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**Seatronics Limited**

Annual report and financial statements  
Registered number SC124658  
31 December 2021



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## Strategic report

The directors present their Strategic report for the year ended 31 December 2021.

### Principal activities

Seatronics Limited (the "Company") is part of the Data and Robotics division of the Acteon group. Acteon is a global organisation providing a range of products and services for the renewable energy, nearshore construction and oil and gas sectors. Its specialisms range from data collection and survey techniques ahead of construction, the installation of foundations and anchoring technologies, the monitoring, management and decommissioning of assets, installation and management of offshore wind turbines and construction services for marine facilities including bridges, jetties and coastal protection.

### Business model

Seatronics Limited specialises in the provision of marine electronic rental equipment for applications including: navigation and positioning, environmental and geographical surveying and inspection and construction work.

The Company employs approximately 70 people in its base in Aberdeen, and its branch based in Abu Dhabi. The Company works both independently and in partnership with other Acteon companies to serve industry clients.

### Business review and results

2021 was another challenging year with operational challenges being presented from the impact of the continuing global Covid-19 pandemic. Activities were affected by both operational and logistical delays with some customer activities being cancelled or postponed as a result. A landscape of a general increase in the oil price however, helped to partially offset these adverse Covid-19 impacts with an improved trading performance against the prior year.

The Company and the wider Acteon group continued to take action to curtail cost increases to reduce the existing cost base. Additionally, the cost synergies arising from the wider group's simplified organisation structure continued to have a positive effect on the 2021 results.

As a result of the actions undertaken, the Company's financial performance in 2021 remained resilient despite the challenges. Turnover in the year increased to £23,723,000 (2020: £20,472,000) and profit before taxation increased to £4,844,000 (2020: £3,893,000).

### Key performance indicators

Key performance indicators pertinent to the Company are shown below. This demonstrates the underlying operational performance (gross margin and EBITDA) and the level of continued investment in the Company's underlying revenue generating resources (fixed assets and average number of employees).

	2021	2020
Gross Margin % of revenues	31.3%	27.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£000)*	7,325	6,762
Net book value of tangible fixed assets (£000)	6,279	6,276
Average number of employees	69	69

\* Prior to the impact from certain costs totalling £320,000 (2020: £383,000) of a non-operating nature.

## Strategic report *(continued)*

### Principal risks and uncertainties

The directors have taken steps to ensure that the day-to-day risks which face the Company such as health and safety and commercial risks, are managed comprehensively by insurance covers which should mitigate the impact of risks turning into reality, and by the preparation and review of comprehensive monthly management financial reporting packages which can alert the board where appropriate to developments in trading performance and cash management.

Any business operates against a background of risks and uncertainties. The directors believe that the principal risks facing the Company are:

- A further reduction in the current activity levels in the offshore oil and gas exploration and production industry worldwide as a result of various factors including, but not limited to, a fall in oil prices and the broader energy transition;
- Lead times and availability of raw materials and components which are required in order for the Company to provide its products and services could deteriorate from their current levels;
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order to operate;
- The considerable health and safety risks which are inherent to a business providing products and services for the renewable, nearshore construction and oil and gas sectors;
- Contracts and projects are frequently complex, and there are risks associated with their execution; and
- Access to debt, bonding and credit facilities could become difficult.

### Future developments and going concern

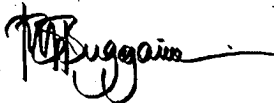
The Covid-19 pandemic, although easing, along with the volatile energy prices caused in part by the current conflict in Ukraine, continues to create short- to medium-term uncertainty to businesses worldwide. Whilst higher energy prices may result in increased investment, there is also a risk that energy companies will delay the timing of their investment programmes which, in turn, might adversely impact the Company's operations across that time horizon. Risk may also arise in the Company's ability to execute certain projects, depending on their nature and location.

In response, the Company (and the wider Acteon group) continues to take appropriate actions to optimise its trading performance and to protect its margins, profitability and cash flow. It has sought to retain its key capabilities and skills so that it may take advantage and capitalise on future opportunities. Detailed scenario-planning and sensitivity analysis thereon show the Company (and Acteon group) should have sufficient financial resources for the foreseeable future.

Acteon (including the Company) is also continuing its drive to support the energy transition by diversifying into the offshore renewables and near-shore construction sectors, whilst maintaining a focus on services within the oil and gas sector which support the integrity and maintenance of existing infrastructure; including the decommissioning of aged assets.

The directors therefore believe the Company remains well placed to build on its current position and accordingly they have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board



Dr B Bruggaier  
Director

Union Plaza (6<sup>th</sup> Floor)  
1 Union Wynd  
Aberdeen  
AB10 1DQ

9 September 2022

## Directors' report

The directors present their report for the year ended 31 December 2021.

### Proposed dividend

The directors paid an interim dividend of £10,000,000 in the year (2020: £nil).

### Directors

The directors who held office during the year and up to the date of this report are as follows:

D Donaldson (appointed 4 January 2021)  
Dr B Bruggaier

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report. These took the form of Directors and Officers liability insurance.

### Financial instruments

The Company sells to most of its clients on customary credit terms and is, as a result, exposed to the usual credit risk and cash flow risk associated with this form of trading. It manages this risk through its credit control procedures. The existence of these trade credit facilities does not expose the Company to price risk or liquidity risk.

The Company does not currently deploy interest rate or currency hedging since these risks are dealt with by, and at the level of, its parent company.

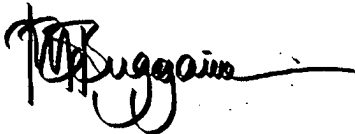
### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Dr B Bruggaier  
Director

Union Plaza (6<sup>th</sup> Floor)  
1 Union Wynd  
Aberdeen  
AB10 1DQ

9 September 2022

## Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Seatronics Limited

### Opinion

We have audited the financial statements of Seatronics Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's and Acteon Group Limited group's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## **Independent auditor's report to the members of Seatronics Limited** *(continued)*

### **Fraud and breaches of laws and regulations – ability to detect** *(continued)*

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue recognised over time is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- Agreeing revenue recognised at year end to evidence of goods delivered and services performed in the year.
- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unbalanced journals; revenue and cash journals posted to unrelated accounts; and journals with specific descriptions which may indicate high risk.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment and anti-bribery legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and Directors' report**

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

## **Independent auditor's report to the members of Seatronics Limited (continued)**

### **Strategic report and Directors' report (continued)**

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Paula Holland (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Marischal Square  
Broad Street  
Aberdeen  
AB10 1DD

9 September 2022

**Profit and Loss Account and Other Comprehensive Income**  
*for year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	2020 £000
<b>Turnover</b>	2	<b>23,723</b>	20,472
Cost of sales		<u>(16,300)</u>	<u>(14,899)</u>
<b>Gross profit</b>		<b>7,423</b>	5,573
Administrative expenses		<u>(2,474)</u>	<u>(1,519)</u>
<b>Operating profit</b>	3-5	<b>4,949</b>	4,054
Interest receivable and similar income	6	40	9
Interest payable and similar expenses	7	<u>(145)</u>	<u>(170)</u>
<b>Profit before taxation</b>		<b>4,844</b>	3,893
Tax charge on profit	8	<u>(422)</u>	<u>(585)</u>
<b>Profit for the financial year</b>		<b>4,422</b>	3,308
Items that are or may be subsequently reclassified to profit and loss:			
Foreign currency translation difference on foreign operation		<u>6</u>	<u>(30)</u>
<b>Total comprehensive income for the year</b>		<b>4,428</b>	3,278

All results relate to continuing activities.

**Balance Sheet**  
*at 31 December 2021*

	<i>Note</i>	2021	2020
		£000	£000
<b>Fixed assets</b>			
Intangible assets	9	295	306
Tangible assets	10	6,279	6,276
Right-of-use assets	11	3,684	3,616
Investments	12	-	-
		<u>10,258</u>	<u>10,198</u>
<b>Current assets</b>			
Stock	13	2,268	1,776
Contract costs	14	512	101
Debtors	15	8,982	7,077
Cash at bank and in hand		5,816	9,810
		<u>17,578</u>	<u>18,764</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(8,015)</u>	<u>(3,587)</u>
<b>Net current assets</b>		<u>9,563</u>	<u>15,177</u>
<b>Total assets less current liabilities</b>		<u>19,821</u>	<u>25,375</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(3,785)</u>	<u>(3,767)</u>
<b>Net assets</b>		<u>16,036</u>	<u>21,608</u>
<b>Capital and reserves</b>			
Called up share capital	21	100	100
Capital redemption reserve		150	150
Foreign currency translation reserve		430	424
Profit and loss account		15,356	20,934
<b>Shareholder's funds</b>		<u>16,036</u>	<u>21,608</u>

These financial statements were approved by the board of directors on 9 September 2022 and were signed on its behalf by:



**Dr B Bruggaier**  
*Director*

## Statement of Changes in Equity

	Called up share capital £000	Capital redemption reserve £000	Foreign currency translation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	100	150	454	17,626	18,330
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	3,308	3,308
Foreign currency translation difference on foreign operations	-	-	(30)	-	(30)
	-	-	(30)	3,308	3,278
<b>Balance at 31 December 2020</b>	<b>100</b>	<b>150</b>	<b>424</b>	<b>20,934</b>	<b>21,608</b>
	Called up share capital £000	Capital redemption reserve £000	Foreign currency translation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	100	150	424	20,934	21,608
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	4,422	4,422
Foreign currency translation difference on foreign operations	-	-	6	-	6
	-	-	6	4,422	4,428
<b>Transactions directly with owners</b>					
Dividends paid in year	-	-	-	(10,000)	(10,000)
<b>Balance at 31 December 2021</b>	<b>100</b>	<b>150</b>	<b>430</b>	<b>15,356</b>	<b>16,036</b>

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Seatronics Limited (the "Company") is a company incorporated and domiciled in the UK. The registered number is SC124658 and the registered address is Union Plaza (6<sup>th</sup> Floor), 1 Union Wynd, Aberdeen, AB10 1DQ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard *101 Reduced Disclosure Framework* ("FRS101").

These financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest £1,000.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards ("Adopted IFRS") and applicable laws.

The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- A Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Certain disclosures in respect of leases;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company's parent undertaking, Acteon Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Acteon Group Limited are prepared in accordance with Adopted IFRS and are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The consolidated financial statements of Acteon Group Limited include the disclosures required by IAS 36 *Impairment of assets*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurements* both relating to financial instruments. As a consequence, the Company has taken the exemption under FRS 101 not to include the equivalent disclosures in respect of financial instruments, apart from those which are relevant for financial instruments held at fair value and are not either held as part of a trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation however, means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

#### ***Depreciation rates and residual values of tangible fixed assets***

As described in the tangible fixed asset accounting policy, the Company depreciates fixed assets over its assessment of their estimated useful lives less estimated residual values using a straight-line basis. The useful lives range between 2-7 years with residual values estimated at nil. The Company considers maintenance policies and industry standards in determining the useful lives of assets.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report. These financial statements have been prepared on a going concern basis for the following reasons.

At 31 December 2021, the Company had net current assets of £9,563,000 and recorded a profit after tax of £4,422,000 for the year then ended.

Volatile energy prices, caused in part by the current conflict in Ukraine, continue to create short to medium-term uncertainty for businesses worldwide. Whilst higher energy prices may result in increased investment, there is also a risk that energy companies will delay the timing of their investment programmes, which might adversely impact the Company's overall operations across that time horizon.

The directors have prepared cash flow forecasts for the Company for a period of twelve months from the date of approval of these financial statements which, taking account of reasonably possible severe but plausible downsides, indicates the Company will have sufficient cash to meet its liabilities as they fall due during that period. Reasonably possible severe but plausible downside scenarios include lower sales in addition to those already factored into the base forecast. These have been partly offset by overhead cost savings.

The Company participates in a group treasury arrangement and its cash flow forecasts are consequently dependent on Acteon Group Limited ('the Group') providing financial support through this arrangement during the forecast period. The Group has indicated its intention to continue to make available such funds as are needed by the Company. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue.

The going concern of the Company is also dependent upon the financial performance of the Group because it is an obligor of the Group's banking facilities. At 31 December 2021 the Group had a fully drawn secured bank loan facility of £273 million with the first debt maturity in November 2024. As of 31 July 2022, the Group had £32 million in cash and the bank facility remained fully drawn. The principal financial covenants with which the Group is required to comply are ratios relating to EBITDA to Net Interest Payable and Total Net Debt to EBITDA. Compliance is required to be tested at each quarter end.

The Group has prepared forecast cash flows to 30 September 2023 which reflect the economic uncertainty described above. On the basis of the forecast cash flow information within the Group's projections, and taking into account severe but plausible downsides, the directors consider that the Group will continue to operate with sufficient liquidity and comply with its bank loan financial covenants. The severe but plausible downside cash flows modelled assumes further deferrals or reductions in the Group's customer revenues across the forecast period.

Based on their forecasts and evaluation thereof, the directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis and are confident the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

#### 1.3 Intangible fixed assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use specific software.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are made available for use. The estimated useful lives are as follows:

Computer software	2-5 years
Patents and trademarks	5 years

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

When an element of a tangible fixed asset item has a different useful life, it is accounted for as a separate tangible fixed asset item.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed asset. The estimated useful lives are as follows:

Plant and equipment	2-7 years
Leasehold improvements	Across the life of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investment, trade and other debtors, contract assets, cash and bank borrowings, lease liabilities and trade and other creditors.

##### *Investments*

Investments in subsidiaries are carried at cost less impairment.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any provision for expected credit losses.

The Company has applied the simplified approach to measuring the expected credit loss which uses a lifetime expected loss allowance. To measure the expected credit loss, trade debtors have been grouped together based on the number of days they are overdue.

##### *Contract assets*

Contract assets are recognised when the Company has satisfied its contractual performance obligations and has either not recognised a trade debtor to reflect its unconditional right to the corresponding consideration or where that consideration is not yet due. Contract assets are treated as financial assets for impairment purposes and therefore subject to impairment reviews on the same basis as trade and other debtors.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### 1.7 Contract costs

Contract costs represent incremental costs of obtaining a contract and the costs incurred to fulfil it.

##### *Costs of obtaining a contract*

Incremental costs of obtaining a contract with a customer are capitalised when it is expected that those costs are recoverable. The costs are subsequently amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that are incurred regardless of whether or not the contract is obtained, or costs which are not otherwise recoverable from the customer, are expensed immediately in the profit and loss account. Incremental costs of obtaining a contract where the contract term is less than one year are also immediately expensed to the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Contract costs (continued)

##### *Costs to fulfil customer contracts*

Customer contract fulfilment costs are capitalised when all of the following are met:

- The costs relate directly to the contract.
- The costs generate or enhance resources that will be used to satisfy the contract's future performance obligations.
- The costs are expected to be recovered.

Capitalised customer contract fulfilment costs are charged to the profit and loss account in line with the fulfilment of the specific performance obligation to which they relate.

#### 1.8 Contract liabilities

Contract liabilities are recognised when a customer pays consideration or when the Company recognises a trade debtor to reflect its unconditional right to consideration (whichever is earlier), prior to the Company transferring the goods to, or performing the services for, that customer. The liability represents the Company's responsibility to fulfil the contractual performance obligations for which it has already been paid.

#### 1.9 Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.10 Turnover

Turnover is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:

- Identifies the contract with the customer.
- Identifies the separable performance obligations in the contract.
- Determines the overall transaction (contract) price, allowing for estimates of variable consideration and the time value of money.
- Allocates the transaction price across the separable performance obligations on a pro-rata basis relative to the stand-alone selling prices of each distinct good or service to be delivered, applying any overall discounts across the entire contract (or to specific performance obligations if more appropriate).
- Recognise turnover when, or as, each performance obligation is satisfied in a manner that reflects the transfer of control of the goods or services promised to the customer.

Where variable consideration exists within the transaction price, it reflects any concessions provided to the customer such as discounts, rebates and refunds and other contingent events. Estimates of variable consideration are determined using the expected value method and are only recognised when their impacts on the transaction price are highly probable. If any uncertainty exists with respect to a potential refund of the variable consideration received this consideration is recognised as deferred income until the uncertainty is resolved.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Turnover (continued)

##### *Sale of goods*

How turnover is recognised from performance obligations for the sale of goods depends on whether or not those goods are customer-specific in nature. Where goods are customer-specific (for example, they are designed or manufactured for a particular project), there is no readily available alternative use for those goods and the Company has an enforceable right to payment for performance completed to date, turnover is recognised over time in accordance with the contract's progression (assessed on a cost input method) up to the point of delivery. Turnover in respect of the sale of non-customer-specific goods is recognised at the point in time when the customer obtains control of those goods, typically at the point of delivery.

##### *Rendering of services*

The Company recognises turnover for service performance obligations over time as those services are fulfilled. Turnover is based either on a fixed price or on an hourly/day rate. Where a fixed price is used the Company assesses the stage of fulfilment based on a cost input method. Where the rendering of services includes rental income which is not considered to be lease income, the rental income element is recognised on a straight-line basis over the contract period in accordance with quoted day rates. Where the contract for rental income meets the definition of a lease, turnover is also recognised on a straight-line basis over the contract period but is disclosed separately from turnover from contracts with customers.

##### *Mobilisation and demobilisation services*

Where contracts contain specific mobilisation and demobilisation services the Company evaluates whether these are separate performance obligations within the contract. Where these services are deemed to be separate performance obligations the corresponding turnover is accounted for separately and recognised at a point in time, normally when each service is fully completed. In other cases the associated turnover is considered to be an integral part of the contract and recognised in accordance with the performance of the contract as a whole.

##### *Contracts with a significant financing component*

Where contracts contain a significant financing component and where the customer pays more than twelve months in advance of receiving the goods or services, the time-value of money is incorporated into the transaction price and an implicit interest expense is subsequently recorded within interest payable at the rate embedded within the contract. This treatment recognises the effective borrowing period by the Company for any such advance receipts up to the point at which the performance obligation is fulfilled and the turnover recognised.

Where contracts have a significant financing component but the financing period is less than twelve months, the Company has elected to use the practical expedient permitted by paragraph 63 of IFRS 15 and not adjust the transaction price for this financing element.

#### 1.11 Interest receivable and interest payable

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.13 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account on a net basis.

The results and financial position of overseas branches that have a functional currency other than Sterling are translated into Sterling as follows:

- opening assets and liabilities for the opening balance sheet presented are translated at the rate ruling at the balance sheet date;
- resulting exchange differences from the opening balance sheet date are recognised through the foreign currency translation reserve.

#### 1.14 Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss.

#### 1.15 Defined-contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.16 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.17 Leasing

Following the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date) the Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date.

##### (i) Right-of-use assets

A right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any:

- lease payments made at or before the commencement date (or transition date if earlier);
- initial direct costs incurred;
- estimate of costs to dismantle, remove or restore the underlying asset or the site to which it is located; and
- lease incentives received.

A right-of-use asset is subsequently depreciated using the straight-line method from the commencement (or transition) date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those for property, plant and equipment. A right-of-use asset's value may be reduced where an impairment is necessary and may also be adjusted where a remeasurement of the lease liability is appropriate.

The Company reports its right-of-use assets separately in the balance sheet.

##### (ii) Lease liabilities

A lease liability is initially measured at the present value of future lease payments on the commencement date (or transition date if earlier) having been discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Company, taking into account the risk profile of the asset and its location. Typically the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability will comprise one or more of the following:

- fixed payments;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or the rate at the commencement date;
- lease payments with an optional renewal period where the Company is reasonably certain it will exercise its option to renew; and
- penalties for early termination of the lease unless the Company is reasonably certain it will allow its lease to run its committed term.

The lease liability is measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in the expected future lease payments arising from a change in the adopted index or rate, or if the Company changes its assessment of whether either extension or termination options will be exercised.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the profit and loss account if the carrying amount of the right-of-use asset has been reduced to zero.

The Company reports its lease liabilities within creditors in the balance sheet and disclosed separately within the corresponding notes.

##### (iii) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense in the profit and loss account on a straight-line basis over the lease term.

## Notes (continued)

### 2 Turnover

The following tables disaggregate the Company's turnover by its nature, geographical markets and timing of recognition.

	2021 £000	2020 £000
<b>Nature of turnover</b>		
Sale of goods	6,221	3,894
Rendering of services	17,502	16,578
	<u>23,723</u>	<u>20,472</u>
<b>Geographical markets</b>		
Europe	12,341	13,415
Africa	2,351	887
North America	1,223	913
South America	1,016	415
Asia and Asia Pacific	3,214	1,401
Middle East/Caspian	3,578	3,441
	<u>23,723</u>	<u>20,472</u>
<b>Timing of turnover recognition</b>		
Products and services recognised at a point in time	7,542	5,209
Products and services recognised over time	16,181	15,263
	<u>23,723</u>	<u>20,472</u>

Where the Company rents equipment to customers without the provision of other associated services, the equipment rental contract with the customer may meet the definition of a lease and be outside of the scope of IFRS 15 *Revenue from Contracts with Customers*. Such turnover (to the extent the lease definition is met) has not been presented separately from the Company's IFRS 15 turnover disclosures on the basis that a combined disclosure reflects a more consistent and relevant presentation of the Company's principal trading activities with its customers.

### 3 Expenses and auditor's remuneration

*Included in operating profit are the following:*

	2021 £000	2020 £000
Depreciation and other amounts written off tangible fixed assets - owned	1,610	1,870
Depreciation and other amounts written off right-of-use assets under IFRS 16	435	439
Amortisation of intangible assets	11	16
Operating lease rentals from short-term leases and low value assets	16	12
Research and development costs recognised as an expense	40	32
	<u>2,112</u>	<u>2,249</u>
<b>Auditor's remuneration:</b>		
Audit of these financial statements	55	19
	<u>55</u>	<u>19</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Acteon Company Limited.

**Notes** *(continued)*

**4 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Directors	2	2
Technical and administration	67	67
	69	69
	69	69

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	2,961	3,231
Social security costs	320	314
Contributions to defined contribution plans <i>(note 22)</i>	150	144
	3,431	3,689
	3,431	3,689

During the year the Company received income from the UK Government's job retention scheme in relation to the Covid-19 pandemic of £nil (2020: £137,000). This has been recognised in the profit and loss account as a reduction to administrative expenses.

**5 Directors' remuneration**

	2021	2020
	£000	£000
Directors' remuneration	-	131
Company contributions to money purchase pension plans	-	14
	-	145
	-	145

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under Money purchase schemes	-	1
	-	1

None (2020: One) of the directors received fees or remuneration for qualifying services as a director of the Company during the current year. The current directors hold office in other group undertakings and emoluments paid to the directors for services to other group companies are disclosed within those financial statements. The element associated with this Company is not separately identifiable.

**Notes (continued)**

**6 Interest receivable and similar income**

	2021 £000	2020 £000
Interest on bank deposits	-	9
Net foreign exchange gains	40	-
	40	9
Total interest receivable and similar income	40	9

**7 Interest payable and similar expenses**

	2021 £000	2020 £000
Bank interest payable	1	-
Interest on lease liabilities under IFRS 16	144	144
Net foreign exchange losses	-	26
	145	170
Total interest payable and similar expenses	145	170

**8 Taxation**

**Recognised in the profit and loss account**

	2021 £000	2021 £000	2020 £000	2020 £000
<i>UK corporation tax</i>				
Current tax on income for the year	1,214		985	
Adjustments in respect of prior years	(542)		(288)	
	672		697	
<i>Foreign tax</i>				
Current tax on income for the year	3		15	
Adjustment in respect of prior year	-		(37)	
	3		(22)	
Total current tax		675		675
<i>Deferred tax (note 20)</i>				
Origination and reversal of temporary differences	(249)		(140)	
Adjustment in respect of prior year	455		211	
Effect of change in rate of tax	(459)		(161)	
	(253)		(90)	
Total deferred tax		(253)		(90)
Tax charge on profit		422		585

**Notes (continued)**

**8 Taxation (continued)**

**Reconciliation of effective tax rate**

	2021 £000	2020 £000
Profit for the year	4,422	3,308
Tax charge on profit	422	585
	4,844	3,893
Tax using the UK corporation tax rate of 19% (2020: 19%)	920	740
Non-taxable transactions	45	105
Impact of graduated tax rates	3	15
Effect of change in tax rate	(459)	(161)
Adjustments in respect of prior years	(87)	(114)
	422	585

In the 11 March 2020 Budget it was announced that the UK tax rate would remain at 19% and not, as previously announced, reduce to 17% from 1 April 2020. The UK deferred tax balance as at 31 December 2020 was therefore calculated based on 19%. In the 3 March 2021 Budget it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The UK deferred tax balance as at 31 December 2021 has therefore now been measured using a rate of 25%.

**9 Intangible fixed assets**

	Software £000	Patent and trademarks £000	Total £000
<b>Cost</b>			
Balance at 1 January 2021 and 31 December 2021	643	201	844
	643	201	844
<b>Amortisation</b>			
Balance at 1 January 2021	337	201	538
Amortisation for the year	11	-	11
	348	201	549
At 31 December 2021	348	201	549
	348	201	549
<b>Net book value</b>			
At 1 January 2021	306	-	306
	306	-	306
At 31 December 2021	295	-	295
	295	-	295

The amortisation charge of £11,000 (2020: £16,000) is recognised within administrative expenses in the profit and loss account.

**Notes (continued)**

**10 Tangible fixed assets**

	<b>Leasehold improvements £000</b>	<b>Plant and machinery, fixtures &amp; fittings £000</b>	<b>Total £000</b>
<b>Cost</b>			
Balance at 1 January 2021	440	35,301	35,741
Exchange rate adjustment	-	21	21
Additions	-	1,637	1,637
Disposals	-	(2,767)	(2,767)
<b>At 31 December 2021</b>	<b>440</b>	<b>34,192</b>	<b>34,632</b>
<b>Depreciation and impairment</b>			
Balance at 1 January 2021	426	29,039	29,465
Exchange rate adjustment	-	19	19
Depreciation charge for the year	1	1,609	1,610
Disposals	-	(2,741)	(2,741)
<b>At 31 December 2021</b>	<b>427</b>	<b>27,926</b>	<b>28,353</b>
<b>Net book value</b>			
At 1 January 2021	14	6,262	6,276
<b>At 31 December 2021</b>	<b>13</b>	<b>6,266</b>	<b>6,279</b>

**11 Right-of-use assets**

	<b>Short leasehold land and buildings £000</b>	<b>Plant, equipment and fixtures and fittings £000</b>	<b>Total £000</b>
<b>Cost or deemed cost</b>			
Balance at 1 January 2021	4,050	17	4,067
Additions	363	129	492
Movement from modifications of existing lease liabilities	11	-	11
Disposals	-	(17)	(17)
<b>Balance at 31 December 2021</b>	<b>4,424</b>	<b>129</b>	<b>4,553</b>
<b>Depreciation and impairment losses</b>			
Balance at 1 January 2021	437	14	451
Depreciation for the year	406	29	435
Disposals	-	(17)	(17)
<b>Balance at 31 December 2021</b>	<b>843</b>	<b>26</b>	<b>869</b>
<b>Carrying amounts</b>			
At 1 January 2021	3,613	3	3,616
<b>At 31 December 2021</b>	<b>3,581</b>	<b>103</b>	<b>3,684</b>

**Notes (continued)**

**12 Fixed asset investments**

	<b>Shares in subsidiary undertakings £000</b>
<b>Cost</b>	
At beginning and end of year	375
<b>Impairment</b>	
At beginning and end of year	375
<b>Net book value</b>	
At 1 January 2021	-
<b>At 31 December 2021</b>	-

The impairment provision is a result of a reduction in the value of the Company's investment in Seatronics do Brasil Equipamentos Electronicos Limitada where the underlying net assets or anticipated future trading prospects (based on value-in-use calculations) do not support the investment value.

The Company has the following investments in subsidiaries:

	<b>Registered Address</b>	<b>Class of shares held</b>	<b>Ownership</b>	
			2021	2020
Seatronics do Brasil Equipamentos Electronicos Limitada	Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil	Ordinary share capital	100%	100%

**13 Stocks**

	<b>2021 £000</b>	<b>2020 £000</b>
Work in progress	103	142
Finished goods	2,165	1,634
	<b>2,268</b>	<b>1,776</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £5,690,000 (2020: £2,561,000).

**14 Contract costs**

	<b>2021 £000</b>	<b>2020 £000</b>
Costs to fulfil a contract	512	101

The charge in the year to cost of sales relating to contract costs totalled £101,000 (2020: £88,000).

**Notes (continued)**

**15 Debtors**

	2021 £000	2020 £000
Trade debtors	3,879	2,758
Amounts owed by group undertakings	2,419	2,117
Corporation tax receivable	9	123
Deferred tax assets (note 20)	1,709	1,456
Other debtors	750	331
Prepayments	216	292
	8,982	7,077

The amounts owed by group undertakings are payable on demand and are non-interest bearing.

**16 Creditors: amounts falling due within one year**

	2021 £000	2020 £000
Lease liabilities (note 19)	455	168
Contract liabilities (note 18)	838	109
Trade creditors	4,073	1,424
Amounts owed to group undertakings	1,633	998
Taxation and social security	26	272
Other creditors	174	45
Accruals	816	571
	8,015	3,587

The amounts owed to group undertakings are repayable on demand and are non-interest bearing.

**17 Creditors: amounts falling due after more than one year**

	2021 £000	2020 £000
Lease liabilities (note 19)	3,785	3,767
	3,785	3,767

**18 Contract balances and unsatisfied performance obligations**

**(a) Contract balances**

	2021 £000	2020 £000
Receivables (Trade debtors) which are included in Debtors (note 15)	3,879	2,758
Contract liabilities	838	109
	3,879	2,758

In some contracts the Company receives payments from customers based on explicit billing schedules. Contract assets primarily relate to the Company's conditional right to consideration for completed performance obligations under those contracts. These are transferred to receivables (trade debtors) once this right has become unconditional (typically on invoicing). Contract liabilities relate to payments received in advance of performing the obligations under a contract and exist where significant costs are expected to be incurred prior to the fulfilment of a performance obligation where turnover is to be recognised at a later point in time.

**Notes (continued)**

**18 Contract balances and unsatisfied performance obligations**

*(a) Contract balances (continued)*

The changes in contract liabilities during the year were as follows:

**Contract liabilities**

	2021 £000	2020 £000
Balance at 1 January	109	-
Payment received/invoices raised in advance of recognising turnover at the year-end	838	109
Brought forward balance recognised as turnover	(109)	-
	838	109
<b>Balance at 31 December</b>	<b>838</b>	<b>109</b>

*(b) Unsatisfied performance obligations*

The aggregate amount of the transaction price (contracted turnover value) allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2021 totals £5,578,000 (2020: £3,170,000). The Company expects these to be satisfied in 2022 (2020: 2021).

**19 Lease liabilities**

The maturity of lease liabilities at the balance sheet date are as follows:

	2021 £000	2020 £000
Within one year	455	168
Between one and two years	487	368
Between two and five years	1,611	1,236
After five years	1,687	2,163
	4,240	3,935
	<b>4,240</b>	<b>3,935</b>

The majority of the Group's leases relate to land and buildings for office space, warehouse and yard facilities.

**20 Deferred tax assets and liabilities**

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	2021 £000	Assets 2020 £000
Tangible fixed assets	1,627	1,432
Other	82	24
	1,709	1,456
<b>Net deferred tax asset</b>	<b>1,709</b>	<b>1,456</b>

**Notes (continued)**

**20 Deferred tax assets and liabilities (continued)**

*Movement in deferred tax during the year*

	1 January 2021 £000	Recognised in income £000	31 December 2021 £000
Tangible fixed assets	1,432	195	1,627
Other	24	58	82
	<u>1,456</u>	<u>253</u>	<u>1,709</u>

*Movement in deferred tax during the prior year*

	1 January 2020 £000	Recognised in income £000	31 December 2020 £000
Tangible fixed assets	1,193	239	1,432
Other	173	(149)	24
	<u>1,366</u>	<u>90</u>	<u>1,456</u>

**21 Capital and reserves**

**Share capital**

	2021 £000	2020 £000
<i>Allotted, called up and fully paid</i>		
70,000 (2020: 70,000) Ordinary shares of £1 each	70	70
30,000 (2020: 30,000) "A" Ordinary shares of £1 each	30	30
	<u>100</u>	<u>100</u>

The specific rights attaching to the 'A' ordinary shares are as follows:

The 'A' ordinary shares are entitled to a participating dividend prior to ordinary dividends being paid. This is based on adjusted profit on ordinary activities after taxation, before amounts payable to ordinary shareholders, if applicable.

The 'A' ordinary shares may be converted to a like number of ordinary shares at any time.

The holders of these shares are entitled to attend and vote at general meetings and are entitled to the same voting rights as the ordinary shareholders.

The 'A' ordinary shareholders would rank before the ordinary shareholders on a winding up of the Company. In such circumstances they are entitled to the subscription price paid for the shares plus all dividend arrears. Any capital surplus remaining after distribution to ordinary shareholders is payable to both 'A' ordinary and ordinary classes of shares as if all shares were of the same class.

**Foreign currency translation reserve**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Capital Redemption Reserve**

The capital redemption reserve arose on the repurchase of own shares by the Company.

**Profit and loss account**

Profit and loss account comprises cumulative undistributed earnings of the Company.

**Notes (continued)**

**22 Defined contribution plans**

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £150,000 (2020: £144,000).

**23 Operating leases**

Non-cancellable operating lease rentals payable at the year-end for short-term and low value leases were as follows:

	2021 £000	2020 £000
Less than one year	15	16
Between one and five years	21	36
	36	52
	36	52

**24 Capital commitments**

At 31 December 2021 the Company had entered into contracts to purchase property, plant and equipment for £241,000 (2020: £379,000).

**25 Contingencies**

As set out in note 1, the Company has a cross guarantee with other Company companies in respect of Company borrowings.

**26 Related parties**

During the year the Company traded with certain related parties in the ordinary course of business. The purchases from and sales to those related parties were as follows:

Related party	Relationship	Transactions	2021 £000	2020 £000
Acteon Group Ltd	Parent company	Management charge	286	296
Claxton Engineering Services Ltd	Common control	Sales	29	30
Large Diameter Drilling Ltd	Common control	Sales	13	-
J2 Subsea Ltd	Common control	Sales	57	104
		Purchases	360	179
UTEC NCS Survey Ltd	Common control	Sales	2,036	1,394
		Purchases	302	206
UTEC NCS Survey AS	Common control	Sales	494	885
UTEC Star Net Geomatics Ltd	Common control	Sales	-	30
UTEC Survey Asia Pte Ltd	Common control	Sales	212	188
		Purchases	9	15
InterMoor Ltd	Common control	Sales	75	73
InterMoor do Brasil Ltda	Common control	Sales	-	397
Pulse Structural Monitoring Ltd	Common control	Sales	9	4
			9	4
			9	4

**Notes (continued)**

**26 Related parties (continued)**

The amounts owed to and by related parties at the balance sheet date were as follows:

Related party	Relationship	Balance	2021 £000	2020 £000
Claxton Engineering Services Ltd	Common control	Debtor	72	32
InterMoor Ltd	Common control	Debtor	1	-
J2 Subsea Ltd	Common control	Debtor	2	-
		Creditor	26	11
Pulse Structural Monitoring Ltd	Common control	Debtor	59	-
UTEC NCS Survey Ltd	Common control	Debtor	3	177
		Creditor	3	-
UTEC NCS Survey AS	Common control	Debtor	3	12
UTEC Survey (Asia) Pte Ltd	Common control	Debtor	29	-
Acteon Group Limited	Parent company	Creditor	91	42
			<u>91</u>	<u>42</u>

**27. Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Acteon Group Limited, a company incorporated in the United Kingdom with its registered office at Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW.

The largest and smallest group in which the results of the Company are consolidated is that headed by Acteon Group Limited. The consolidated accounts of this Company are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking is KKR Matterhorn Holdco Limited, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co Inc, a company listed on the New York Stock Exchange.

The registered office address of KKR Matterhorn Holdco Limited is 47 Esplanade, St Helier, Jersey, JE1 0BD.

KKR & Co Inc's registered office address is c/o Maples Fiduciary Services (Delaware) Inc., 4001 Kennett Pike, Suite 302, County of New Castle, Wilmington, Delaware 19807, USA.