

Registration number SC376945

Oceanflow Development Limited

Directors' report and unaudited financial statements

for the year ended 30 April 2011

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Oceanflow Development Limited

Company information

Directors	Graeme C Mackie Alan Cramond
Company number	SC376945
Registered office	1 Rutland Court Edinburgh Lothian EH3 8EY
Accountants	Peter Weldon & Co. Ltd 87 Station Road Ashington Northumberland NE63 8RS
Business address	12 Yeoman Street North Shields Newcastle Upon Tyne NE29 6NL

Oceanflow Development Limited

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Oceanflow Development Limited

Directors' report for the year ended 30 April 2011

The directors present their report and the financial statements for the year ended 30 April 2011.

Incorporation and change of name

The company was incorporated on 16 April 2010 as Oceanflow Development Limited. The company commenced trade on 16 April 2010.

Principal activity and review of the business

The principal activity of the company is completing test and development projects on behalf of its parent company, Oceanflow Energy Limited, a company dedicated to commercialising Evopod™, a low motion floating semi-submerged tidal turbine with mooring and power export systems, designed for deepwater, energy intensive tidal stream sites.

Business review

The company was formed on 16 April 2010 as a project management company, concentrating currently on the completion of the Evopod 35, a 1/4 scale or 35 kW device. This is a scaled down demonstrator of the full-scale Evopod 1200, a commercial scale 1.2 MW device that has been designed for deepwater tidal sites around the UK where most of the extractable energy value is found.

Evopod 35 has been designed to demonstrate survivability, grid connection and power export reliability over a 6-12 month period before up-scaling to 500kW and 1.2 MW from a single turbine.

The Evopod 35 project will be the first deployment of a commercial scale Evopod device capable of generating around 90 MWh per annum. The project follows a five year research programme including scale model tests and the testing of a 1/10th scale Evopod device in Strangford Narrows, Northern Ireland with the support of Queen's University, Belfast and which became the world's first floating turbine to achieve grid connection in March 2011.

The commercial opportunity for small, community scale devices around the size of the Evopod 35, is thought to be quite considerable around the west highlands and islands of Scotland but the economics remain uncertain with high access and grid connection charges alongside the current Renewable Obligation Certificate (ROC) regime that fails to adequately support products of this scale.

A lease application to The Crown Estate has been made in 2011 for the grant of a technology demonstration lease off the Scottish coast. The project is being co-funded by Scottish Government under an award made in August 2010 from The Wave and Tidal Energy: Research, Development and Demonstration Support scheme (WATERS). Meaningful progress has been made in 2010/11 in carrying out environmental surveys at the proposed deployment site, progressing the consents process and obtaining the necessary onshore and offshore leases. Deployment and grid connection of Evopod 35 is forecast for the summer of 2012.

Directors

The directors who served during the year are as stated below:

Graeme C Mackie

Oceanflow Development Limited

**Directors' report
for the year ended 30 April 2011**

..... continued

An additional director, Alan Cramond, was brought onto the Board effective from the 15th September 2011 prior to the approval date of this Director's Report.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

This report was approved by the Board on 11TH OCTOBER 2011 and signed on its behalf by



**Graeme C Mackie
Director**

Oceanflow Development Limited

**Chartered Accountants' report to the Board of Directors on the
unaudited financial statements of Oceanflow Development Limited**

In accordance with our terms of engagement letter, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 30 April 2011 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Peter Weldon & Co Ltd
7th November 2011

Peter Weldon & Co. Ltd
Chartered Accountants and
Registered Auditors

87 Station Road
Ashington
Northumberland
NE63 8RS

Oceanflow Development Limited

**Profit and loss account
for the year ended 30 April 2011**

	2011
Notes	£
Administrative expenses	<u>(1,502)</u>
Loss on ordinary activities before taxation	(1,502)
Tax on loss on ordinary activities	<u>-</u>
Loss for the year	<u><u>(1,502)</u></u>

The notes on pages 7 to 8 form an integral part of these financial statements.

Oceanflow Development Limited

**Balance sheet
as at 30 April 2011**

	Notes	2011 £	£
Fixed assets			
Tangible assets	2		46,611
Current assets			
Debtors	3	11,215	
Cash at bank and in hand		11,198	
		<u>22,413</u>	
Creditors: amounts falling due within one year	4	<u>(525)</u>	
Net current assets			<u>21,888</u>
Total assets less current liabilities			68,499
Creditors: amounts falling due after more than one year	5		<u>(70,000)</u>
Deficiency of assets			<u>(1,501)</u>
Capital and reserves			
Called up share capital	6		1
Profit and loss account			<u>(1,502)</u>
Shareholders' funds			<u>(1,501)</u>

The directors' statements required by Sections 475(2) and (3) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 7 to 8 form an integral part of these financial statements.

Oceanflow Development Limited

Balance sheet (continued)

**Directors' statements required by Sections 475(2) and (3)
for the year ended 30 April 2011**

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 477 of the Companies Act 2006 ;
- (b) that no notice has been deposited at the registered office of the company pursuant to Section 476 requesting that an audit be conducted for the year ended 30 April 2011 ; and
- (c) that we acknowledge our responsibilities for:
 - (1) ensuring that the company keeps accounting records which comply with Section 386 ; 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 393 and which otherwise comply with the provisions of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board on 11/10/2011 and signed on its behalf by



Graeme C Mackie
Director

Registration number SC376945

The notes on pages 7 to 8 form an integral part of these financial statements.

Oceanflow Development Limited

Notes to the financial statements for the year ended 30 April 2011

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 April 2008).

1.2. Scottish Enterprise grants

Grants towards capital expenditure are credited against the cost of fixed assets.

1.3. Going concern

These accounts have been prepared on the going concern basis, on the understanding that the parent company will continue to financially support the company during the forthcoming financial period.

2. Tangible fixed assets

Plant and machinery	Total
£	£
Cost	
Additions	46,611
At 30 April 2011	46,611
Net book value	
At 30 April 2011	46,611

3. Debtors

Other debtors	11,215
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4. Creditors: amounts falling due within one year

Accruals and deferred income	525
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Oceanflow Development Limited

**Notes to the financial statements
for the year ended 30 April 2011**

..... continued

5. Creditors: amounts falling due after more than one year	2011 £
Parent company loan	<u>70,000</u>
Loans	
Repayable in five years or more	<u>(70,000)</u>
6. Share capital	2011 £
Authorised	
100 Ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid	
1 Ordinary shares of £1 each	<u>1</u>
Equity Shares	
1 Ordinary shares of £1 each	<u>1</u>
7. Ultimate parent undertaking	

The Ultimate Parent Company is Ocean Flow Energy Limited 04283382 a company registered in England and Wales and owns 100% of the issued share capital.