

Registration number SC376945

Oceanflow Development Limited
Directors' report and unaudited financial statements
for the period ended 31 March 2012

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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	Hotspur House Floor 2, Suite 2 15 East Percy Street North Shields NE30 1DT

Oceanflow Development Limited

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Oceanflow Development Limited

Directors' report for the period ended 31 March 2012

The directors present their report and the financial statements for the period ended 31 March 2012.

Principal activity and review of the business

Oceanflow Development Limited, a company incorporated in Scotland (company number SC376945), is a wholly owned subsidiary of Ocean Flow Energy Limited, a company incorporated in England (company number 04283382). The principal activity of Oceanflow Development Limited is completing test and development projects on behalf of its parent company, a company dedicated to commercialising Evopod™, a tidal stream turbine system incorporating low motion platform, mooring and power export solutions all developed by the company.

Business review

The company was formed on 16 April 2010 as a project development company, currently concentrating on the completion of the Evopod-35, a ¼ 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 deployment at the deeper water (greater than 40 metres water depth) 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 before up-scaling to 1.2 MW from a single turbine.

An Application for Lease (Afl) to The Crown Estate in July 2011 was successful and a licence from Marine Scotland has been awarded to allow the development of a site at Sanda Sound, Kintyre for the planned deployment and grid connection of Evopod-35 by the spring of 2013. The contract for the grid extension and strengthening is complete with the manufacture of the device and outfitting both well underway. On completion, the device will be towed to site at Sanda via Campbeltown and installed.

The project is being co-funded by Scottish Government under an award made in June 2010 from The Wave and Tidal Energy: Research, Development and Demonstration Support scheme (WATERS-1). The exposed Sanda Sound site will allow Evopod-35 to demonstrate its sea-keeping and grid export credentials.

The community-scale Evopod-35 project will be the first deployment of a commercial scale Evopod device. 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.

Confirmation of an award under WATERS-2 was announced by Scottish Enterprise in late August 2012 with the purpose of demonstrating a twin-turbine variant of the Evopod-35 by early 2014.

Oceanflow Development Limited

**Directors' report
for the period ended 31 March 2012**

..... continued

Directors

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

Graeme C Mackie
Alan Cramond

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 3/12/2012 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 period ended 31 March 2012 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 period.

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
17th December 2012

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 period ended 31 March 2012**

		period ended 31/03/12	Year ended 30/04/11
	Notes	£	£
Administrative expenses		(12,638)	(1,502)
Loss on ordinary activities before taxation		(12,638)	(1,502)
Tax on loss on ordinary activities		-	-
Loss for the period	7	(12,638)	(1,502)
Accumulated (loss)/profit brought forward		(1,502)	-
Accumulated loss carried forward		(14,140)	(1,502)

The notes on pages 7 to 9 form an integral part of these financial statements.

Oceanflow Development Limited

**Balance sheet
as at 31 March 2012**

		31/03/12		30/04/11	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	2		90,967		46,611
Current assets					
Debtors	3	24,792		11,215	
Cash at bank and in hand		205,627		11,198	
		<u>230,419</u>		<u>22,413</u>	
Creditors: amounts falling due within one year	4	<u>(525)</u>		<u>(525)</u>	
Net current assets			<u>229,894</u>		<u>21,888</u>
Total assets less current liabilities			320,861		68,499
Creditors: amounts falling due after more than one year	5		<u>(335,000)</u>		<u>(70,000)</u>
Deficiency of assets			<u>(14,139)</u>		<u>(1,501)</u>
Capital and reserves					
Called up share capital	6		1		1
Profit and loss account	7		<u>(14,140)</u>		<u>(1,502)</u>
Shareholders' funds			<u>(14,139)</u>		<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 9 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 period ended 31 March 2012**

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

- (a) that for the period 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 period ended 31 March 2012 ; 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 period and of its profit or loss for the period 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 3/12/2012 and signed on its behalf by



Graeme C Mackie
Director

Registration number SC376945

The notes on pages 7 to 9 form an integral part of these financial statements.

Oceanflow Development Limited

**Notes to the financial statements
for the period ended 31 March 2012**

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		
At 1 May 2011	61,525	61,525
Additions	355,764	355,764
At 31 March 2012	<u>417,289</u>	<u>417,289</u>
Scottish enterprise grants		
At 1 May 2011	14,914	14,914
Grants received in period	311,408	311,408
At 31 March 2012	<u>326,322</u>	<u>326,322</u>
Net book values		
At 31 March 2012	<u>90,967</u>	<u>90,967</u>
At 30 April 2011	<u>46,611</u>	<u>46,611</u>

Tangible fixed assets are recorded net of grants received

Expenditure to date relates wholly to the E35 project which is scheduled for installation in late 2012. Accordingly no depreciation charge has been applied

Oceanflow Development Limited

**Notes to the financial statements
for the period ended 31 March 2012**

..... continued

3. Debtors	31/03/12	30/04/11
	£	£
Other debtors	<u>24,792</u>	<u>11,215</u>
4. Creditors: amounts falling due within one year	31/03/12	30/04/11
	£	£
Accruals and deferred income	<u>525</u>	<u>525</u>
5. Creditors: amounts falling due after more than one year	31/03/12	30/04/11
	£	£
Parent company loan	<u>335,000</u>	<u>70,000</u>
Loans		
Repayable in five years or more	<u>(335,000)</u>	<u>(70,000)</u>
6. Share capital	31/03/12	30/04/11
	£	£
Authorised		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Equity Shares		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Oceanflow Development Limited

Notes to the financial statements
for the period ended 31 March 2012

..... continued

7. Reserves	Profit and loss account £	Total £
At 1 May 2011	(1,502)	(1,502)
Loss for the period	(12,638)	(12,638)
At 31 March 2012	<u>(14,140)</u>	<u>(14,140)</u>

8. 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.