Registration number SC376945

Oceanflow Development Limited

Directors' report and unaudited financial statements

for the year ended 31 March 2013

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

Contents

	Page
Directors' report	1 - 2
Accountants' report	3
Profit and loss account	4
Balance sheet	5 - 6
Notes to the financial statements	7 - 9

Oceanflow Development Limited

Directors' report
for the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013.

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 carrying out 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 or E35, a ¼ scale or 35 kW device.

E35 has been designed to demonstrate survivability, grid connection and power export reliability before up-scaling to approximately 1 MW from a single turbine.

A licence was obtained in September 2012 from Marine Scotland to allow the deployment of the device at an energetic tidal stream site at Sanda Sound, South Kintyre. A lease was signed with The Crown Estate in January 2013 to allow the company to deploy and operate its E35 unit for 7 years and to install a power cable on the seabed in order to export power to the national grid. The lease allows for other devices up to an installed capacity of 100kW to be deployed in the future. The intention is to deploy E35 at Sanda Sound in 2014.

The contract for the grid extension and strengthening is complete and the manufacture and outfitting were substantially completed during the 2012/13 financial year.

The project is being co-funded by Scottish Government under an award made in June 2010 from the Wave and Tidal Energy Support scheme (WATERS-1). The exposed Sanda Sound site will allow E35 to demonstrate it's sea-keeping and grid export credentials.

The community-scale E35 project will be the first deployment of a commercial scale Evopod device which will export predictable power into the grid.

Oceanflow Development Limited

Directors' report
for the year ended 31 March 2013

..... continued

Directors
The directors who served during the year 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 10/12/2013 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, 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 31 March 2013 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
16th December 2013

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 31 March 2013

	Notes	2013	2012
		£	£
Administrative expenses		(122,752)	(12,638)
Loss on ordinary activities before taxation		(122,752)	(12,638)
Tax on loss on ordinary activities		-	-
Loss for the year	8	(122,752)	(12,638)
Accumulated loss brought forward		(14,140)	(1,502)
Accumulated loss carried forward		(136,892)	(14,140)

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

Oceanflow Development Limited

Balance sheet
as at 31 March 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	3		436,065		90,967
Current assets					
Debtors	4	20,383		24,792	
Cash at bank and in hand		32,749		205,627	
		53,132		230,419	
Creditors: amounts falling due within one year	5	(80,128)		(525)	
Net current (liabilities)/assets			(26,996)		229,894
Total assets less current liabilities			409,069		320,861
Creditors: amounts falling due after more than one year	6		(545,960)		(335,000)
Deficiency of assets			(136,891)		(14,139)
Capital and reserves					
Called up share capital	7		1		1
Profit and loss account	8		(136,892)		(14,140)
Shareholders' funds			(136,891)		(14,139)

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 year ended 31 March 2013

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 31 March 2013 ; 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 10/12/2013 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 year ended 31 March 2013

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. 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:

Plant and machinery - 5% reducing balance per annum.

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. Directors' remuneration

	2013	2012
	£	£
Remuneration and other benefits	20,000	-

Director's remunerations relate to salary payments to G C Mackie as Chief Executive Officer and Engineering Manager of the company. No remunerations were paid to directors for sitting on the board.

..... continued

3. Tangible fixed assets

	Plant and machinery £	Total £
Cost		
At 1 April 2012	417,289	417,289
Additions	523,446	523,446
At 31 March 2013	940,735	940,735
Scottish enterprise grants		
At 1 April 2012	326,321	326,321
Grants received in period	178,349	178,349
At 31 March 2013	504,670	504,670
Net book values		
At 31 March 2013	436,065	436,065
At 31 March 2012	90,967	90,967

Tangible fixed assets are recorded net of grants received
Expenditure to date relates wholly to the E35 project. Accordingly no depreciation charge has been applied

4. Debtors

	2013 £	2012 £
Other debtors	20,383	24,792

5. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	79,603	-
Accruals and deferred income	525	525
	80,128	525

..... continued

6. Creditors: amounts falling due after more than one year	2013 £	2012 £
Parent company loan	545,960	335,000
Loans		
Repayable in five years or more	(545,960)	(335,000)

7. Share capital	2013 £	2012 £
Authorised		
1 Ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1
Equity Shares		
1 Ordinary shares of £1 each	1	1

8. Reserves	Profit and loss account £	Total £
At 1 April 2012	(14,140)	(14,140)
Loss for the year	(122,752)	(122,752)
At 31 March 2013	(136,892)	(136,892)

9. 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.