

Company Registration No. 10854418 (England and Wales)

TIDAL POWER PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

TIDAL POWER PLC

COMPANY INFORMATION

Directors	Mr M C Shorrock Mr P J Carter
Secretary	Mr P J Carter
Company number	10854418
Registered office	Fourth Floor Pillar & Lucy House Merchants Road Gloucester United Kingdom GL2 5RG
Auditor	Azets Audit Services Pillar House 113-115 Bath Road Cheltenham Gloucestershire United Kingdom GL53 7LS

TIDAL POWER PLC

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 19

TIDAL POWER PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present the strategic report for the year ended 31 July 2020.

Background

Tidal lagoons offer the potential for long-term, low-risk, renewable energy at scale. The technology was endorsed in an independent review of tidal lagoons commissioned by the UK Government and carried out by the former energy minister, Charles Hendry (the "Hendry Review"), which reported in January 2017 (see hendryreview.wordpress.com) and noted that the Swansea Bay tidal lagoon project (the "Swansea Project") would be a "no regrets decision".

Notwithstanding the UK Government's subsequent decision in June 2018 not to offer the Swansea Project a Contract for Difference ("CfD"), management continues to believe that there remains an opportunity to deliver the Swansea Project, as a pathfinder, and an opportunity to develop a cost-competitive future UK lagoon programme once a pathfinder has demonstrated the concept.

Tidal Power Plc ("the company") was formed to bring together the work already undertaken by Tidal Lagoon (Swansea Bay) Plc ("TLSB") on the Swansea Project with the progress made on future large-scale projects by Tidal Lagoon Plc ("TLPLC") to effectively create a longer-term tidal range utility company. Its primary objective is to take the Swansea Project to financial close with a secondary aim of subsequently delivering further cost-competitive tidal lagoons as a strategic large-scale renewable energy solution to the UK's energy requirements.

Business review

The company has used funds secured from investors to support the Swansea Project, pursuant to its business plan. The company has consequently made a loss before exceptional items for the year of £0.8m.

In respect to the first phase of its plan, to secure the Development Consent Order ("DCO"), the company believes based on legal opinion that the work undertaken to date is sufficient to ensure that the DCO remains extant. However this is disputed by the Welsh Government, the Department for Business, Energy and Industrial Strategy ("BEIS") and the City and County of Swansea Council ("CCSA"), as the discharging authority. A declaration of the legality of the DCO is being sought from the courts which is expected to be heard later this year.

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties facing the company are as follows:

Planning consents

As noted above, the validity of the DCO is disputed and the company is therefore seeking a declaration from the UK courts that the DCO remains extant. Subsequently, and in addition to discharging remaining planning conditions, the company will also require the Welsh Ministers' agreement to the proposed decommissioning plan and to extend certain time limits. Natural Resources Wales also need to issue a marine licence.

In order to achieve financial close of the Swansea Project, the company would thereafter need to raise further funds and secure the necessary assets, consents and agreements still outstanding.

Political Landscape

Whilst there is a perceived need for strategic, low-carbon solutions to the climate challenge and the UK Government have expressed that they remain open in principle to cost-competitive tidal lagoons as part of the strategic energy mix, there is no guarantee that any future lagoon will be offered a CfD or alternative support mechanisms by the UK Government at a level required to make their delivery viable.

TIDAL POWER PLC

STRATEGIC REPORT (CONTINUED) *FOR THE YEAR ENDED 31 JULY 2020*

Principal risks and uncertainties - continued

Financial Risk – Short-Term

Funding to date has been raised by means of a public share offering and support from directors and related party companies. Once the DCO validity has been formally confirmed, further third-party funding will be required to progress beyond this initial phase.

The directors have prepared projected cash flow information for the next twelve months, taking account of projected cash from related party sources and planned expenditure, which show that the company has sufficient cash to meet its anticipated obligations as they fall due. However, whilst the company can slow down its activities to match future funding availability, the company has limited ability to absorb any unanticipated costs or shortfall in its short-term funding and, in those circumstances, would be reliant upon monies being made available by the directors or another related party.

Whilst the directors believe the going concern basis is appropriate at the date of this report, the inherent uncertainties around the deliverability of the business plan have a major impact on this assessment such that if the company fails to secure a favourable judgement in respect to the DCO or implementation of the Swansea Project becomes non-deliverable for any other reason or adequate funding is not secured on a timely basis, this may lead to the company ceasing to trade.

Future development and performance

The directors believe that if the company can deliver the first phase of the plan as outlined above and is able to secure political support for lagoons as a part of the UK's strategic energy mix, then the company is well placed to be a major player in the rollout of tidal lagoons in the UK and overseas.

Key performance indicators

The company's short-term focus is on securing the confirmation of the Swansea Project's DCO as noted above and, thereafter, building momentum towards taking it to financial close.

On behalf of the board

Mr P J Carter

Director

30 April 2021

TIDAL POWER PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present their annual report and financial statements for the year ended 31 July 2020.

Principal activities

The principal activity of the company continued to be that of the development of renewable energy projects.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M C Shorrocks

Mr P J Carter

Auditor

On 7th September 2020, Group Audit Services Limited (trading as Baldwins Audit Services) changed its name to Azets Audit Services Limited. The name it practices under is Azets Audit Services and, accordingly, it has signed the Report of the Independent Auditors in its new name.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TIDAL POWER PLC

DIRECTORS' REPORT (CONTINUED) ***FOR THE YEAR ENDED 31 JULY 2020***

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr P J Carter
Director

30 April 2021

TIDAL POWER PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIDAL POWER PLC

Opinion

We have audited the financial statements of Tidal Power Plc (the 'company') for the year ended 31 July 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 1.2 in the financial statements that indicates that there is a strategic need to have the validity of the Development Consent Order of the Swansea Project determined by the Courts and, thereafter, to take the Project to financial close. As stated in note 1.2, these events or conditions, along with other matters set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

TIDAL POWER PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TIDAL POWER PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TIDAL POWER PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TIDAL POWER PLC

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Clift (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

30 April 2021

Chartered Accountants
Statutory Auditor

Pillar House
113-115 Bath Road
Cheltenham
Gloucestershire
United Kingdom
GL53 7LS

TIDAL POWER PLC

STATEMENT OF COMPREHENSIVE INCOME *FOR THE YEAR ENDED 31 JULY 2020*

		2020	2019
	Notes	£000	£000
Administrative expenses		(779)	(4)
Exceptional items		172	(190)
		<hr/>	<hr/>
Loss before taxation		(607)	(194)
Tax on loss	6	-	-
		<hr/>	<hr/>
Loss for the financial year		(607)	(194)
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TIDAL POWER PLC

BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Current assets					
Debtors	7	110		-	
Cash at bank and in hand		160		1	
		<u>270</u>		<u>1</u>	
Creditors: amounts falling due within one year	8	(345)		(4)	
		<u></u>		<u></u>	
Net current liabilities			(75)		(3)
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	9		4		2
Share premium account	10		722		189
Profit and loss reserves	11		(801)		(194)
			<u></u>		<u></u>
Total equity			(75)		(3)
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 April 2021 and are signed on its behalf by:

Mr P J Carter
Director

Company Registration No. 10854418

TIDAL POWER PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 August 2018		-	-	-	-
Year ended 31 July 2019:					
Loss and total comprehensive income for the year		-	-	(194)	(194)
Issue of share capital	9	2	189	-	191
Balance at 31 July 2019		2	189	(194)	(3)
Year ended 31 July 2020:					
Loss and total comprehensive income for the year		-	-	(607)	(607)
Issue of share capital	9	2	533	-	535
Balance at 31 July 2020		4	722	(801)	(75)

TIDAL POWER PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Cash absorbed by operations	15	(548)	-
Investing activities			
Loans to other parties		-	(190)
Loans repaid by other parties		172	-
Net cash generated from/(used in) investing activities		172	(190)
Financing activities			
Proceeds from issue of shares		538	191
Share issue costs		(3)	-
Net cash generated from financing activities		535	191
Net increase in cash and cash equivalents		159	1
Cash and cash equivalents at beginning of year		1	-
Cash and cash equivalents at end of year		160	1

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Tidal Power Plc 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.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The principal risks and uncertainties section provides further details of the principal risks affecting the company.

The company has to date met its day-to-day working capital requirements from its cash balances generated from a series of ongoing equity and debt fund raises.

As reported in the Business Review, the immediate objective of the company is to have the validity of the DCO determined by the Courts and, thereafter, take the Swansea Project to financial close, both of which will require further funding initially from the directors or related party sources and thereafter from third-party sources. There is no guarantee that sufficient funds will be raised on a timely basis. The legal status of the DCO, the inherent uncertainty around the ability of the company to take the Swansea Project to financial close and adequacy of timely funding are therefore fundamental risks.

The directors have prepared projected cash flow information for the next twelve months taking account of projected income from current and proposed future funding rounds and planned expenditure which show that the company has sufficient cash to meet its anticipated obligations as they fall due. These take account of cash available to the business, projected expenditure based on the company's forward commitments and actions the Board may take in response to reasonable cash flow sensitivities. However, whilst the company can slow down its activities to match future funding drawdowns, the company has limited ability to absorb any unanticipated costs or shortfall in its short term funding if it is to deliver its objectives and, in those circumstances, would be reliant upon monies being made available by the directors or another related party.

After consideration of the forecasts and making appropriate enquiries, the directors believe that the company has a reasonable prospect of sufficient cash resources being made available to meet its liabilities as they fall due; hence the directors consider that the going concern basis is appropriate at the date of approval of these financial statements.

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

However, the dependence on a requirement to raise funds against an adverse political backdrop and the deliverability of the plan gives rise to significant uncertainties over the availability of alternative finance (potentially with significant dilutive impacts on existing shareholders), should this be required.

Furthermore, were the plan to be unsuccessful for any reason, it is very likely that the company will 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, to provide for any further liabilities that might arise and to reclassify long term liabilities as current liabilities. Available funding will be insufficient to cover current liabilities at that point.

1.3 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.

1.4 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.5 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.

1.6 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.

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.7 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.

1.8 Share-based payments

The cost of equity-settled transactions is recognised in profit or loss, together with a corresponding increase in equity, measured by reference to the fair value of the equity instruments granted in respect of the services provided.

1.9 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any key sources of estimation uncertainty

3 Exceptional items

Exceptional items of £172,000 relate to a reversal of a provision previously made against a loan to a related party not considered recoverable. For the year ended 31 July 2019, the £190,000 charge related to a provision made against a loan to a related party not considered recoverable.

4 Operating loss

	2020 £000	2019 £000
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	3	2
	<u> </u>	<u> </u>

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Directors	2	2
	==	==

6 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £000	2019 £000
Loss before taxation	(607)	(194)
	==	==
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(115)	(37)
Tax effect of expenses that are not deductible in determining taxable profit	-	37
Tax effect of income not taxable in determining taxable profit	33	-
Unutilised tax losses carried forward	82	-
	==	==
Taxation charge for the year	-	-
	==	==

7 Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Other debtors	110	-
	==	==

8 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	221	-
Other creditors	1	-
Accruals and deferred income	123	4
	==	==
	345	4
	==	==

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

9 Share capital

	2020 Number	2019 Number	2020 £000	2019 £000
Ordinary share capital Issued and fully paid				
Ordinary of 1p each	1	1	-	-
A Ordinary of 1p each	291,255	75,992	3	1
E Ordinary of 1p each	118,665	118,665	1	1
	<u>409,921</u>	<u>194,658</u>	<u>4</u>	<u>2</u>
	<u><u>409,921</u></u>	<u><u>194,658</u></u>	<u><u>4</u></u>	<u><u>2</u></u>

Neither the Ordinary shares, A Ordinary shares or E Ordinary shares are redeemable and each entitle the holders: a) to receive notice of, attend and vote at general meetings of the company and on a poll to one vote for each ordinary share held; b) to receive rateably in accordance with the number of shares held by them, any profits available for distribution and resolved to be distributed by the company; and c) on a return of capital, to receive in accordance with the number of shares held, any amounts payable to shareholder on a liquidation or reduction of capital.

A Ordinary and E Ordinary shares are entitled to receive two bonus Ordinary shares for each A Ordinary or E Ordinary share held dependant on the outcome of a future event

10 Share premium account

	2020 £000	2019 £000
At the beginning of the year	189	-
Issue of new shares	536	189
Share issue expenses	(3)	-
	<u>722</u>	<u>189</u>
At the end of the year	<u><u>722</u></u>	<u><u>189</u></u>

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

11 Profit and loss reserves

	2020 £000	2019 £000
At the beginning of the year	(194)	-
Loss for the year	(607)	(194)
	<u>(801)</u>	<u>(194)</u>
At the end of the year	<u><u>(801)</u></u>	<u><u>(194)</u></u>

Retained earnings includes all current and prior period retained profits and losses.

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

12 Capital commitments

There were no capital commitments at the balance sheet date (2019: £Nil).

13 Contingent liabilities

A related company has entered into an agreement with the company to meet certain costs on its behalf for a fixed return. The repayment of these costs by the company is contingent on the outcome of a future event. At the balance sheet date, the maximum liability of the company in relation to this contingent liability amounted to £375,000 (2019: £291,000).

14 Related party transactions

Tidal Lagoon Power Limited

The directors, M C Shorrocks and P J Carter, are also directors of Tidal Lagoon Power Limited and ultimate control of that company also resides with the director, M C Shorrocks.

During the prior year, the company provided a loan of £190,000 to Tidal Lagoon Power Limited. At the prior balance sheet date, the company considered the recoverability of this loan and made provision against amounts due in full.

Subsequently, during the year ended 31 July 2020, Tidal Lagoon Power Limited repaid an amount of £172,000 to the company, and therefore this element of the provision was reversed. The company considers the remainder of this balance to not be recoverable.

Refer to the Exceptional items note to the financial statements for further details.

Shire Oak International Limited

The directors, M C Shorrocks and P J Carter, are also directors of Shire Oak International Limited and ultimate control of that company also resides with the director, M C Shorrocks.

During the prior year, Shire Oak International Limited entered into an agreement with the company to meet certain critical path costs on its behalf, with the recoupment of these amounts contingent on a future event. At the balance sheet date, the company had a contingent liability of £375,000 (2019: £291,000) owed to Shire Oak International Limited.

Refer to the Contingent liabilities note to the financial statements for further details.

15 Cash absorbed by operations

	2020 £000	2019 £000
Loss for the year after tax	(607)	(194)
Adjustments for:		
Exceptional items	(172)	190
Movements in working capital:		
Increase in debtors	(110)	-
Increase in creditors	341	4
Cash absorbed by operations	<u>(548)</u>	<u>-</u>

TIDAL POWER PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

16 Analysis of changes in net funds

	1 August 2019 £000	Cash flows £000	31 July 2020 £000
Cash at bank and in hand	1	159	160
	<u> </u>	<u> </u>	<u> </u>

