

Company Registration No. 08163554 (England and Wales)

TIDAL LAGOON POWER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019



TIDAL LAGOON POWER LIMITED

COMPANY INFORMATION

Directors	Mr M C Shorrock Mr P J Carter
Secretary	Mr P J Carter
Company number	08163554
Registered office	Fourth Floor Pillar & Lucy House Merchants Road Gloucester Gloucestershire England GL2 5RG
Auditor	Baldwins Audit Services Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS

TIDAL LAGOON POWER LIMITED

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TIDAL LAGOON POWER LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the period ended 30 June 2019.

Business review

On 25 Jun 2018, the UK Government announced that it would not be offering a subsidy in the form of a Contract for Difference ("CfD") to the Swansea Project, although it remained open to the concept of tidal lagoons. This announcement had a fundamental impact on the company's business plan and the ability of its parent, Tidal Lagoon Plc ("TLPLC"), to raise funds.

Management initiated the "LaunchCo Plan" to amalgamate the interests of the company, its parent and the related company, Tidal Lagoon (Swansea Bay) Plc ("TLSB"), with the primary objective of taking the Swansea Project to financial close and a secondary aim of subsequently delivering further cost-competitive tidal lagoons as a strategic large-scale renewable energy solution to the UK's energy requirements; effectively creating a longer-term tidal range utility company, Tidal Power Plc ("TPP"). The company has allowed TPP to utilise its intellectual property on the basis that, if the LaunchCo Plan is successful, value will be delivered back to shareholders.

To protect the investment made to date, the company entered into a Company Voluntary Arrangement ("CVA") in September 2018. The company also scaled back its activities to a minimal level and made all residual employees redundant.

Given its limited financial resources, the company is reliant on TPP taking the Swansea Project to financial close which, in accordance with the CVA proposal, will facilitate repayment of the company's creditors and provide funds to take forwards the development of future lagoons.

Results

The company made an operating loss of £3.3m (2017: £3.0m) which reflects the fact that, notwithstanding a significant and progressive scaling back of activities throughout the period, the company was unable to recharge any of its overhead back to TLSB and, given the underlying importance of the pathfinder lagoon to the company's business plan, was equally unable to discontinue the related critical path activities ahead of the UK Government's decision. The loss before tax was £3.6m (2017: £3.0m).

Principal Risks and Uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows:

Dependence on other entities to deliver the LaunchCo Plan

The company is dependent on TPP to deliver the LaunchCo Plan, or a similar scheme. The LaunchCo Plan is speculative in nature, has a primary focus on the Swansea Project, and is likely to require political support from, as a minimum, the Welsh Government, to succeed. To achieve financial close of the Swansea Project, TPP will need to secure construction funding and any outstanding assets, consents and agreements.

Planning consents

The Development Consent Order ("DCO") for the Swansea Project was awarded on 9 June 2015 and, unless extended, will expire on 30 June 2020. An initiative has been launched by TPP, as the first stage of the LaunchCo Plan, to secure the DCO in perpetuity by commencing a material part of the works ahead of that deadline. In addition to discharging planning conditions within the timeframe, this will also require UK Government agreement to the proposed decommissioning plan.

Financial risk - Short-term

The company remains wholly reliant upon the continued support of related companies for its short-term funding requirements. The company is also dependent on maintaining creditors' confidence to enable it to extend the terms of the CVA, if required, and the ultimate success of the LaunchCo Plan to ensure that it is able to discharge its longer-term obligations to historic creditors in accordance with the CVA terms.

TIDAL LAGOON POWER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019

Financial risk - Short-term (continued)

The directors have prepared projected cash flow information for the next twelve months taking account of projected expenditure which show that the company has sufficient cash to meet its anticipated post-CVA obligations as they fall due. However, the company has limited ability to absorb any unanticipated costs and in those circumstances would be reliant upon funding being made available by TPP or another related company.

Whilst the directors believe the going concern basis is appropriate at the date of this report, the inherent uncertainties around the deliverability of the LaunchCo Plan have a major impact on this assessment such that, if the LaunchCo Plan becomes non-deliverable due to the expiry of the DCO or otherwise, then the CVA is likely to fail, which may lead to the company ceasing to trade.

Political landscape

Whilst there is a perceived need for strategic, low-carbon solutions to the climate change challenge and the UK Government have expressed that they remain open in principle to cost-competitive tidal lagoons as part of the UK strategic energy mix, there is no guarantee that a future lagoon would be offered a CfD or any alternative support mechanisms by the UK Government required to make their delivery viable.

Key performance indicators

The company, for the foreseeable future, is being managed to preserve value and support the LaunchCo Plan.

Future developments and performance

Given the company's lead developer role in the Swansea Project and the progress previously made towards delivering the first full scale tidal lagoon to be situated in Cardiff Bay, the Board believe that, if the LaunchCo Plan proves successful, it is well placed to benefit from the rollout of future lagoons.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M C Shorrock

Mr P J Carter

Research and development

A significant part of the company's activities are directed towards research and development.

Research and development, in its widest sense, encompasses the use of scientific or technological knowledge in order to produce new or substantially improved materials, devices, products or services to install new processes and systems prior to the commencement of commercial production or commercial applications, or to improve substantially those already produced or installed.

Whether it be engineering, project design, environmental impact assessment or other related projects, the Directors consider that these activities fall squarely within this definition. What the company is seeking to achieve is in every way pushing forward the boundaries of science and engineering, and seeking to achieve a major technological advance.

The results of our activities will create intellectual property, rights, permits, contracts and know-how that are required in order to design, build and operate unique power plants and develop an Ecosystems Enhancement Programme. We are confident that our activities will make an appreciable advance in the overall knowledge and capability within this field and we are, and will continue to be, a leader in the advance of knowledge and capability in the field of renewable energy using tidal technology.

TIDAL LAGOON POWER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr P J Carter
Director

27 February 2020

TIDAL LAGOON POWER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF TIDAL LAGOON POWER LIMITED

Opinion

We have audited the financial statements of Tidal Lagoon Power Limited (the 'company') for the period ended 30 June 2019 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 1.2 in the financial statements that indicates that the UK Government Announcement on 25 June 2018 not to offer a CfD to the Swansea Bay pathfinder project has significantly hampered the ability to raise the funding required to take the business plan forward. A Company Voluntary Arrangement was agreed on 4 September 2018 in order to restructure existing debt and included an alternative proposal for the delivery of the pathfinder project, referred to as "the LaunchCo Plan". As stated in note 1.2, these events or conditions, along with other matters set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

TIDAL LAGOON POWER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TIDAL LAGOON POWER LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TIDAL LAGOON POWER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TIDAL LAGOON POWER LIMITED

Use of our report

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.

Baldwins Audit Services

Claire Clift (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

Statutory Auditor

27 February 2020

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

TIDAL LAGOON POWER LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD ENDED 30 JUNE 2019

	Period ended 30 June 2019 £000	Year ended 31 December 2017 £000
Turnover	70	2,469
Cost of sales	(274)	(1,103)
	<hr/>	<hr/>
Gross (loss)/profit	(204)	1,366
Administrative expenses	(3,059)	(4,346)
	<hr/>	<hr/>
Operating loss	(3,263)	(2,980)
Interest receivable and similar income	-	1
Interest payable and similar expenses	(45)	(14)
Exceptional items	(326)	-
	<hr/>	<hr/>
Loss before taxation	(3,634)	(2,993)
Tax on loss	225	401
	<hr/>	<hr/>
Loss for the financial period	(3,409)	(2,592)
Retained earnings brought forward	(5,947)	(3,355)
	<hr/>	<hr/>
Retained earnings carried forward	(9,356)	(5,947)
	<hr/>	<hr/>

TIDAL LAGOON POWER LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £000	£000	2017 £000	£000
Current assets					
Debtors	5	548		524	
Cash at bank and in hand		1		34	
		<u>549</u>		<u>558</u>	
Creditors: amounts falling due within one year	6	(9,905)		(6,505)	
Net current liabilities			(9,356)		(5,947)
			<u></u>		<u></u>
Capital and reserves					
Profit and loss reserves			(9,356)		(5,947)
			<u></u>		<u></u>

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

The financial statements were approved by the board of directors and authorised for issue on 27 February 2020 and are signed on its behalf by:



Mr P J Carter
Director

Company Registration No. 08163554

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

1 Accounting policies

Company information

Tidal Lagoon Power Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fourth Floor, Pillar & Lucy House, Merchants Road, Gloucester, Gloucestershire, England, GL2 5RG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's business activities, together with factors likely to affect its future development, performance and position, are set out in the Report of the Directors. The Principal risk and uncertainties section provides further details of the principal risks affecting the company.

The company has to date met its day-to-day working capital requirements through loans provided by its parent company and directors, and extended credit from its core suppliers. The parent company has financed these loans from cash balances generated from a series of ongoing equity and debt fund raises and through loans from directors, related companies and the Welsh Government. The announcement from the UK Government not to offer a CfD to the Swansea Bay project has significantly hampered the ability of the parent company to raise the funding required to take the business plan forward.

As reported in the Report of the Directors, the company's overheads have been materially reduced over the period to the date of this report. Its post-CVA forward working capital requirements have been funded by the related company, Tidal Power Plc ("TPP") and further director and related party loans.

However, the potentially binary implications of the success of the LaunchCo Plan on both the short-term future of the company, the subsequent discharge of the CVA and willingness of creditors to extend the term of the CVA, should it prove necessary, are fundamental risks. The company has very limited resources available should the LaunchCo Plan prove not to be successful.

The Directors have prepared projected cash flow information for the company for the next twelve months from the date of approval of the financial statements on the basis that the LaunchCo Plan continues to progress and is ultimately successful. These take account of cash available to the business, projected expenditure based on the company's forward commitments and actions the Board may take in response to reasonable cash flow sensitivities.

After consideration of the forecasts and making appropriate enquiries, the Directors believe that the company has sufficient cash resources to meet its post-CVA liabilities as they fall due and there is a reasonable prospect of a positive CVA outcome; and therefore that the going concern basis is appropriate at the date of signing the accounts.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

However, the lack of UK Government support for tidal lagoons and the limited ability to raise further funds at the current time gives rise to significant uncertainties over the availability of alternative finance, should this be required.

Furthermore, were the LaunchCo Plan to be unsuccessful for any reason, it is very likely that the CVA would fail and the company cease to trade. In these or similar circumstances, adjustments would need to be made to reduce the value of the assets to their recoverable amount and to provide for any further liabilities that might arise. Available funding will be insufficient to cover current liabilities at that point.

1.3 Reporting period

The current reporting period covers an 18-month period from 1 January 2018 to 30 June 2019 as the year end was extended in line with the parent company, Tidal Lagoon Plc. As a result of the above, the comparative amounts presented in the financial statements are not entirely comparable with the results in the current period.

1.4 Turnover

Turnover represents amounts receivable for the provision of goods and services, excluding value added tax. All turnover arose in the United Kingdom and represents ancillary income resulting from the company's activities in developing tidal lagoons and associated projects.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	- over the period of the lease
Plant and machinery, etc	- 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Related parties

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.

1.14 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.

2 Exceptional items

Pursuant to the terms of the Company Voluntary Arrangement ("CVA") entered into on 4 September 2018 by the company, provisions have been made for termination payments due to creditors arising from early termination of contracts through the CVA process. This has resulted in an exceptional charge of £326,000 (2017: N/A) to profit or loss.

3 Employees

The average monthly number of persons (including directors) employed by the company during the period was 17 (2017 - 63).

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£000	£000	£000
Cost			
At 1 January 2018	63	67	130
Disposals	(63)	(67)	(130)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2019	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment			
At 1 January 2018	63	67	130
Eliminated in respect of disposals	(63)	(67)	(130)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2019	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 30 June 2019	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2017	-	-	-
	<u> </u>	<u> </u>	<u> </u>

5 Debtors

	2019 £000	2017 £000
Amounts falling due within one year:		
Trade debtors	8	148
Corporation tax recoverable	540	315
Other debtors	-	61
	<u> </u>	<u> </u>
	548	524
	<u> </u>	<u> </u>

6 Creditors: amounts falling due within one year

	2019 £000	2017 £000
Trade creditors	918	843
Amounts owed to group undertakings	7,287	5,294
Taxation and social security	209	130
Other creditors	1,491	238
	<u> </u>	<u> </u>
	9,905	6,505
	<u> </u>	<u> </u>

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2019

7 Financial commitments, guarantees and contingent liabilities

The Company has a contingent liability payable in the event that the Swansea Bay Tidal Lagoon reaches financial close. This is matched by a contingent asset of the same value with Tidal Lagoon (Swansea Bay) Plc.

As at 30 June 2019, the company had total other commitments, guarantees and contingent liabilities of £Nil (2017: £298,000).

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019	2017
£000	£000
-	364,000

Refer to the Exceptional items note to the financial statements.

9 Contingent assets

The company had a contingent asset amounting to £482,000 (2017: £482,000) plus accrued interest relating to costs incurred on behalf of the related party, Tidal Lagoon (Swansea Bay) Plc.

10 Parent company

The smallest and largest group in which these financial statements are included within consolidated financial statements is the parent company, Tidal Lagoon Plc. The parent company's consolidated financial statements can be obtained from its registered office, Fourth Floor, Pillar & Lucy House, Merchants Road, Gloucester, Gloucestershire, GL2 5RG.