

Company Registration No. 08163554 (England and Wales)

TIDAL LAGOON POWER LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
PAGES FOR FILING WITH REGISTRAR

TIDAL LAGOON POWER LIMITED

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TIDAL LAGOON POWER LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Current assets					
Debtors	3	3,212		547,967	
Cash at bank and in hand		39,326		1,136	
		<u>42,538</u>		<u>549,103</u>	
Creditors: amounts falling due within one year	4	(9,400,925)		(9,905,104)	
Net current liabilities			(9,358,387)		(9,356,001)
Capital and reserves					
Called up share capital			120		120
Profit and loss reserves			(9,358,507)		(9,356,121)
Total equity			(9,358,387)		(9,356,001)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 June 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 June 2021 and are signed on its behalf by:

Mr P J Carter

Director

Company Registration No. 08163554

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Tidal Lagoon Power Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fourth Floor, Pillar & Lucy House, Merchants Road, Gloucester, United Kingdom, GL2 5RG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Management initiated the LaunchCo Plan in 2018 to amalgamate the interests of the company, its parent company and Tidal Lagoon (Swansea Bay) Plc with the primary objective of taking the Swansea Bay tidal lagoon project to financial close. The parent company, Tidal Lagoon Plc, has allowed a related company, Tidal Power Plc ("TPP"), to utilise the group's intellectual property on the basis that, if the LaunchCo Plan proves successful, value will be delivered back to shareholders.

The overheads of the company have been reduced over the period to the date of this report and its post-CVA forward working capital requirement has been funded by TPP, upon which it remains dependent. The potentially binary implication of the success of the LaunchCo Plan on the short-term future of the company, the subsequent discharge of the CVA and willingness of creditors to extend the term of the CVA should it prove necessary, are fundamental risks.

The company has very limited resources available to it should funding not be available from related party sources. The LaunchCo Plan prove not to be successful or the Welsh Government call in its secured loan in the parent company, Tidal Lagoon Plc.

The directors have prepared projected cash flow information for the next twelve months from the date of approval of the financial statements on the basis that the LaunchCo Plan continues to progress and is ultimately successful and the Welsh Government does not call in its loan. These take account of cash available to the business, projected expenditure based on forward commitments and actions the Board may take in response to reasonable cash flow sensitivities.

After consideration of the forecasts and making appropriate enquiries, the Board believe that the company has sufficient cash resources to meet its post-CVA liabilities as they fall due and there is a reasonable prospect of a positive CVA outcome; therefore that the going concern basis is appropriate at the date of signing the financial statements.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

However, the lack of UK Government support for tidal lagoons and the limited ability to raise further funds at the current time gives rise to significant uncertainties over the availability of alternative finance (potentially with significant dilutive impacts on ultimate shareholders), should this be required.

Furthermore, were the LaunchCo Plan to be unsuccessful for any reason, it is very likely that the CVA would fail and the company cease to trade. In these or similar circumstances, adjustments would need to be made to reduce the value of the assets to their recoverable amount and to provide for any further liabilities that might arise. Available funding will be insufficient to cover current liabilities at that point.

1.3 Turnover

Turnover represents amounts receivable for the provision of goods and services, excluding value added tax. All turnover arose in the United Kingdom and represents ancillary income resulting from the company's activities in developing tidal lagoons and associated projects.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Related parties

The company has taken advantage of exemption under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

1.12 Exceptional items

Exceptional items are those which are separately identified by virtue of their size or nature to allow a full understanding of the underlying performance of the company.

TIDAL LAGOON POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2019 - 17).

	2020 Number	2019 Number
Total	2	17

3 Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Trade debtors	-	7,487
Corporation tax recoverable	-	540,480
Other debtors	3,212	-
	3,212	547,967

4 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	921,082	917,833
Amounts owed to group undertakings	7,185,677	7,286,947
Taxation and social security	-	209,599
Other creditors	197,935	369,980
Accruals and deferred income	1,096,231	1,120,745
	9,400,925	9,905,104

5 Financial commitments, guarantees and contingent liabilities

The Company has a contingent liability payable in the event that the Swansea Bay Tidal Lagoon reaches financial close. This is matched by a contingent asset of the same value with Tidal Lagoon (Swansea Bay) Plc.

As at 30 June 2020, the company had no other commitments, guarantees or contingent liabilities (2019: £Nil).

6 Contingent asset

The company had a contingent asset amounting to £482,000 (2019: £482,000) plus accrued interest at the balance sheet date relating to costs incurred on behalf of the related company, Tidal Lagoon (Swansea Bay) Plc.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.