

Registration Number SC182368

OCEAN POWER DELIVERY LIMITED

Directors' Report and Financial Statements

for the year ended 31 January 2002



OCEAN POWER DELIVERY LIMITED

Company Information

Directors	David Lindley - Chairman	Appointed 16/5/02
	Dr Richard William Yemm	
	Michael Davies	Resigned 18/3/02
	Max Carcas	
	Richard Erskine	Appointed 18/3/02
	Marco Fabbri	Appointed 18/3/02
	Gianni Operto	Appointed 18/3/02
Secretary	Secretar Securities Limited	
Company Number	SC182368	
Registered Office	Napier House 27 Thistle Street Edinburgh EH2 1BS	
Bankers	Royal Bank of Scotland St Andrew Square EDINBURGH	

OCEAN POWER DELIVERY LIMITED

Directors' Report for the year ended 31 January 2002

The directors present their report and the financial statements for the year ended 31 January 2002.

Principal Activity

The principal activity of the company is in the field of development and construction of renewable energy systems and associated engineering projects.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2002	2001
	or date of appointment	

Dr Richard William Yemm	241	256
Michael Davies Resigned 18/3/02	10	-
Max Carcas	3	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 28 November 2002 and signed on its behalf by



Dr Richard William Yemm
Director

OCEAN POWER DELIVERY LIMITED

Profit and Loss Account for the year ended 31 January 2002

		2002	2001
	Notes	£	£
Turnover	2	50,774	4,138
Cost of sales		(961)	(2,160)
Gross profit		<u>49,813</u>	<u>1,978</u>
Administrative expenses		(469,802)	(93,447)
Other operating income		159,780	56,500
Operating loss	3	<u>(260,209)</u>	<u>(34,969)</u>
Interest payable and similar charges	4	-	(1,042)
(Loss) for the year		(260,209)	(36,011)
Accumulated (loss) brought forward		(67,888)	(31,877)
Accumulated (loss) carried forward		<u>(328,097)</u>	<u>(67,888)</u>

The notes on pages 5 to 9 form an integral part of these financial statements.

OCEAN POWER DELIVERY LIMITED

Balance Sheet as at 31 January 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	6		28,161		34,205
Tangible assets	7		17,240		11,025
			<u>45,401</u>		<u>45,230</u>
Current Assets					
Debtors	8	44,768		7,941	
Cash at bank and in hand		10,119		-	
		<u>54,887</u>		<u>7,941</u>	
Creditors: amounts falling due within one year	9	(206,435)		(43,626)	
Net Current Liabilities			<u>(151,548)</u>		<u>(35,685)</u>
Total Assets Less Current Liabilities			<u>(106,147)</u>		<u>9,545</u>
Capital and Reserves					
Called up share capital	10		123		106
Share premium account	11		221,827		77,327
Profit and loss account	11		(328,097)		(67,888)
Shareholders' Funds			<u>(106,147)</u>		<u>9,545</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 5 to 9 form an integral part of these financial statements.

OCEAN POWER DELIVERY LIMITED

Balance Sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 31 January 2002**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 January 2002 and

(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 28 November 2002 and signed on its behalf by

Dr Richard William Yemm
Director



Max Carcas
Director



The notes on pages 5 to 9 form an integral part of these financial statements.

OCEAN POWER DELIVERY LIMITED

Notes to the Financial Statements for the year ended 31 January 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Patents

Patents are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 20 years.

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

In prior years Development expenditure was deferred and amortised over the period from which the company was expected to benefit. The Directors have decided however that a more appropriate treatment would be to write off such expenditure as it is incurred. Development expenditure incurred prior to 31st January 2001 of £26,729 has therefore also been written off in the current year.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 25% Reducing Balance
Motor vehicles	- 25% Reducing Balance

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating loss

	2002 £	2001 £
Operating loss is stated after charging:		
Depreciation and other amounts written off intangible assets	1,482	-
Depreciation and other amounts written off tangible assets	6,696	3,675
and after crediting:		
Government grants	159,780	56,500

OCEAN POWER DELIVERY LIMITED

Notes to the Financial Statements for the year ended 31 January 2002

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4. Interest payable and similar charges	2002	2001
	£	£
On loans and overdrafts	-	1,042
	<u> </u>	<u> </u>
5. Directors' emoluments	2002	2001
	£	£
Remuneration and other benefits	70,710	-
	<u> </u>	<u> </u>
6. Intangible fixed assets	Develop- ment Costs	Total
	Patents	
	£	£
Cost		
At 1 February 2001	7,476	34,205
Additions	22,167	22,167
Disposals	-	(26,729)
	<u> </u>	<u> </u>
At 31 January 2002	29,643	29,643
	<u> </u>	<u> </u>
Provision for diminution in value		
Charge for year	1,482	1,482
	<u> </u>	<u> </u>
At 31 January 2002	1,482	1,482
	<u> </u>	<u> </u>
Net book values		
At 31 January 2002	28,161	28,161
	<u> </u>	<u> </u>
At 31 January 2001	7,476	34,205
	<u> </u>	<u> </u>

OCEAN POWER DELIVERY LIMITED

Notes to the Financial Statements for the year ended 31 January 2002

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7. Tangible fixed assets

	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 February 2001	15,357	-	15,357
Additions	6,411	6,500	12,911
At 31 January 2002	21,768	6,500	28,268
Depreciation			
At 1 February 2001	4,332	-	4,332
Charge for the year	5,071	1,625	6,696
At 31 January 2002	9,403	1,625	11,028
Net book values			
At 31 January 2002	12,365	4,875	17,240
At 31 January 2001	11,025	-	11,025

8. Debtors

	2002 £	2001 £
Other debtors	13,240	7,941
Prepayments and accrued income	31,528	-
	44,768	7,941

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Notes to the Financial Statements for the year ended 31 January 2002

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9. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft	-	918
Other loans	21,393	21,393
Trade creditors	104,117	-
Other taxes and social security costs	32,289	3,344
Directors' accounts	13,384	12,226
Other creditors	30,694	-
Accruals and deferred income	4,558	5,745
	<u>206,435</u>	<u>43,626</u>

Norsk Hydro Technology Ventures hold a Bond and Floating Charge for all sums due. The date of the charge is 18th January 2002. The Charge is in respect of an advance of £66,666 made on 15th February 2002 and repaid in full on 19th March 2002.

10. Share capital	2002 £	2001 £
Authorised		
1,000 Ordinary shares of 25 pence each	<u>250</u>	<u>106</u>
Allotted, called up and fully paid		
493 Ordinary shares of 25 pence each	<u>123</u>	<u>106</u>

Subsequent to the year end and prior to the issue of these accounts the company made a bonus issue of 999 25p Ordinary Shares for each such share held. In addition a further 164,334 "A" Ordinary Shares of 25p each were issued.

11. Reserves	Share premium account £	Profit and loss account £	Total £
At 1 February 2001	77,327	(67,888)	9,439
Premium on issue of shares	144,500		144,500
(Loss) for the year		(260,209)	(260,209)
At 31 January 2002	<u>221,827</u>	<u>(328,097)</u>	<u>(106,270)</u>

OCEAN POWER DELIVERY LIMITED

Notes to the Financial Statements for the year ended 31 January 2002

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12. Related party transactions

One of the Directors, Dr Richard Yemm, provided technical advice to the company during the year at the cost of £20,000 (2000 - £13,500).

13. Going concern

The directors have prepared the financial statements on a going concern basis. During the year the company continued the development of its technology and made a loss for the year of £260,209. At 31st January 2002 the company had a net deficit in shareholders' funds of £106,147.

Subsequent to the year end, on 18th March 2002, the company secured £6m of investment from 3i, Norsk Hydro Technology Ventures and Sustainable Asset Management. The first tranche of £1.7m was received on 18th March 2002. A further two tranches of £2m and £2.3m are expected to be received in March 2003 and September 2003 respectively. These further tranches are subject to the satisfaction of certain milestones. At the date of signing these financial statements the directors consider these milestones will be achieved.