

WAVE HUB LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	4,314,876	54,387
Investments	5	-	1
		<u>4,314,876</u>	<u>54,388</u>
Current assets			
Debtors: amounts falling due within one year	6	70,587	359,583
Cash at bank and in hand	7	422,577	2,491,875
		<u>493,164</u>	<u>2,851,458</u>
Creditors: amounts falling due within one year	8	(462,606)	(2,674,867)
Net current assets		<u>30,558</u>	<u>176,591</u>
Total assets less current liabilities		<u>4,345,434</u>	<u>230,979</u>
Creditors: amounts falling due after more than one year	9	(1,516,600)	(4,385)
Provisions for liabilities			
Deferred tax	10	(13,775)	(558)
Other provisions	11	(2,561,258)	-
		<u>(2,575,033)</u>	<u>(558)</u>
Net assets		<u><u>253,801</u></u>	<u><u>226,036</u></u>
Capital and reserves			
Called up share capital	12	1	1
Revaluation reserve		72,501	50,001
Profit and loss account		181,299	176,034
		<u><u>253,801</u></u>	<u><u>226,036</u></u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J L Brown
Director

Date: 14 January 2022

The notes on pages 3 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. GENERAL INFORMATION

Wave Hub Limited is a company incorporated in England and Wales, company number 07875270. The registered office is Chi Gallos, Hayle Marine Renewables Business Park, North Quay, Hayle, Cornwall, TR27 4DD. The principal activity during the period was providing a grid-connected offshore facility in South West England for the large scale testing of technologies that generate electricity from the power of waves.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

Due to the nature of the company's business which is the development of offshore wind projects with revenue streams occurring when projects are completed, the company is dependent on continued support from the parent company the coming 12 months to continue as a going concern. The directors have confirmed with the relevant decision-makers in the parent company, Hexicon AB, that the group will continue to support the company for a period of at least 12 months from the date of approval of these financial statements and so the going concern basis of the accounts preparation is considered appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.3 INCOME

Income is recognised in respect of services supplied during the year, exclusive of Value Added Tax. It includes:

OPERATIONAL INCOME

Income received from Cornwall Council for the operational management of Wave Hub Ltd is matched to the expenditure incurred by the company during the period of accounts.

BERTH INCOME

Berth income is recognised on a straight line basis over the period to which the berthing agreement relates. Where customers pay a commitment fee in advance of a berthing agreement being entered into, then such commitment fee is included in creditors until such time as the fee is set against amounts due under the berthing agreement. Alternatively, if a commitment fee is forfeited by a customer then a corresponding amount is netted against the income receivable from the shareholder.

DEMONSTRATION ZONES INCOME

Demonstration Zones income represents funding for the lease of one additional Crown Estate Demonstration Zones, for wave energy in Pembrokeshire. This income is matched to the expenditure incurred by the company during the period of accounts. During the prior period the North Devon site was closed, hence the deferred income relating to this was released during that year.

CEFOW 2020

CEFOW 2020 represents amounts received in respect of Clean Energy From Ocean Waves project. This project was funded by the European Union's Horizon 2020 research and innovation programme as a grant. During the prior period the company withdrew from the consortium delivering the project and the remaining balance was repaid to the funders.

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)

2.6 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.7 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.8 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	-	not being depreciated
Short-term leasehold property	-	4 years straight line
Office equipment	-	3 years straight line
Computer equipment	-	3 years straight line
Wave Hub Infrastructure	-	7 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.10 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.13 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 FINANCIAL INSTRUMENTS

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

2.16 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 7 (2020: 7).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. TANGIBLE FIXED ASSETS

	Land	Leasehold improvements	Office equipment	Computer equipment	Wave Hub structure	Total
	£	£	£	£	£	£
COST OR VALUATION						
At 1 April 2020	50,001	11,253	16,058	26,239	-	103,551
Additions	-	-	-	-	4,399,500	4,399,500
Disposals	-	(11,253)	(16,058)	(26,239)	-	(53,550)
Revaluations	22,500	-	-	-	-	22,500
	72,501	-	-	-	4,399,500	4,472,001
At 31 March 2021						
DEPRECIATION						
At 1 April 2020	-	11,253	11,672	26,239	-	49,164
Charge for the year on owned assets	-	-	2,011	-	157,125	159,136
Disposals	-	(11,253)	(13,683)	(26,239)	-	(51,175)
	-	-	-	-	157,125	157,125
At 31 March 2021						
NET BOOK VALUE						
At 31 March 2021	72,501	-	-	-	4,242,375	4,314,876
At 31 March 2020	50,001	-	4,386	-	-	54,387

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Freehold land - Wave Hub substation land on North Quay, Hayle	72,500	50,000
Long leasehold - Crown Estate lease for the Wave Hub seabed	1	1
	<u>72,501</u>	<u>50,001</u>

Cost or valuation at 31 March 2021 is as follows:

	Freehold land £
AT COST	-
AT VALUATION:	
Market value by independent valuer as at 31 March 2021	<u>72,501</u>
	<u>72,501</u>

5. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
At 1 April 2020	1
Disposals	(1)
	<u>-</u>
At 31 March 2021	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. DEBTORS

	2021 £	2020 £
Trade debtors	1,420	-
Amounts owed by group undertakings	16,100	338,321
Prepayments and accrued income	53,067	21,262
	<u>70,587</u>	<u>359,583</u>

7. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	<u>422,577</u>	<u>2,491,875</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	63,040	22,816
Corporation tax	38,139	-
Other taxation and social security	9,377	59,393
Other creditors	-	364
Accruals and deferred income	352,050	2,592,294
	<u>462,606</u>	<u>2,674,867</u>

Included within deferred income, is an amount of £263,760 (2020: £1,889,801) received from the Department for Communities and Local Government. As a grant in connection with the acquisition of fixed assets, this is being amortised over the useful economic life of the assets concerned.

Also included within deferred income, is an amount of £nil (2020: £300,000) received from Cornwall Council for a fund in relation to potential future claims from the local fishing industry.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Accruals and deferred income	<u>1,516,600</u>	<u>4,385</u>

Included within deferred income, is an amount of £1,516,600 (2020: £nil) received from the Department for Communities and Local Government. As a grant in connection with the acquisition of fixed assets, this is being amortised over the useful economic life of the assets concerned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. DEFERRED TAXATION

	2021 £
At beginning of year	558
Charged to profit or loss	13,217
AT END OF YEAR	<u>13,775</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	1,398	1,398
Tax losses carried forward	(840)	(840)
Capital gains	13,217	-
	<u>13,775</u>	<u>558</u>

11. PROVISIONS

	2021 £
Charged to profit or loss	2,561,258
AT 31 MARCH 2021	<u>2,561,258</u>

As part of the consideration for its acquisition of the Wave Hub infrastructure assets, the company assumed a liability for decommissioning the assets. The above amount is the estimated cost of the decommissioning obligation as agreed with the Department for Business, Energy and Industrial Strategy BEIS).

12. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2020: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,978 (2020: £47,313). Contributions totalling £nil (2020: £356) were payable to the fund at the balance sheet date and are included in creditors.

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	30,213	25,854
Later than 1 year and not later than 5 years	2,500	7,500
	<u>32,713</u>	<u>33,354</u>

15. RELATED PARTY TRANSACTIONS

During the year Wave Hub Limited paid for office lease, substation and control room rent and rates of £59,382 (2020: £70,130), and received income funding of £932,610, excluding VAT, (2020: £748,926) from Cornwall Council, the ultimate controlling party and sole shareholder at the year end. At the year end Wave Hub Limited was owed by Cornwall Council £1 (2020: £338,320). No interest is charged on this amount.

During the year Wave Hub Limited paid Wave Hub Development Services Limited, its former subsidiary until transfer to Cornwall Council during the year, £125,000 in relation to commissioning activities. It also transferred assets totalling £2,375 to WHDS. At the year end, Wave Hub was owed £16,100.

At the year end an accrual has been made for services provided by fellow subsidiary of Cornwall Council, Cornwall Development Company Ltd (CDC), totalling £18,567 (2020: £22,783). One of the directors of Wave Hub Limited is employed by CDC. The whole amount was due to CDC as at year end.

16. POST BALANCE SHEET EVENTS

During the year, in preparation for a sale of the company:

- the Wave Hub Infrastructure assets were transferred to the Company by Cornwall Council;
- all of the assets and liabilities that were to be retained within the Cornwall Council Group were transferred to the Company's subsidiary, Wave Hub Development Services Limited; and
- the shareholding in that subsidiary was then transferred to Cornwall Council.

After the year end, part of the freehold property included in the balance sheet at £72,500 was sold to Wave Hub Development Services for £15,500, leaving the remaining property valued at £57,000.

On 30 July 2021, the entire share capital of Wave Hub Limited was sold by Cornwall Council to TwinHub Limited, a company registered in England and Wales.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. CONTROLLING PARTY

Cornwall Council, the direct parent undertaking, is considered the ultimate controlling party due to its 100% shareholding of the company.

On 30 July 2021, the entire share capital of the Company was sold to TwinHub Limited, whose parent company and therefore ultimate beneficial owner is Hexicon AB, a publicly traded company registered in Sweden.

18. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 March 2021 was unqualified.

The audit report was signed on 18 January 2022 by Tim Borton FCA (Senior statutory auditor) on behalf of Bishop Fleming LLP

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.