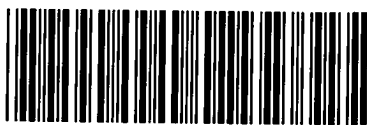


Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 March 2016
for
Oceanflow Development Limited

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Oceanflow Development Limited

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Oceanflow Development Limited

**Company Information
for the Year Ended 31 March 2016**

DIRECTORS:

G C Mackie
W A Cramond

REGISTERED OFFICE:

1 Rutland Court
Edinburgh
Lothian
EH3 8EY

REGISTERED NUMBER:

SC376945 (Scotland)

ACCOUNTANTS:

Peter Weldon & Co. Ltd
87 Station Road
Ashington
Northumberland
NE63 8RS

Oceanflow Development Limited

Report of the Directors for the Year Ended 31 March 2016

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

G C Mackie
W A Cramond

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



G C Mackie - Director

Date: 10th June 2016

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Oceanflow Development Limited**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Oceanflow Development Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at icaew.com/membershandbook.

This report is made solely to the Board of Directors of Oceanflow Development Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Oceanflow Development Limited and state those matters that we have agreed to state to the Board of Directors of Oceanflow Development Limited, as a body, in this report in accordance with AAF 2/10 as detailed at icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Oceanflow Development Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Oceanflow Development Limited. You consider that Oceanflow Development Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Oceanflow Development Limited. 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 statutory financial statements.

Peter Weldon & Co Ltd

Peter Weldon & Co. Ltd
87 Station Road
Ashington
Northumberland
NE63 8RS

Date: 14/06/16

This page does not form part of the statutory financial statements

Oceanflow Development Limited

**Profit and Loss Account
for the Year Ended 31 March 2016**

	Notes	2016 £	2015 £
TURNOVER		-	14,400
Cost of sales		14,581	-
GROSS (LOSS)/PROFIT		(14,581)	14,400
Administrative expenses		102,359	99,767
OPERATING LOSS	2	(116,940)	(85,367)
Interest payable and similar charges	3	-	(20)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(116,940)	(85,347)
Tax on loss on ordinary activities	4	(27,135)	(28,950)
LOSS FOR THE FINANCIAL YEAR		(89,805)	(56,397)

The notes form part of these financial statements

Oceanflow Development Limited (Registered number: SC376945)

**Balance Sheet
31 March 2016**

		2016		2015	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	5		3,035		-
Tangible assets	6		543,598		537,318
			<u>546,633</u>		<u>537,318</u>
CURRENT ASSETS					
Debtors	7	27,364		34,501	
Cash at bank		4,327		40,374	
		<u>31,691</u>		<u>74,875</u>	
CREDITORS					
Amounts falling due within one year	8	20,025		5,089	
				<u>5,089</u>	
NET CURRENT ASSETS			<u>11,666</u>		<u>69,786</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			558,299		607,104
CREDITORS					
Amounts falling due after more than one year	9		890,960		849,960
			<u>890,960</u>		<u>849,960</u>
NET LIABILITIES			<u>(332,661)</u>		<u>(242,856)</u>
CAPITAL AND RESERVES					
Called up share capital	10		1		1
Profit and loss account	11		(332,662)		(242,857)
			<u>(332,661)</u>		<u>(242,856)</u>
SHAREHOLDERS' FUNDS			<u>(332,661)</u>		<u>(242,856)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Balance Sheet - continued
31 March 2016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 10th June 2016 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G C Mackie', written over a dotted line.

G C Mackie - Director

The notes form part of these financial statements

Oceanflow Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2016

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - not provided

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. OPERATING LOSS

The operating loss is stated after charging:

	2016	2015
	£	£
Directors' remuneration	<u>38,428</u>	<u>39,381</u>

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.

3. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	2016	2015
	£	£
Interest on overdue taxation	<u>-</u>	<u>(20)</u>

4. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	<u>(27,135)</u>	<u>(28,950)</u>
Tax on loss on ordinary activities	<u>(27,135)</u>	<u>(28,950)</u>

Oceanflow Development Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

5. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
Additions	3,035
At 31 March 2016	<u>3,035</u>
NET BOOK VALUE	
At 31 March 2016	<u><u>3,035</u></u>

6. TANGIBLE FIXED ASSETS

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.

Additions in the year were £20,860 with no grants received.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	-	5,520
Other debtors	31	31
Corporation tax	27,135	28,950
VAT	198	-
	<u>27,364</u>	<u>34,501</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	-	2,283
VAT	-	2,281
Accrued expenses	20,025	525
	<u>20,025</u>	<u>5,089</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Parent company loan	<u>890,960</u>	<u>849,960</u>

Oceanflow Development Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2016**

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
1	Ordinary	£1	1	1
			<u>1</u>	<u>1</u>

11. RESERVES

	Profit and loss account £
At 1 April 2015	(242,857)
Deficit for the year	<u>(89,805)</u>
At 31 March 2016	<u><u>(332,662)</u></u>

12. ULTIMATE PARENT COMPANY

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.