Limited

**Directors' report and financial
statements**

Registered number 04732100

31 December 2012



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Company information

Directors

J Hylkema

Secretary

GNT Salvesen

Company number

04732100

Registered office

Stocksfield Hall
Stocksfield
Northumberland
NE43 7TN

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company is to hold certain intellectual property rights to tidal flow technology

Business review

The profit for the year after taxation amounted to £1,962 (*2011 loss of £1,784*) Results for the year are detailed in the attached financial statements

Proposed dividend

The directors do not recommend the payment of a dividend (*2011 £nil*)

Directors

The directors who held office during the year and up to the date of this report were as follows

Dr K N Melton (resigned 18 March 2013)
J Hylkema

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (*2011 £nil*)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Directors' report *(continued)*

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

By order of the board



GNT Salvesen
Secretary

Stocksfield Hall
Stocksfield
Northumberland
NE43 7TN

7th May 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Tidal Energy Business Limited

We have audited the financial statements of Tidal Energy Business Limited for the year ended 31 December 2012 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Tidal Energy Business Limited
(continued)

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

M R Thompson

Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

7 May 2013

Profit and loss account
for year ended 31 December 2012

	<i>Notes</i>	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Other operating income	2	1,998	-
Administrative expenses		(62)	(1,829)
Operating profit/(loss)	2-4	1,936	(1,829)
Other interest receivable and similar income	5	26	45
Profit/(loss) on ordinary activities before taxation		1,962	(1,784)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the financial year	11	1,962	(1,784)

All activities are continuing

Statement of total recognised gains and losses
for year ended 31 December 2012

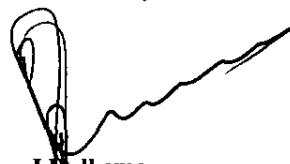
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,962 (2011 loss of £1,784)

Balance sheet
at 31 December 2012

	<i>Notes</i>	2012 £	2011 £
Current assets			
Debtors	7	201	250
Cash at bank and in hand		17,448	17,484
		<hr/>	<hr/>
		17,649	17,734
Creditors amounts falling due within one year	8	-	(2,047)
		<hr/>	<hr/>
Net assets		17,649	15,687
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	7,585,715	7,585,715
Profit and loss account	11	(7,568,066)	(7,570,028)
		<hr/>	<hr/>
Shareholders' funds		17,649	15,687
		<hr/>	<hr/>

These financial statements were approved by the board of directors on its behalf by

7th May 2013 and were signed on



J E Hylkema
Director

Company registered number 04732100

Reconciliation of movements in shareholders' funds
at 31 December 2012

	2012 £	2011 £
Profit/(loss) for the financial year	1,962	(1,784)
Net increase/(reduction) in shareholders' funds	1,962	(1,784)
Opening shareholders' funds	15,687	17,471
Closing shareholders' funds	17,649	15,687

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Going concern

The company meets its day to day working capital requirements through bank balances

The company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the company should be able to operate within the levels of its currently available facility

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Research and development

Expenditure on research is expensed as it is incurred. Expenditure on each separate development project is expensed until the stage at which the projects are assessed as being commercially viable, technically feasible and adequate resources are expected to be available to enable the project to be completed

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable, taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividend policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2 Notes to the profit and loss account

	2012 £	2011 £
<i>Operating profit/(loss) is stated after charging:</i>		
Audit of these financial statements	1,000	1,000
<i>after crediting</i>		
Release of prior year accruals	(1,998)	-
	<u> </u>	<u> </u>

3 Directors' emoluments

No remuneration was paid to the directors in respect of their services to the company during the current and preceding year.

4 Staff numbers and costs

The company had no employees other than directors during the current or preceding year.

5 Other interest receivable and similar income

	2012 £	2011 £
Bank interest	26	45
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation

Analysis of charge in period

	2012 £000	2011 £000
<i>Current taxation</i>		
Current tax on profit/(loss) for the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit/(loss) on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge (2011 credit) for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5%, (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	1,962	(1,784)
Current tax at 24.5% (2011 26.5%)	481	(473)
<i>Effects of</i>		
Unrelieved tax losses	-	473
Utilisation of brought forward tax losses	(475)	-
Group relief received for nil payment	(6)	-
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

The main rate of UK Corporation Tax changed from 26% to 24% on 1 April 2012

A further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 respectively. The effect of this change has therefore been included in the figures above.

The chancellor proposed changes to further reduce the main rate of Corporation Tax to 21%, but these changes have not yet been substantively enacted and therefore have not been included in the figures above.

This will reduce the company's future current tax charge accordingly and further reduce the unrecognised deferred tax asset at 31 December 2012 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date) by £4,658.

Notes (continued)

7 Debtors

	2012 £	2011 £
Amounts due from group companies	201	-
Other debtors	-	250
	<u> </u>	<u> </u>

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals and deferred income	-	2,047
	<u> </u>	<u> </u>

9 Deferred tax

The elements of deferred taxation are as follows

	2012 £	2011 £
Tax losses	53,572	59,161
	<u> </u>	<u> </u>
Deferred tax asset	53,572	59,161
Unrecognised	(53,572)	(59,161)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

The company has unrecognised deferred tax assets of £53,572 (2011 £59,161). The asset has not been recognised as it does not satisfy the recognition criteria for deferred tax assets under FRS 19.

10 Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	7,585,715	7,585,715
	<u> </u>	<u> </u>

11 Reserves

	Profit and loss account £
Balance at 1 January 2012	(7,570,028)
Profit for the year	1,962
	<u> </u>
Balance at 31 December 2012	(7,568,066)
	<u> </u>

Notes *(continued)*

12 Ultimate parent undertaking and controlling party

The immediate parent undertaking of Tidal Energy Business Limited is IHC Engineering Business Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is IHC Merwede Holding B V, a company registered in The Netherlands. The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is IHC Merwede Holding B V.

Copies of IHC Merwede Holding B V financial statements can be obtained from Molendijk 94, 3360 Slidrecht, The Netherlands.