

Company Registration No. SC717021 (Scotland)

ORBITAL PROJECTS 2 LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

ORBITAL PROJECTS 2 LIMITED

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ORBITAL PROJECTS 2 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£
Current assets			
Debtors	4	1	
Creditors: amounts falling due within one year	5	(2,150)	
		<u> </u>	
Net current liabilities			(2,149)
			<u> </u>
Capital and reserves			
Called up share capital	6		1
Profit and loss reserves	7		(2,150)
			<u> </u>
Total equity			(2,149)
			<u> </u>

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

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 30 June 2023 and are signed on its behalf by:

Mr C Milne

Director

Company Registration No. SC717021

ORBITAL PROJECTS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Orbital Projects 2 Limited is a private company limited by shares incorporated in Scotland. The registered office is Innovation Centre, Orkney Hatston Pier Road, Kirkwall, United Kingdom, KW15 1ZL.

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 £.

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

1.2 Going concern

In adopting the going concern basis for preparing these financial statements, the Board has considered the Company and wider Orbital group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties.

In assessing whether the financial statements should be prepared on a going concern basis, the Directors have considered a period of twelve months from the date of approval of these financial statements. The material uncertainty, which may impact the company's ability to meet its liabilities as they fall due, is the company's reliance upon its ultimate parent company, Orbital Marine Power Limited, for support.

The Directors clearly disclose here that as a technology development company, Orbital Marine Power Limited continues to rely largely on equity investment and grant awards to meet its ongoing funding requirements. At the date of signing, similar to previous years, further sources of funding will be pursued within the next twelve months to support the ongoing commercialisation and growth strategy of the business.

Orbital is eligible to drawdown already secured funds through the Horizon 2020: Forward 2030 Green Deal award to support the design and build of its next generation tidal turbine and further funds from the final stages of the EU supported cost reduction TiGER project through the European Regional Development Fund via the Interreg France (Channel) England Programme. Significant additional funding has also recently been secured through the Maxblade project, a program funded by the European Union and UK Research and Innovation which specifically aims to deliver a range of innovations to improve the performance of tidal turbines and reduce costs. This will also support the design and build of Orbital's next generation tidal turbine.

The Directors have assessed the year end cash position of Orbital Marine Power Limited, the grant awards secured and targeted plus progress being made for ongoing growth equity and project finance fundraising.

The Directors are encouraged by the commercial progress being made by the company and are confident that the existing and forecast cash runway is sufficient to meet liabilities and forecast costs for a period of time that allows additional and ongoing investment to be secured for Orbital Marine Power Limited. Target investment of a minimum £5m of new equity and / or debt funding across the group is targeted in the next 12 months to supplement the already secured funding through the period and to accelerate and deliver the short term business and strategic objectives of the company.

As such, the Directors have concluded that given the commercial success in securing UK contracts for difference in UK Auction Round 4, the operational performance of the O2 turbine, the successful equity and debt fundraising completed in 2021 and 2022, plus ongoing success in securing significant grant funded program awards, it is appropriate to continue to adopt the going concern basis of accounting for the preparation of these annual accounts.

ORBITAL PROJECTS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

These financial statements do not include any adjustments to the balance sheet value for assets and their recoverable amounts or to provide further liabilities which may arise if the going concern basis of preparation is inappropriate.

1.3 Reporting period

The company was incorporated on the 7 December 2021 and therefore, the accounts comprise the results for the period from this date to 31 December 2022.

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.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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.

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 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.

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.

ORBITAL PROJECTS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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 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.

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.

3 Employees

The company has no employees.

Directors are remunerated through the ultimate parent company, Orbital Marine Power Limited.

ORBITAL PROJECTS 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

4 Debtors		2022
		£
Amounts falling due within one year:		
Other debtors		1
		<u>1</u>
5 Creditors: amounts falling due within one year		2022
		£
Other creditors		2,150
		<u>2,150</u>
6 Called up share capital		2022
	2022	2022
	Number	£
Ordinary share capital Issued and fully paid Ordinary Shares of £1 each	1	1
	<u>1</u>	<u>1</u>

7 Profit and loss reserves

Profit and loss reserves are the cumulative net profits or losses in the statement of comprehensive income.

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

We draw attention to note 1.2 of the company accounting policy which indicates that the ability of the company to continue as a going concern is subject to material uncertainty around securing additional funding during the next 12 months from the signing of the financial statements in order to fulfil its operational objectives. As stated in Note 1.2, these events or conditions, along with other matters as set forth 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The senior statutory auditor was Irvine Spowart and the auditor was Johnston Carmichael LLP.

9 Parent company

The company's immediate parent and controlling party is Orbital Project Holdings Limited. Orbital Marine Power Limited is the company's ultimate parent company. The registered office is Innovation Centre, Orkney Hatston Pier Road, Kirkwall, KW15 1ZL.

There is no ultimate controlling party of Orbital Marine Power Limited.

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.