

Company Registration No. 01299452 (England and Wales)

**SONARDYNE INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



# SONARDYNE INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S C Partridge G Brown M Chibah M Davey S J Fasham D Newborough J R Norton J E Ramsden R F Rayner S P Martin	(Appointed 16 April 2019) (Appointed 16 April 2019) (Appointed 22 October 2019) (Appointed 14 July 2020)
<b>Company number</b>	01299452	
<b>Registered office</b>	Ocean House Blackbushe Business Park Saxony Way Yateley Hampshire GU46 6GD	
<b>Auditor</b>	Azets Audit Services 16 The Mount Guildford Surrey GU2 4HN	

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# SONARDYNE INTERNATIONAL LIMITED

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# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2020**

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

### **Statement by the directors relating to their statutory duties under section 172(1) of the Companies Act 2006**

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the company and its subsidiaries ('Company') for the benefit of its members, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term
- Interests of the Company's employees
- Need to foster the Company's business relationships with suppliers, customers and others
- Impact of the Company's operations on the community and the environment
- Desirability of the Company maintaining a reputation for high standards of business conduct
- Need to act fairly as between members of the Company

The Directors' regard to these matters forms an integral part of day to day business. Decisions are taken in line with the policies, processes and culture embedded within the Company and shaped by the Company's Governance Framework, strategy, culture, information sharing and stakeholder engagement processes.

Achieving success in the long term lies at the core of our business strategy. Success is considered in terms of key stakeholders and where their interests lie. Opportunities for growth and diversification are a central theme and risks that threaten the achievement of such opportunities are identified and monitored. The Company is working towards establishing a clear framework for strategic development looking forward for at least five years.

The Board promotes a strong culture of upholding the highest standards of business conduct and regulatory conduct. Ethical values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognises that respectful stakeholder relationships are vital to the long-term success of the business and that positive engagement can help enhance the operations and success of the Company.

The Directors are supported in the discharge of their duties by:

- Agenda planning for Boards and Committee meetings to provide sufficient time for the consideration and discussion of key matters.
- Proportionate and focused board reporting processes with clear identification of decisions required to be taken by the Board.
- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board, and onward to shareholders, from the Company's business areas, its risk and control functions, support teams and committees of the Board.
- Strict operation of reserved matter processes ensuring decisions are taken by the appropriate Board within the Company.
- Detailed induction process on commencement of employment enabling a thorough introduction to the Company.

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### Stakeholders

The Board understands the importance of engagement with all its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

The Board of the Company, and its group companies, regularly discusses issues concerning employees, clients, suppliers, community and environment and its shareholders, which it takes into account in its discussions and in its decision-making process.

In addition to this, the Board of the Company, and its group companies seek to understand the interests and views of the Company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each:

Stakeholders	Engagement
Employees	<p>It is of vital importance that our employees consider Sonardyne International and its operating companies as an engaging and rewarding place to work. We have a friendly and collaborative working culture where employees are encouraged to have a voice and use their creativity and drive. Each of the operating companies consult with staff in a manner that fits with good practice in the jurisdictions in which they operate and according to the size of the company.</p> <p>We regularly monitor the range of pay and benefits across the Company to ensure they remain attractive and have a wide range of employee benefits to offer.</p> <p>We encourage operating companies to engage in active performance management with their employees including establishing clear objectives for staff and using objective appraisal methods.</p> <p>We invest in all our employees by providing group wide training on compliance matters such as data protection and anti-bribery as well as individual skills and experience based training. This is an addition to specific job training which is also encouraged.</p> <p>Regular company presentations are delivered where updates are provided to employees and opportunities given for employees to ask questions. More informal employee forums are also held where employees are invited to raise ideas, provide feedback and ask questions via nominated representatives.</p> <p>We provide funding for employees for endeavours which allow a number of sporting and social activities to be enjoyed by interested employees and in some jurisdictions operate a matching fund to support them in charitable endeavours.</p>

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Customers	<p>Building and maintaining strong relationships with our customers is a top priority.</p> <p>The nature of our business is that we can help solve our customers' technical challenges and make opportunities become realities. We communicate regularly with our customers and support that communication with know-how, guidance and training virtually and in person. In addition to direct visits we also attend trade shows and exhibitions providing face to face contact with customers.</p> <p>We work across operating companies, where synergies exist, to provide a cohesive approach to helping our customers.</p> <p>We use customer feedback to improve the services we can provide. As an example, are our regular customer engagement surveys which determine the Net Promoter Score of the company. The results are monitored by the Executive Committee on behalf of the Board and any anomalies are brought to the attention of the Board in order that the findings can help improve customer engagement. This year customer feedback on the repair experience has led to an improvement in our repair processes which has helped streamline the process and improve turnaround times.</p> <p>During this year we have invested in a new tool which has been used to check for obsolete parts prior to placing orders with suppliers. This allows the risk of obsolescence to be better managed with our customers and for expectation setting of all parties to enable better relationship building.</p>
Suppliers	<p>Our governance framework includes policies and processes aimed at fostering strong supplier relationships. We are clear on our expectations of suppliers as set out in our Supplier Code of Conduct.</p> <p>Due diligence is undertaken prior to appointing new suppliers and information is gathered to assess their suitability such as their anti-bribery and corruption practices, modern slavery policies and conflict minerals risk. Where acquisitions have been made, we have reviewed and updated supplier management processes such that the directors can be confident that the same high standards are maintained across the group.</p> <p>We ensure that suppliers are paid in a timely manner in accordance with our obligations.</p>

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

<p>Community &amp; Environment</p>	<p>The Board's approach to community and environment continues to be vitally important. During this year a significant project was undertaken to install solar arrays across the HQ site. Not only is the Company able to draw a significant proportion of its energy needs from the solar arrays but also, by feeding surplus capacity into the National Grid, the wider community is also able to make use of electricity generated from sunlight and the resulting reduction in the Company's carbon footprint is of benefit to the wider community as a whole.</p> <p>We continue to support the activities of the business park management company on which the HQ is situated, and this year has led an exercise to develop better relationships with the local Council in order to seek benefits for the local business community.</p> <p>The Board continues to commit and broaden the company's work and associations with educational establishments, providing support in particular to Newcastle University's Robotics Lab, the Faculty of Environment and Technology at the University of the West of England (UWE) and the Shark Trust in the UK. Through our operating companies we maintain ongoing relationships with Aarhus University in Denmark and McGill University in Montreal, Canada.</p>
<p>Shareholders</p>	<p>We hold regular meetings with, and provide briefings to, the Company shareholders. This ensures decisions are made at the appropriate level and that we incorporate the interests and needs of our shareholders into our long term business planning.</p>

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Review of the business

Turnover for the year was £37.3m compared to £31.2m in 2019. Pre tax profit for the year was £7.1m (2019 - £1.7m).

Turnover has increased by 19% this year and the order bank has increased by 10%. This is due to a continued recovery in the oil and gas sector.

Three years ago, the board took the strategic decision to identify opportunities for growth in other markets, with the aim of creating more balanced sources of revenue, whilst still seeking to maximise opportunities in the oil and gas sector which continues to be the company's major market and will be for the foreseeable future. The recently acquired companies are additive to Sonardyne's existing oil and gas business but the greater stability resulting from diverse revenue streams enables us to better serve customers in all sectors. Within the existing business, the maritime security, oceanographic and defence sectors increasingly provide important sources of revenue and the acquisition of Chelsea Technologies Ltd, completed in September 2018, has given Sonardyne access to new opportunities in the green shipping, water environmental, and process control markets.

In May 2019 Sonardyne International Limited acquired Eiva A/S, a software and equipment company based in Denmark, specializing in underwater exploration, oceanography and offshore construction. Eiva A/S is a complementary business which expands Sonardyne's technical offering to the markets in which it operates.

In January 2020, Sonardyne International Limited purchased the business and assets of 2G Robotics Inc, an underwater laser scanning technology company based in Canada. 2G Robotics' capabilities further broaden the product and service offering of the Sonardyne group of companies, with greater penetration into non oil and gas markets.

Following the acquisition of the new entities, a new group management company was established, positioned immediately below the group holding company, in order to improve the corporate governance structure, clarify the focus of individual operating companies and maximise the opportunities for beneficial cross-group collaboration. Prior to the end of the financial year, Sonardyne Group Limited changed its name to Sonardyne Holdings Limited and the new management company adopted the name Sonardyne Group Limited. After the end of the financial year, the ownership of the trading entities was transferred from Sonardyne International Limited to Sonardyne Group Limited.

As the end of the financial year approached, the effects of the Covid-19 pandemic began to be felt around the world. Of the companies in the Sonardyne group, Chelsea Technologies was the first to see any impact on trading activities due to the sectors in which it operates and its greater reliance on business in the Far East. Levels of activity in the affected areas are expected to remain depressed for the remainder of the year. Although not entirely unaffected, other operating companies have not seen significant or sustained impacts on revenue as a direct result of the pandemic. All group companies have continued to conduct their normal business to the fullest extent possible, encouraging staff to work from home where feasible and ensuring that all business premises are Covid-secure.

The reduced levels of global economic activity brought about by the Covid-19 pandemic did lead to a significant sharp fall in the price of oil. Although the price recovered, oil continues to trade at a price below that seen in recent years which will inevitably lead to reductions or delays in investment in oil and gas projects with a knock-on effect on sales opportunities for Sonardyne. The situation is still very uncertain prompting a cautious view of trading activity over the coming year. The latest forecast for sales and profits for 2021, therefore, indicates a modest decrease to those reported last year. However, because of the greater resilience which results from increasing diversification of group trading activities and an expected recovery in the oil and gas sector in the medium term, the Board of Directors remain extremely optimistic for the future.

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### Principal Risks and Uncertainties

All activities of the company are controlled by the Board which meets regularly to review the performance of the group. The Board reviews the principal risks to the business and where it is deemed appropriate, puts in place ways to mitigate those risks.

A detailed annual budget is prepared and approved by the Board at the beginning of each financial year. Reporting against this budget is done on a monthly basis with detailed monthly management accounts produced to strict deadlines. A rolling twelve month forecast is produced quarterly to provide insight into the longer term outlook for the business.

Cash and debtors are monitored on a daily basis.

Principal risks and uncertainties include:

- Periods of lower activity in the offshore oil industry causing a further fall in Sonardyne's customers' capital budgets in the core markets
- Britain's exit from the EU; in particular the potential disruption to the supply chain and export procedures
- The impact of Covid-19 pandemic and resulting lockdowns on the global economy
- The volatility of the UK pound against other international currencies, particularly the US dollar, the Norwegian kroner and the Euro
- The alignment of risk in negotiated contract terms with the available rewards

The company's policies to mitigate these risks include diversification into other market areas, supply chain management, strong treasury management to minimise exchange risks, effective contract negotiation procedures, year on year investment in new products and a total commitment to achieving the very best product quality.

### Key Performance Indicators

Key performance indicators are used throughout the business. In the monthly management accounts these include measures and comparatives for employee numbers, capital expenditure, order intake, sales turnover, gross margins, pre-tax profit, order bank, cash and debtors.

Order intake has increased by 34% compared to the prior year

Turnover has increased by 19% compared to the prior year

Staff numbers increased by 6% during the year

The company has continued to maintain a very strong balance sheet

### Employees

Details of the average number of employees and related costs can be found in note 7 to the financial statements. Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company keeps employees informed on matters relevant to them as employees through regular meetings and newsletters. Senior management meet regularly with a committee of staff representatives to discuss issues raised by employees and to consult on a range of matters affecting employees' interests. In addition to this a quarterly review of the group's performance is presented to all staff, along with the future plans for the company.

# SONARDYNE INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### Streamlined Energy and Carbon Reporting

Our overall emissions have fallen significantly for the reporting period as we have invested in new building management systems, energy efficiency measures and sustainable procurement of our electricity.

Figures are as follows, based on the calendar year:

	2019	2018
<i>Energy consumption</i>		
Aggregate of UK energy consumption in the year	<b>kWh</b>	<b>kWh</b>
- Gas combustion	150,334	205,036
- Fuel consumed for transport	1,485,341	1,621,951
- Electricity purchased	164,255	114,402
	<b>1,799,930</b>	<b>1,941,389</b>
	=====	=====
<i>Emissions of CO2 equivalent</i>		
	<b>Metric Tonnes</b>	<b>Metric Tonnes</b>
Scope 1 - direct emissions		
- Gas combustion	27.64	37.72
- Fuel consumed for owned transport	41.40	29.18
	<b>69.04</b>	<b>66.90</b>
Scope 2 - indirect emissions		
- Electricity purchased	379.11	459.13
Scope 3 - other indirect emissions		
- Business travel in employee owned vehicles	16.90	15.52
Associated Greenhouse net gas emissions (Tonnes CO2e)	<b>364.94*</b>	<b>541.54</b>
<i>Intensity ratio</i> (Net Tonnes CO2e per employee)	<b>1.29</b>	<b>2.15</b>

\*In 2019, renewable energy reduced emissions by 100.11

The following principles were used in compiling the figures:

*Organisational boundary*

*A financial control approach has been taken.*

*Intensity measurement*

*We have chosen net emissions in tonnes of CO2e per employee as our intensity metric.*

*Renewable energy offset*

*100% renewable electricity was procured for the latter 3 months in the calendar year. To account for this, conversion factors have been applied across 12 months to determine gross emissions, prior to applying a renewable energy offset (for 3 months) to calculate net emissions.*

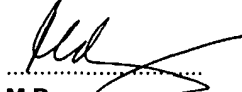
**SONARDYNE INTERNATIONAL LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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On behalf of the board



**M Davey**  
Director

17th December 2020

Date

# SONARDYNE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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

#### Principal activities

The principal activity of the company continued to be that of the design, manufacture and supply of electronic and mechanical instruments for the offshore energy, ocean science and maritime security and defence markets.

#### Directors

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

C J Partridge	(Resigned 21 April 2020)
S C Partridge	
G Brown	
M Chibah	(Appointed 16 April 2019)
M Davey	
S J Fasham	(Appointed 16 April 2019)
D Newborough	
J R Norton	(Appointed 22 October 2019)
J E Ramsden	
R F Rayner	
S P Martin	(Appointed 14 July 2020)

#### Results and dividends

The results for the year are set out on page 13.

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

#### Political and charitable donations

It is the company policy not to make political donations.

During the year the company made charitable donations totalling £12,700 (2019 - £10,250).

#### 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.

# SONARDYNE INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2020**

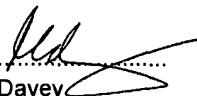
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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure 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.

### **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

  
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M Davey  
Director

Date: 17th December 2020.....

# SONARDYNE INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF SONARDYNE INTERNATIONAL LIMITED

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#### Opinion

We have audited the financial statements of Sonardyne International Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 March 2020 and of its profit 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.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# SONARDYNE INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF SONARDYNE INTERNATIONAL LIMITED

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#### **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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Robert Southey (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services  
Chartered Accountants  
Statutory Auditor

17 March 2021  
.....  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

# SONARDYNE INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	37,323,158	31,244,054
Cost of sales		(12,373,462)	(10,277,839)
<b>Gross profit</b>		<b>24,949,696</b>	<b>20,966,215</b>
Administrative expenses		(19,753,070)	(19,123,447)
Other operating income		50,135	53,190
Exceptional items	4	(691,181)	(323,181)
<b>Operating profit</b>	5	<b>4,555,580</b>	<b>1,572,777</b>
Interest receivable and similar income	9	2,781,151	162,949
Interest payable and similar expenses	10	(276,240)	-
<b>Profit before taxation</b>		<b>7,060,491</b>	<b>1,735,726</b>
Tax on profit	11	(831,860)	(155,904)
<b>Profit for the financial year</b>		<b>6,228,631</b>	<b>1,579,822</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>6,228,631</b>	<b>1,579,822</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

# SONARDYNE INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		7,858,588		8,322,958
Investments	13		31,728,188		7,813,703
			<u>39,586,776</u>		<u>16,136,661</u>
<b>Current assets</b>					
Stocks	17	14,256,077		9,888,057	
Debtors	18	12,650,718		9,367,990	
Cash at bank and in hand		2,341,001		15,852,859	
		<u>29,247,796</u>		<u>35,108,906</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(17,283,815)</u>		<u>(5,983,894)</u>	
<b>Net current assets</b>			<u>11,963,981</u>		<u>29,125,012</u>
<b>Total assets less current liabilities</b>			<u>51,550,757</u>		<u>45,261,673</u>
<b>Provisions for liabilities</b>	20		<u>(473,453)</u>		<u>(413,000)</u>
<b>Net assets</b>			<u>51,077,304</u>		<u>44,848,673</u>
<b>Capital and reserves</b>					
Called up share capital	23		500,000		500,000
Profit and loss reserves			50,577,304		44,348,673
<b>Total equity</b>			<u>51,077,304</u>		<u>44,848,673</u>

The financial statements were approved by the board of directors and authorised for issue on 17th December 2020 and are signed on its behalf by:

  
.....  
M Davey  
Director

Company Registration No. 01299452

# SONARDYNE INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 April 2018</b>	500,000	42,768,851	43,268,851
<b>Year ended 31 March 2019:</b>			
Profit and total comprehensive income for the year	-	1,579,822	1,579,822
		<hr/>	<hr/>
<b>Balance at 31 March 2019</b>	500,000	44,348,673	44,848,673
<b>Year ended 31 March 2020:</b>			
Profit and total comprehensive income for the year	-	6,228,631	6,228,631
		<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	<u>500,000</u>	<u>50,577,304</u>	<u>51,077,304</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Sonardyne International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ocean House, Blackbushe Business Park, Saxony Way, Yateley, Hampshire, GU46 6GD.

#### 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. The principal accounting policies adopted are set out below.

#### Exemptions for qualifying entities under FRS102

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Sonardyne International Limited is a wholly owned subsidiary of Sonardyne Holdings Limited and the results of Sonardyne International Limited are included in the consolidated financial statements of Sonardyne Holdings Limited which are available from Ocean House, Blackbushe Business Park, Saxony Way, Yateley, Hampshire, GU46 6GD.

#### Related party exemption

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.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

However, not all future events or conditions can be predicted, and given the current context of COVID-19 pandemic, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy. The directors have considered the impact COVID-19 has had on the company and believe the financial consequences of any direct impact has been minimal although the effect of indirect impacts, notably possible future delays in customer projects due to reduced demand for oil and gas, is less easy to predict. The company's sites have all continued to operate in a Covid-secure manner enabling an uninterrupted supply of products and services to be provided to customers. The directors and management have taken active steps to adapt to the changing commercial environment in order to mitigate the impact of any future reduction in revenues and protect the cash flow of the company.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue in respect of equipment and systems sales is recognised when goods have been despatched to the customer in accordance with the sales agreement. Maintenance and repair services are invoiced at the completion of the servicing work carried out.

The company has a number of short term sales contracts. Sales are recognised on the delivery of a definable element of the contract. The income is treated as deferred until the corresponding goods or services are deemed to have been delivered in accordance with the contract. The income, costs and profit are then released to the statement of comprehensive income.

#### 1.4 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property and Leasehold improvements	2% straight line
Plant and equipment	15% and 25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line
Boats and instruments	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### 1.6 Fixed asset investments

Interests in subsidiaries and associates entities held as fixed assets are shown at cost less provision for permanent impairment.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

##### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.8 Stocks

Stock and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. The proportion of overheads which is capitalised is dependent on the stage of completion.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash at banks and in hand, other short-term liquid investments with original maturities of three months or less.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.10 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.

##### **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.

##### **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 and 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.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

---

### 1 Accounting policies

(Continued)

#### **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.

#### **Derecognition of financial liabilities**

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

#### 1.11 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.

#### 1.12 Derivatives

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.13 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.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.14 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.

#### 1.15 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.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.18 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.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Warranty provision

Warranties are offered on all products supplied. The repair costs, which include material and labour costs associated with warranty work are recognised as the repair work is undertaken. Provision is made at the year end for estimated warranty work required to be undertaken.

##### Stock provision

The provision for slow moving and obsolete stock is made based on the number of years' usage held, with the provision staggered across the years. Consignment stock is provided for based on the date of last use, with any item not used in the last 12 months being provided for in full. Obsolete stock is fully provided for.

#### 3 Turnover and other revenue

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Goods	33,358,836	28,151,700
Other	3,964,322	3,092,354
	<u>37,323,158</u>	<u>31,244,054</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Interest income	67,973	162,949
Dividends received	2,713,178	-
	<u>2,781,151</u>	<u>162,949</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	9,159,206	7,417,861
Rest of European Union	2,379,578	3,862,551
Asia	7,582,767	5,655,567
Americas	8,720,841	6,702,059
Rest of the World	9,480,766	7,606,016
	<u>37,323,158</u>	<u>31,244,054</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 4 Exceptional item

	2020	2019
	£	£
<b>Expenditure</b>		
Exceptional items	691,181	323,181

In the year, the company increased its provision against a debtor balance with Sonardyne Brasil Limitada by £691,181 (2019 - £323,181). Sonardyne Brasil Limitada is a 100% subsidiary held indirectly through Sonardyne Overseas Holdings Limited.

### 5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(387,276)	(306,286)
Research and development costs	1,511,351	1,616,922
Depreciation of owned tangible fixed assets	1,482,274	1,529,735
Profit on disposal of tangible fixed assets	(43,379)	(27,089)
Operating lease charges	326,726	331,337

### 6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	25,900	31,565
Audit of the financial statements of the company's subsidiaries	-	13,710
	25,900	45,275
<b>For other services</b>		
Taxation compliance services	6,450	6,780
All other non-audit services	3,845	6,930
	10,295	13,710

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 7 Employees

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

	2020 Number	2019 Number
Technical	186	171
Administrative	82	81
Total	<u>268</u>	<u>252</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	12,274,780	11,927,252
Social security costs	1,314,968	1,292,734
Pension costs	847,010	907,945
	<u>14,436,758</u>	<u>14,127,931</u>

#### 8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,150,036	995,423
Company pension contributions to defined contribution schemes	70,911	67,982
	<u>1,220,947</u>	<u>1,063,405</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2019 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>263,842</u>	<u>303,434</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

<b>9</b>	<b>Interest receivable and similar income</b>		
		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	67,973	158,471
	<b>Other income from investments</b>		
	Gains on financial instruments measured at fair value through profit or loss	-	4,478
	Total income excluding fixed asset investments	67,973	162,949
	<b>Income from fixed asset investments</b>		
	Income from shares in group undertakings	2,713,178	-
	Total income	<u>2,781,151</u>	<u>162,949</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	67,973	158,471
	Interest on financial assets measured at fair value through profit or loss	-	4,478
		<u>67,973</u>	<u>162,949</u>
<b>10</b>	<b>Interest payable and similar expenses</b>		
		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest payable to group undertakings	270,993	-
	<b>Other finance costs:</b>		
	Finance costs for financial instruments measured at fair value through profit or loss	3,592	-
	Other interest	1,655	-
		<u>276,240</u>	<u>-</u>
<b>11</b>	<b>Taxation</b>		
		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	476,763	55,246
	Adjustments in respect of prior periods	(3,232)	10,399
	Group tax relief	-	56,308
	Total UK current tax	<u>473,531</u>	<u>121,953</u>
	Foreign current tax on profits for the current period	19,404	13,208
	Total current tax	<u>492,935</u>	<u>135,161</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 11 Taxation (Continued)

	2020	2019
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	338,925	20,743
	<u>338,925</u>	<u>20,743</u>
<b>Total tax charge</b>	<u>831,860</u>	<u>155,904</u>

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

	2020	2019
	£	£
Profit before taxation	7,060,491	1,735,726
	<u>7,060,491</u>	<u>1,735,726</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,341,493	329,788
Tax effect of expenses that are not deductible in determining taxable profit	13,078	19,066
Tax effect of income not taxable in determining taxable profit	(533,271)	(26,027)
Double tax relief	(16,417)	-
Permanent capital allowances in excess of depreciation	(28,482)	62,666
Research and development tax credit	(249,530)	(279,048)
Other non-reversing timing differences	8,944	(52,155)
Effect of overseas tax rates	19,404	13,208
Under/(over) provided in prior years	(3,232)	10,399
Patent box relief	(190,376)	(4,141)
Disallowable exceptional items	131,324	61,405
Deferred tax	338,925	20,743
	<u>338,925</u>	<u>20,743</u>
<b>Taxation charge for the year</b>	<u>831,860</u>	<u>155,904</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 12 Tangible fixed assets

	Freehold property and Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Boats and instruments	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2019	6,490,460	7,702,243	3,744,507	138,525	3,814,168	21,889,903
Additions	-	733,863	240,121	20,112	133,701	1,127,797
Disposals	-	(511,817)	(139,930)	-	(32,849)	(684,596)
At 31 March 2020	6,490,460	7,924,289	3,844,698	158,637	3,915,020	22,333,104
<b>Depreciation and impairment</b>						
At 1 April 2019	1,143,685	5,582,065	3,178,022	104,623	3,558,550	13,566,945
Depreciation charged in the year	141,042	949,504	271,538	16,641	103,549	1,482,274
Eliminated in respect of disposals	-	(404,807)	(137,794)	-	(32,102)	(574,703)
At 31 March 2020	1,284,727	6,126,762	3,311,766	121,264	3,629,997	14,474,516
<b>Carrying amount</b>						
At 31 March 2020	5,205,733	1,797,527	532,932	37,373	285,023	7,858,588
At 31 March 2019	5,346,775	2,120,178	566,485	33,902	255,618	8,322,958

### 13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	31,118,436	7,203,951
Investments in associates	15	609,752	609,752
		31,728,188	7,813,703

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost or valuation</b>	
At 1 April 2019	7,813,703
Additions	23,914,485
	31,728,188
<b>Carrying amount</b>	
At 31 March 2020	31,728,188
	7,813,703
At 31 March 2019	7,813,703

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Sonardyne Inc.	8280 Willow Place Drive North, Suite 130, Houston, Texas, 77070 USA	Retail of electronic and mechanical equipment	Ordinary	100.00
Sonardyne Asia PTE Limited	34 Loyang Crescent, Block B, Singapore, 508993	Retail of electronic and mechanical equipment	Ordinary	100.00
Sonardyne Overseas Holdings Limited	Ocean House, Blackbushe Business Park, Saxony Way, Yateley, GU46 6GD	Holding company	Ordinary	100.00
Chelsea Technologies Holdings Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Holding company	Ordinary	100.00
Wavefront Systems Limited	Unit 5b, Coldharbour Business Park, Sherborne, Dorset, DT9 4JW	Underwater systems consultancy services	Ordinary	100.00
EIVA Holdings A/S	Niels Bohrs Vej 17, 8660 Skanderborg, Denmark	Holding company	Ordinary	100.00
2G Robotics Inc	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC, V6C 2X8, Canada	Underwater laser camera and imaging solutions	Ordinary	100.00
Solaradyne Ltd	Ocean House, Blackbushe Business Park, Saxony Way, Yateley, GU46 6GD	Generation of electricity	Ordinary	100.00

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 14 Subsidiaries

(Continued)

Wavefront Systems Limited was previously known as Sonardyne Wavefront Limited.

Solardyne Limited was previously known as Chelsea Technologies Group Limited.

In May 2019, the company purchased 100% of the share capital of EIVA Holdings A/S for £23,914,427. EIVA Holdings A/S is the parent company of EIVA A/S.

In January 2020, the company incorporated a Canadian company, 1237630 BC Ltd, with share capital of CAD 100. The entity purchased the business and assets of 2G Robotics Inc, a Canadian company, and subsequently changed its name to 2G Robotics Inc under the terms of the Asset Purchase Agreement.

Chelsea Technologies Holdings Limited has a 100% holding in Chelsea Technologies Limited, a company registered in England and Wales.

Sonardyne Overseas Holdings Limited has a 100% holding in Sonardyne Brazil Limited, a company registered in England and Wales, and Sonardyne Brasil Limitada, a company registered in Brazil.

### 15 Associates

Details of the company's associates at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Lumasys Inc.	97 Water Street, PO Box 613, Woods Hole, MA 02543 USA	Subsea optical communication solutions	Ordinary	30.00
Dynautics Ltd	28 Landport Terrace, Portsmouth, PO1 2RG	Provision of intelligent marine technology	Ordinary	20.00

### 16 Financial instruments

	2020	2019
	£	£
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	-	(3,592)
	<u>          </u>	<u>          </u>

The company purchases forward foreign currency contracts to hedge currency exposure on future commitments. The fair value of the assets and liabilities held at fair value through the statement of comprehensive income at the balance sheet date are determined using quoted prices. There were no foreign currency contracts outstanding at 31 March 2020.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 17 Stocks

	2020	2019
	£	£
Raw materials and consumables	8,853,686	6,976,945
Work in progress	5,150,072	2,745,488
Finished goods and goods for resale	252,319	165,624
	<u>14,256,077</u>	<u>9,888,057</u>

Consignment stock of £735,986 (2019 - £659,840) is held in the balance sheet at the year end. The items are held by sales partners both overseas and in the UK. No deposit is held in relation to the items and all risks and rewards of the stock remain with the company.

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

### 18 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	5,109,640	3,697,188
Corporation tax recoverable	-	18,413
Amounts owed by group undertakings	4,949,792	2,907,636
Other debtors	623,239	1,484,555
Prepayments and accrued income	1,968,047	960,725
	<u>12,650,718</u>	<u>9,068,517</u>
Deferred tax asset (note 21)	-	1,035
	<u>12,650,718</u>	<u>9,069,552</u>
	2020	2019
	£	£
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 21)	-	298,438
	<u>-</u>	<u>298,438</u>
<b>Total debtors</b>	<u>12,650,718</u>	<u>9,367,990</u>

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 19 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,002,860	2,050,461
Amounts owed to group undertakings	12,843,065	1,158,623
Corporation tax	109,683	-
Other taxation and social security	436,048	432,867
Other creditors	4,395	158,577
Accruals and deferred income	2,887,764	2,183,366
	<u>17,283,815</u>	<u>5,983,894</u>

Included in Other Creditors is a debit amount of £nil (2019 - £3,592) in relation to financial instruments. See note 16 for details.

Included in Trade Creditors is an amount of £134,756 (2019 - £966,056) which relates to customer deposits.

#### 20 Provisions for liabilities

	Notes	2020	2019
		£	£
Other provision		434,000	413,000
Deferred tax liabilities	21	39,453	-
		<u>473,453</u>	<u>413,000</u>

Movements on provisions apart from deferred tax liabilities:

	Other provision
	£
At 1 April 2019	413,000
Additional provisions in the year	21,000
At 31 March 2020	<u>434,000</u>

#### Warranty provision

A provision of £434,000 (2019 - £413,000) has been recognised for anticipated warranty claims on products sold during the last financial year. It is expected that most of this expenditure will be incurred within the next financial year.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Balances:</b>				
Accelerated capital allowances	39,453	-	-	299,473
	<u>39,453</u>	<u>-</u>	<u>-</u>	<u>299,473</u>
<b>Movements in the year:</b>				<b>2020 £</b>
Asset at 1 April 2019				(299,473)
Charge to profit or loss				338,926
Liability at 31 March 2020				<u>39,453</u>

#### Deferred taxation

The portion of the deferred taxation liability/ (asset) set out above which is not expected to reverse within 12 months relates to accelerated capital allowances of £39,453 (2019 - asset of £281,923) and other timing difference of £nil (2019 - asset of £16,514). Other timing differences expected to mature within 12 months amount to £nil (2019 - asset of £1,036).

#### 22 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	847,010	907,945
	<u>847,010</u>	<u>907,945</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were £4,270 (2019 - £162,316) of outstanding contributions at the year end.

#### 23 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
500,000 Ordinary of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

Ordinary shares are non-redeemable and carry full voting and participating rights.

# SONARDYNE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 24 Financial commitments, guarantees and contingent liabilities

At 31 March 2020 the company had commitments to buy:  
USD nil (2019 - USD 500,000 for £378,737).

#### 25 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	272,125	307,705
Between two and five years	263,000	535,126
	<u>535,125</u>	<u>842,831</u>

#### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	231,460	98,939
	<u>231,460</u>	<u>98,939</u>

#### 27 Events after the reporting date

Sonardyne Group Limited, incorporated on 2 March 2020, became the company's immediate parent after year end.

The company's ultimate parent continues to be Sonardyne Holdings Limited.

After the year end the company issued additional share capital of £11.8m. The group was then restructured and investments held by Sonardyne International with a carrying value of £7.7m were transferred to Sonardyne Group Limited by means of a dividend in specie.

#### 28 Related party transactions

During the year the company made purchases from Lumasys Inc, a 30% owned associate, of £327,996 (2019 - £184,936). At the year end £26,382 was outstanding (2019 - £nil).

During the year the company made purchases from Dynautics Limited, a 20% owned associate, of £nil (2019 - £nil). At the year end £nil was outstanding (2019 - £nil).

# **SONARDYNE INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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**29 Ultimate controlling party**

The company is a wholly owned subsidiary of Sonardyne Holdings Limited (formerly known as Sonardyne Group Limited), a company registered in England and Wales. This is the only group into which the results of the company are consolidated. Copies of the group financial statements of Sonardyne Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.