

Registered No. 05700475

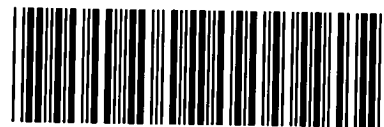
Sea Generation (Kyle Rhea) Limited

Annual Report and Financial Statements

Year ended 31 December 2016



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Sea Generation (Kyle Rhea) Limited

Report and financial statements 2016

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Sea Generation (Kyle Rhea) Limited

Report and financial statements 2016

Officers and professional advisers

Directors

Timothy Cornelius

Andrew Dagley (appointed 10 August 2017)

Simon Counsell (appointed 28 October 2016, resigned 10 August 2017)

Francisca Wiggins (resigned 31 October 2016)

Secretary

Capita Company Secretarial Services Limited

Registered office

1st Floor,
40 Dukes Place
London
EC3A 7NH

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Sea Generation (Kyle Rhea) Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2016. The prior period reported was a 15 month period to 31 December 2015.

Principal activities

Sea Generation (Kyle Rhea) Limited is engaged in product development for an array of MCT tidal turbines.

Dividends

The directors do not recommend the payment of a dividend for the year (2015: £ nil).

Directors

The directors who served the Company during the period is shown on page 1.

Directors' indemnities

The Company has not made qualifying third party indemnity provisions for the benefit of its directors.

Political contributions

No political donations were made by the company during the year (2015: £nil).

Key risks and uncertainties

The Company has net current liabilities due to "Amounts owed to Marine Current Turbines Limited" balances being held as current. Historically the parent company has not demanded repayment of these intercompany balances and are not expected to demand repayment in the foreseeable future even though they are classified as current.

Results for the period

The company made a loss for the period, net of taxation, of £nil (2015: loss for the 15 months of £1k). No significant work was carried out on the development of the Kyle Rhea project.

During the period the directors reviewed the development opportunity at Kyle Rhea and as a result the Company relinquished the seabed lease for the site at Kyle Rhea to the Crown Estate on the 22nd March 2016

Going concern

The financial statements have not been prepared on a going concern basis, due to the seabed lease being relinquished. The effect of this is explained in note 2.

Sea Generation (Kyle Rhea) Limited

Directors' report

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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.

Approved by the Board and signed on its behalf by:



Timothy Cornelius
Director

21 September 2017

Sea Generation (Kyle Rhea) Limited

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 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 their profit or loss 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 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 the 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.

Independent auditor's report to the members of Sea Generation (Kyle Rhea) Limited

We have audited the financial statements of Sea Generation (Kyle Rhea) Limited for the year ended 31 December 2016 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's member 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 member 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 member 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 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the member of
Sea Generation (Kyle Rhea) Limited (continued)**

Opinion on other matter 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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 in preparing the strategic report.



Hugh Harvie (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace
Edinburgh, United Kingdom
EH1 2EG

27 September 2017

Sea Generation (Kyle Rhea) Limited

Statement of comprehensive income For the year ended 31 December 2016

	Notes	Year to 31 December 2016 £'000	15 month period ended 31 December 2015 £'000
Administrative expenses		-	(1)
Loss from operating activities before tax	4	-	(1)
Taxation	6	-	-
Loss for the year		-	(1)
Other comprehensive loss for the year		-	-
Total other comprehensive loss for the year		-	(1)

The notes on pages 10 to 15 form an integral part of these Financial Statements.

Sea Generation (Kyle Rhea) Limited

Balance sheet

As at 31 December 2016

Company number: 05700475

	Notes	31 December 2016 £'000	31 December 2015 £'000
Current liabilities			
Trade and other payables	7	(444)	(444)
Total current liabilities		(444)	(444)
Net liabilities		(444)	(444)
Equity			
Share capital	8	-	-
Retained earnings		(444)	(444)
Total equity		(444)	(444)

These financial statements were approved by the board of directors on 21 September 2017 and were signed on its behalf by:



Timothy Cornelius
Director

The notes on pages 10 to 15 form an integral part of these Financial Statements.

Sea Generation (Kyle Rhea) Limited

Statement of changes in equity For the year ended 31 December 2016

	Retained earnings £'000	Total £'000
Balance at 30 September 2014	(1,098)	(1,098)
Total comprehensive loss for the 15 month period	(1)	(1)
Transactions with owners, recorded directly in equity		
Forgiveness of amounts due to parent undertaking	655	655
Balance at 31 December 2015	(444)	(444)
Total comprehensive loss for the year	-	-
Balance at 31 December 2016	(444)	(444)

The notes on pages 10 to 15 form an integral part of these Financial Statements

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

1. General information

Sea Generation (Kyle Rhea) Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The principal activity of the Company during the year is product development for an array of MCT tidal turbines.

These financial statements are presented in pounds sterling (“£”) which is also the currency of the primary economic environment in which the Company operates.

The immediate holding company is Marine Current Turbines Limited, incorporated in the United Kingdom, and the ultimate holding company is Atlantis Resources Limited, incorporated in Singapore.

2. Going concern

The Company has received a letter of support from the ultimate parent company for a period of twelve months from the date of signing the financial statements.

The directors have taken the decision to relinquish the seabed lease during the year. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis. No adjustments are necessary to the amounts at which the remaining net assets are included in the financial statements.

3. Significant accounting policies

3.1 Basis of accounting

The company financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ and Companies Act 2006.

The financial statements are prepared on the historical cost basis.

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

The company adopted FRS 101 for the period presented. The accounting policies which follow set out those policies which apply in preparing these financial statements for the period 24 November 2015 to 31 December 2016.

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

3. Significant accounting policies (continued)

The following principles have been applied:

Financial reporting standard 101 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS Presentation of Financial Statements
- the requirement of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by the member.
- the requirements of paragraphs 134(d) -134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Critical Accounting Estimates And Judgments

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the year. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company’s accounting policies make use of estimates and judgments in the following areas; carrying value of loans and receivables, depreciation and taxation. These are described in more detail in the relevant accounting notes.

3.2 Non-derivative financial instruments

Non-derivative financial assets and liabilities are recognised in the company’s statement of financial position when the company becomes a party to the contractual provisions of the instrument. They comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

3.2 Non-derivative financial instruments (continued)

Non-derivative financial assets

All non-derivative financial assets are recognised and derecognised on a trade date where the purchase or sale of the asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those non-derivative financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

For the purpose of the statement of cash-flows, encumbered deposits are excluded.

Impairment of non-derivative financial assets

Non-derivative financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at the end of each reporting period. They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the asset have been impacted.

For all other non-derivative financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The carrying amount of the non-derivative financial asset is reduced by the impairment loss directly for all non-derivative financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of non-derivative financial assets

The company derecognises a non-derivative financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the asset and also recognises a collateralised borrowing for the proceeds received.

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

3.2 Non-derivative financial instruments (continued)

Non-derivative financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either non-derivative financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Other non-derivative financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of non-derivative financial liabilities

The company derecognises non-derivative financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

3.3 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

4. Auditor remuneration

During 2016 remuneration of £1k paid to the auditor for their services to the Company was borne by another Group company and was not recharged. During 2015 £1k was borne by the Company.

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

5. Staff costs and Directors' remuneration

During the period ended 31 December 2016, the Company did not have any employees.

The Directors of the Company are also directors of the ultimate parent company, Atlantis Resources Limited. The directors are remunerated by the ultimate parent company and do not believe it practicable to apportion this amount between their services as directors of the Company and their services as directors of Atlantis Resources Limited and fellow subsidiaries.

6. Taxation

	Year ended 31 December 2016 £'000	15 month period ended 31 December 2015 £'000
Current tax:		
UK corporation tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Tax credit	-	-

For the year ended 31 December 2016 the Company was subject to UK corporation tax at a rate of 20% (2015: 20.4%). The total tax expense differs from the amount computed by applying the statutory UK tax rates as follows:

	Year ended 31 December 2016 £'000	15 month period ended 31 December 2015 £'000
Loss before tax continuing operations	-	(1)
Tax at 20% (2015: 20.4%)	-	-
	<hr/>	<hr/>
Tax credit for the period	-	-

At the end of the reporting period, the company has unutilised tax losses of £2k (2015: £2k) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Sea Generation (Kyle Rhea) Limited

Notes to the financial statements For the year ended 31 December 2016

7. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Amounts due to group companies	444	444

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Share capital

	31 December 2016 £	31 December 2015 £
Authorised share capital		
100 Ordinary Shares of £1 each	100	100

Allotted, called up and fully paid:

	31 December 2016		31 December 2015	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	1	-	1	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9. Ultimate parent undertaking

At 31 December 2016 the Company is a subsidiary undertaking of Atlantis Resources Limited which is the ultimate parent company incorporated in Singapore and registered at 80 Raffles Place, Level 36, Singapore 048624. The group headed by Atlantis Resources Limited is also the largest group in which the results of the Company are consolidated. No other group financial statements include the results of this Company.

The consolidated financial statements of the group are available to the public and may be obtained from the group's website at www.atlantisresourcesltd.com.