Company Registration No. 01968550 (England and Wales)

SONARDYNE HOLDINGS LIMITED

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

SONARDYNE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	C J Partridge N J Evans S C Partridge
Secretary	C J Partridge
Company number	01968550
Registered office	Ocean House Blackbushe Business Park Saxony Way Yateley Hampshire GU46 6GD
Auditor	Azets Audit Services Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ

SONARDYNE HOLDINGS LIMITED

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SONARDYNE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

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 has established 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.

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 Boards of the company and its subsidiary companies regularly discuss issues concerning employees, clients, suppliers, community and environment and their shareholders, which they take into account in their discussions and in their decision-making processes.

In addition to this the Boards of the company and its subsidiary 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	It is of vital importance that our employees consider the Company to be 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. We consult with staff in a manner that fits with good practice in the jurisdictions in which we operate and according to the size of the company. 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 including a number of wellbeing initiatives. We engage in active performance management with our employees including establishing clear objectives for staff and using objective appraisal methods. We invest in all our employees by providing Company-wide training on compliance matters such as data protection and anti-bribery as well as individual skills and experience based training. This is in addition to specific job training which is also encouraged. Regular Company presentations are delivered where updates are provided to employees and opportunities given for employees to ask questions and similar updates are delivered by the parent company focussing on wider group performance. 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.

Customers

Building and maintaining strong relationships with our customers is a top priority.

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.

We work across all group operating companies, where synergies exist, to provide a cohesive approach to helping our customers and we use customer feedback to improve the services we can provide.

We continue to look for innovative solutions that not only improve the quality and efficiency of the service we provide to customers but also make it easier and more cost-effective for customers to deal with us.

Suppliers

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 policies which apply across all group entities.

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.

During the year, global supply chains have faced various challenges, the most notable of which have been increasing material prices and increasing lead times. We have worked proactively with our suppliers to resolve the problems presented by those challenges and arrive at mutually acceptable solutions.

We ensure that suppliers are paid in a timely manner in accordance with our obligations.

Community & Environment	The Board's approach to community and the environment continues to be vitally important. We continue to take measures to reduce the Company's carbon footprint. Post-pandemic international travel has increased, although not to the levels seen previously, however we now make greater use of technology, where feasible and appropriate, to reduce the air miles that operating companies clock up. The Company's investments in the solar arrays at our sites in the UK, Denmark and Brazil are a very noticeable commitment to our goal of achieving net zero by the end of 2025. The arrays enable us to reduce our own demand on the national electricity generation infrastructure in the countries where they are located and surplus electricity from the arrays is also fed back into the national supply system, where possible. As a result, the wider community benefits both directly and indirectly from the Company's investments and initiatives. Not only does the Board assess opportunities to increase the generation of renewable energy by the Company, but it also considers energy efficiency in its other investment decisions in an effort to help reduce the Company's total energy consumption. The Board continues to commit and broaden the Company's work and associations with educational establishments, providing support for programmes at institutions including Newcastle University, The University of the West of England and Southampton University in the UK and maintaining relationships with Aarhus University in Denmark and McGill University in Montreal, Canada.
Shareholders	We hold regular meetings with, and provide briefings to, the company's 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.

Review of the business
At the start of the previous year, the decision was made to align financial reporting periods for all group companies. As a result, the Company changed its financial year end to 31 December and, where relevant, prior year comparatives are therefore for the 9 month period to 31 December 2021.

Turnover for the year was £70.4m compared to £41.8m for the 9 month period to 31 December 2021. Operating profit before amortisation of goodwill for the year was £5.4m compared to £1.0m for the 9 month period to 31 December 2021.

Although a recovery in levels of business was expected as the impact of the Covid-19 pandemic started to ease, revenue for the year exceeded expectations. Order intake was particularly strong meaning the Company entered 2023 with its order book nearly 50% higher than the previous year. Increased activity was seen in all markets although the upturn in the oil and gas sector was the most marked. Political instability and events around the world were the backdrop for much of the Company's trading environment throughout the year. The war in Ukraine has undeniably led to increased business in oil and gas markets as global economies respond to the reduction in supplies from Russia but it has also prompted increased activity in defence markets, particularly related to critical asset and infrastructure protection. The Company has very little exposure to Russian markets and Russian owned businesses so the impact of sanctions on the Company's results has been negligible. The cooling of political sentiment towards China is driving a more cautious approach by Western governments regarding trade with China. This has led to a reduction in sales of export controlled goods into China and the Company is taking steps to redirect sales effort to other markets in the region. Although the global oil and gas sector remains the Company's largest single market, as the current upturn subsides there will inevitably be a decline in overall oil and gas business as the energy transition resumes and gathers pace. The Company will continue to service its oil and gas customers, responding to their changing needs and requirements as our focus turns more to automation, decarbonisation and decommissioning. At the same time, efforts will continue to increase revenue from other markets, notably offshore renewable energy where products from all group operating companies already meet some of the needs of many operators. The Company will actively seek out opportunities for group operating companies to collaborate in the delivery of integrated solutions for customers utilising products, software and services from multiple operating companies across the group to deliver technical and operating efficiency benefits for the customer. In addition to developing a broader revenue base from diverse markets, the Company continues to invest in new technology, launching new products into both existing and new markets.

As with most companies who operate on a global scale, throughout the year the Company faced the challenges of scarcity of resources whether in the form of reduced material availability and extended lead times in the supply chain or limited availability of skilled candidates to satisfy recruitment needs across the business. The challenges were seen by all group operating companies wherever they are located. All companies and their staff responded diligently and creatively to the challenges this presented and, as a result, the impact on trading activity has been well contained.

The outlook for the coming year is very positive although there is still great uncertainty around the continuing impact of the effects of the war in Ukraine and the broader fiscal challenges facing major economies across the globe. The Company is well placed to seize the opportunities presented by increasing business confidence and a more positive trading outlook, and the Board of Directors remains optimistic for the future.

Principal Risks and Uncertainties
All activities of the Company are controlled by the Board which meets regularly to review the performance of the Company. 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.

Cash and debtors are monitored on a daily basis.

Principal risks and uncertainties include:

- The pace of the energy transition and its impact on customers' capital budgets
- Political instability leading to restrictions on the Company's ability to access certain markets or geographies, for example through the imposition of export controls or sanctions
- Disruption to global supply chains and the effects of higher global inflation affecting material availability and prices
- The scarcity of candidates in the job market and the effects of wage inflation
- Exchange rate volatility affecting the currencies in which the Company operates
- 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 making the company a great place to work in order to attract and retain talent.

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 32% when comparing pro-rata to the prior period
Turnover has increased by 26% when comparing pro-rata to the prior period
Average staff numbers have increased by 7% compared to the prior period
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 6 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 within 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.

Each subsidiary company keeps its employees informed on matters relevant to them as employees through regular meetings, newsletters and employee forums. In addition to this a review of the Company's performance is presented to all staff, along with the future plans for the group.

Streamlined Energy and Carbon Reporting
The report is based on Sonardyne International Limited, which is the only company which meets the conditions for this reporting.

Overall, our total energy consumption remained relatively stable. The continuation of the grid decarbonisation and procurement of 100% renewable electricity and "Green Gas" has helped our continued reduction in our carbon footprint and our goal to become carbon neutral by 2025.

Figures are as follows, based on the calendar year:

	2022	2021
Energy consumption		
Aggregate of UK energy consumption in the year	**kWh**	**kWh**
- Gas combustion	136,610	174,421*
- Fuel consumed for transport	210,929	171,846
- Electricity purchased	1,270,374	1,270,585
	1,617,913	**1,618,852**
Emissions of CO2 equivalent	**Metric Tonnes**	**Metric Tonnes**
Scope 1 - direct emissions		
- Gas combustion	24.94	32.31*
- Fuel consumed for owned transport	53.65	44.34
	78.59	**76.65**
Scope 2 - indirect emissions		
- Electricity purchased	**245.66**	**269.78**
Scope 3 - other indirect emissions		
- Business travel in employee owned vehicles	**8.51**	**3.72**
Associated Greenhouse net gas emissions (Tonnes CO2e)	**62.2****	**72.4****
Intensity ratio		
(Net Tonnes CO2e per employee)	**0.20**	**0.27**

*Gas in kWh and Metric Tonnes of CO2e have been corrected in 2021 due to a smart meter being replaced and anticipated reconciliation of invoices.

**In 2021, renewable energy (Electricity - and from 1st October 2021 – gas) reduced emissions by 277.80TCO2e. In 2022, renewable energy (Electrcity & Gas) reduced emissions by 270.60TCO2e.

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 whole of 2022. Renewable "Green" Gas was also procured throughout 2022. To account for this, conversion factors have been applied across 12 months to determine gross emissions, prior to applying a renewable energy offset to calculate net emissions.*

On behalf of the board

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C J Partridge
Director

Date: 20/09/2023

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activities of the group are the design, manufacture and supply of electronic and mechanical instruments, sensors and systems, and the development of software solutions, for use in a variety of markets including offshore energy, ocean science, shipping, environmental, water quality and maritime security and defence.

Directors

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

B F Partridge	(Resigned 31 December 2022)
C J Partridge	
N J Evans	
S C Partridge	

Results and dividends

The results for the year are set out on page 14.

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

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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

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C J Partridge
Director

Date: 20/09/2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONARDYNE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Sonardyne Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and the parent company's affairs as at 31 December 2022 and of the group's 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 group and parent 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Robert Southey (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 26 September 2023

Chartered Accountants
Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
United Kingdom
GU7 1LQ

SONARDYNE HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £	Period ended 31 December 2021 £
Turnover	3	70,435,755	41,845,545
Cost of sales		(20,547,283)	(13,751,898)
Gross profit		49,888,472	28,093,647
Administrative expenses		(47,736,747)	(29,991,999)
Other operating income		1,094,833	691,285
Operating profit/(loss)	5	3,246,558	(1,207,067)
Share of results of associates and joint ventures		10,277	(15,386)
Interest receivable and similar income	8	778,886	532,892
Interest payable and similar expenses	9	(38,184)	(43,567)
Profit/(loss) before taxation		3,997,537	(733,128)
Tax on profit/(loss)	10	(927,404)	484,500
Profit/(loss) for the financial year		3,070,133	(248,628)
Other comprehensive income			
Currency translation differences		(310,659)	(240,676)
Total comprehensive income for the year		2,759,474	(489,304)
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		3,071,242	(250,157)
- Non-controlling interests		(1,109)	1,529
		3,070,133	(248,628)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,760,583	(490,833)
- Non-controlling interests		(1,109)	1,529
		2,759,474	(489,304)

SONARDYNE HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 £	£	31 December 2021 £	£
Fixed assets					
Goodwill	13		16,617,804		18,024,018
Other intangible assets	13		2,798,306		2,347,394
Total intangible assets			19,416,110		20,371,412
Tangible assets	14		13,571,074		12,332,240
Investments	15		16,335,231		15,668,529
			49,322,415		48,372,181
Current assets					
Stocks	19	18,820,027		14,982,071	
Debtors	20	20,133,930		14,752,608	
Cash at bank and in hand		28,204,598		27,262,381	
		67,158,555		56,997,060	
Creditors: amounts falling due within one year	21	(18,197,151)		(11,257,865)	
Net current assets			48,961,404		45,739,195
Total assets less current liabilities			98,283,819		94,111,376
Creditors: amounts falling due after more than one year	22		(464,286)		-
Provisions for liabilities					
Provisions	24	586,695		493,860	
Deferred tax liability	25	951,265		96,665	
			(1,537,960)		(590,525)
Net assets			96,281,573		93,520,851
Capital and reserves					
Called up share capital	26		99,995		99,995
Profit and loss reserves			96,157,929		93,397,346
Equity attributable to owners of the parent company			96,257,924		93,497,341
Non-controlling interests			23,649		23,510
			96,281,573		93,520,851

SONARDYNE HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 20/09/2023 and are signed on its behalf by:

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C J Partridge

Director

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 £	£	31 December 2021 £	£
Fixed assets					
Investments	15		28,578,666		27,852,316
Current assets					
Debtors	20	1,027,068		1,318,882	
Cash at bank and in hand		13,771,694		13,899,183	
		14,798,762		15,218,065	
Creditors: amounts falling due within one year	21	(207,319)		(348,548)	
Net current assets			14,591,443		14,869,517
Net assets			43,170,109		42,721,833
Capital and reserves					
Called up share capital	26		99,995		99,995
Profit and loss reserves			43,070,114		42,621,838
Total equity			43,170,109		42,721,833

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £448,276 (31 December 2021 - £170,197 profit).

The financial statements were approved by the board of directors and authorised for issue on 20/09/2023 and are signed on its behalf by:

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C J Partridge
Director

Company Registration No. 01968550

SONARDYNE HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£	£	£	£	£
Balance at 1 April 2021		99,995	94,838,219	94,938,214	-	94,938,214
Period ended 31 December 2021:						
Loss for the period		-	(250,157)	(250,157)	1,529	(248,628)
Other comprehensive income:						-
Currency translation differences		-	(240,676)	(240,676)	-	(240,676)
Total comprehensive income for the period		-	(490,833)	(490,833)	1,529	(489,304)
Dividends	11	-	(950,040)	(950,040)	-	(950,040)
Purchase of shares in subsidiary from non-controlling interest		-	-	-	21,981	21,981
Balance at 31 December 2021		99,995	93,397,346	93,497,341	23,510	93,520,851
Year ended 31 December 2022:						
Profit for the year		-	3,071,242	3,071,242	(1,109)	3,070,133
Other comprehensive income:						
Currency translation differences		-	(310,659)	(310,659)	-	(310,659)
Total comprehensive income for the year		-	2,760,583	2,760,583	(1,109)	2,759,474
Other movements		-	-	-	1,248	1,248
Balance at 31 December 2022		99,995	96,157,929	96,257,924	23,649	96,281,573

SONARDYNE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 April 2021		99,995	43,401,681	43,501,676
Period ended 31 December 2021:				
Profit and total comprehensive income for the period		-	170,197	170,197
Dividends	11	-	(950,040)	(950,040)
Balance at 31 December 2021		99,995	42,621,838	42,721,833
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	448,276	448,276
Balance at 31 December 2022		99,995	43,070,114	43,170,109

SONARDYNE HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 £	£	31 December 2021 £	£
Cash flows from operating activities					
Cash generated from operations	35		5,151,861		1,066,504
Interest paid			(38,184)		(43,567)
Income taxes (paid)/refunded			(227,049)		20,085
Net cash inflow from operating activities			4,886,628		1,043,022
Investing activities					
Purchase of business (net of cash received)		(238,664)		-	
Purchase of intangible assets		(2,034,923)		(938,178)	
Purchase of tangible fixed assets		(3,582,594)		(2,043,079)	
Proceeds on disposal of tangible fixed assets		270,258		(369,399)	
Interest received		52,536		2,511	
Net cash used in investing activities			(5,533,387)		(3,348,145)
Financing activities					
Purchase of shares in subsidiary from non-controlling interest		-		23,510	
Dividends paid to equity shareholders		-		(950,040)	
Net cash used in financing activities			-		(926,530)
Net decrease in cash and cash equivalents			(646,759)		(3,231,653)
Cash and cash equivalents at beginning of year			26,783,315		30,014,968
Cash and cash equivalents at end of year			26,136,556		26,783,315
Relating to:					
Cash at bank and in hand			28,204,598		27,262,381
Bank overdrafts included in creditors payable within one year			(2,068,042)		(479,066)

1 Accounting policies

Company information

Sonardyne Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ocean House, Blackbushe Business Park, Saxony Way, Yateley, Hampshire, United Kingdom, GU46 6GD.

The group consists of Sonardyne Holdings Limited and all of its subsidiaries.

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.

The 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 for parent company information presented within the consolidated financial statements:

- 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.

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.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Sonardyne Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

1 Accounting policies **(Continued)**

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.4 Reporting period

The prior period financial statements were prepared for a period of nine months from 1 April 2021 to 31 December 2021. This was a short period in order to bring the year end in line with all the other group companies.

1.5 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.

Rental revenue and annual software licence subscription revenue is recognised over the term of the relevant agreement.

The group 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 profit or loss.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1 Accounting policies **(Continued)**

1.8 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

-it is technically feasible to complete the intangible asset so that it will be available for use or sale;
-management intends to complete the intangible asset or use or sell it;
-there is an ability to use or sell the intangible asset;
-it can be demonstrated how the intangible asset will generate probable future economic benefits;
-adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
-the expenditure attributable to the intangible asset during its development can be reliably measured.

All other development expenditure is written off as incurred.

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

Software development costs	5 years straight line

1.9 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	2% straight line
Plant and equipment	15% to 25% straight line
Fixtures, fittings and computers	25% and 33% 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 recognised in the profit and loss account.

1.10 Fixed asset investments

In the parent company financial statements, investments in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1 Accounting policies **(Continued)**

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 group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Goodwill is amortised over the directors' estimate of its useful life of 5 years and is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.12 Stocks

Stocks 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.

1 Accounting policies **(Continued)**

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.

1.13 Cash and cash equivalents

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

1.14 Financial instruments

The group 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 group's balance sheet when the group 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.

Other financial assets

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

Impairment of financial assets

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

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

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

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 group 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.

1 Accounting policies **(Continued)**

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 group 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.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.15 Equity instruments

Equity instruments issued by the group 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 group.

1.16 Derivatives

The group 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 or 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.

1.17 Taxation

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

1 Accounting policies **(Continued)**

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 group'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 if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.18 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

1.19 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.

1.20 Retirement benefits

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

1.21 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 leased asset are consumed.

1 Accounting policies **(Continued)**

1.22 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.23 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 group'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.

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

	31 December 2022 £	31 December 2021 £
Turnover analysed by class of business		
Goods	55,473,185	33,741,652
Other	14,962,570	8,103,893
	70,435,755	41,845,545

3 Turnover and other revenue (Continued)

	31 December 2022 £	31 December 2021 £
Other significant revenue		
Interest income	52,536	2,511
Grants received	826,702	297,572

	31 December 2022 £	31 December 2021 £
Turnover analysed by geographical market		
United Kingdom	18,636,454	8,213,562
European Union	19,027,977	10,788,335
Asia	3,701,543	6,482,737
Americas	17,226,092	10,754,329
Rest of world	11,843,689	5,606,582
	70,435,755	41,845,545

4 Auditor's remuneration

	31 December 2022 £	31 December 2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,000	5,200
Audit of the financial statements of the company's subsidiaries	175,197	112,399
	185,197	117,599
For other services		
Taxation compliance services	35,094	14,365
All other non-audit services	26,514	-
	61,608	14,365

5 Operating profit/(loss)

	31 December 2022 £	31 December 2021 £
Operating profit/(loss) 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	(1,079,061)	74,269
Research and development costs	1,540,108	2,186,788
Depreciation of owned tangible fixed assets	2,584,982	2,199,558
(Profit)/loss on disposal of tangible fixed assets	(54,357)	3,770
Amortisation of intangible assets	2,874,714	2,604,252
Amortisation of goodwill on associate	71,361	71,359
Stocks impairment losses recognised or reversed	-	232,050
Operating lease charges	499,346	412,576

6 Employees

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

	Group		Company	
	31 December 2022 Number	31 December 2021 Number	31 December 2022 Number	31 December 2021 Number
Technical	312	273	-	-
Administrative	176	181	4	2
Total	488	454	4	2

Their aggregate remuneration comprised:

	Group		Company	
	31 December 2022 £	31 December 2021 £	31 December 2022 £	31 December 2021 £
Wages and salaries	28,480,052	17,075,795	340,019	110,690
Social security costs	2,537,949	1,511,262	45,364	12,357
Pension costs	2,383,113	1,377,508	35,358	-
	33,401,114	19,964,565	436,001	123,047

7 Directors' remuneration

	31 December 2022 £	31 December 2021 £
Remuneration for qualifying services	340,019	110,690
Company pension contributions to defined contribution schemes	35,358	-
	375,377	110,690

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

	31 December 2022 £	31 December 2021 £
Remuneration for qualifying services	196,245	110,690
Company pension contributions to defined contribution schemes	35,358	-

8 Interest receivable and similar income

	31 December 2022 £	31 December 2021 £
Interest income		
Interest on bank deposits	52,523	2,474
Other interest income	13	37
Total interest revenue	52,536	2,511
Income from fixed asset investments		
Income from other fixed asset investments	726,350	530,381
Total income	778,886	532,892

9 Interest payable and similar expenses

	31 December 2022 £	31 December 2021 £
Interest on bank overdrafts and loans	38,184	44,992
Finance costs for financial instruments measured at fair value through profit or loss	-	(1,425)
Total finance costs	38,184	43,567

10 Taxation

	31 December 2022 £	31 December 2021 £
Current tax		
UK corporation tax on profits for the current period	382,985	85,945
Adjustments in respect of prior periods	(80,030)	(256,335)
Total UK current tax	302,955	(170,390)
Foreign current tax on profits for the current period	412,005	(99,598)
Total current tax	714,960	(269,988)
Deferred tax		
Origination and reversal of timing differences	214,061	(233,812)
Changes in tax rates	(1,617)	19,300
Total deferred tax	212,444	(214,512)
Total tax charge/(credit)	927,404	(484,500)

10 Taxation (Continued)

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

	31 December 2022 £	31 December 2021 £
Profit/(loss) before taxation	3,997,537	(733,128)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (31 December 2021: 19.00%)	759,532	(139,294)
Tax effect of expenses that are not deductible in determining taxable profit	9,108	40,048
Tax effect of income not taxable in determining taxable profit	(217,088)	6,653
Tax effect of utilisation of tax losses not previously recognised	(46,954)	(2,083)
Double tax relief	(16,498)	-
Group relief	-	45,633
Permanent capital allowances in excess of depreciation	(221,986)	(162,836)
Research and development tax credit	(571,087)	(287,534)
Other non-reversing timing differences	238,499	(83,137)
Under/(over) provided in prior years	(80,030)	(256,335)
Patent box relief	(62,584)	-
Non-tax deductible amortisation of goodwill and impairment	414,086	365,626
Unrelieved losses	174,706	407,883
Earnings taxed at higher rates	(130,893)	(185,731)
Deferred tax	212,444	(214,512)
Foreign taxes	412,005	(99,598)
Provision adjustment	44,644	73,591
Non trade loan relationship	9,500	7,126
Taxation charge/(credit)	927,404	(484,500)

11 Dividends

	31 December 2022 £	31 December 2021 £
Recognised as distributions to equity holders:		
Final paid	-	950,040

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	31 December 2022 £	31 December 2021 £
In respect of:			
Stocks	19	-	232,050
Recognised in:			
Cost of sales		-	232,050

13 Intangible fixed assets

Group	Goodwill £	Software development costs £	Total £
Cost			
At 1 January 2022	28,086,926	3,818,651	31,905,577
Additions	726,031	2,034,923	2,760,954
Disposals	-	(970,090)	(970,090)
Exchange adjustments	-	209,117	209,117
At 31 December 2022	28,812,957	5,092,601	33,905,558
Amortisation and impairment			
At 1 January 2022	10,062,908	1,471,257	11,534,165
Amortisation charged for the year	2,132,245	742,469	2,874,714
Exchange adjustments	-	80,569	80,569
At 31 December 2022	12,195,153	2,294,295	14,489,448
Carrying amount			
At 31 December 2022	16,617,804	2,798,306	19,416,110
At 31 December 2021	18,024,018	2,347,394	20,371,412

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Goodwill represents the goodwill generated on the acquisition of Chelsea Technologies Holdings Limited in October 2018, EIVA Holding A/S in May 2019 and Sensor Survey in August 2022.

14 Tangible fixed assets

Group	Freehold property	Plant and equipment	Fixtures, fittings and computers	Motor vehicles	Boats and instruments	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	8,135,024	13,054,000	4,515,991	157,256	4,762,302	30,624,573
Additions	167,335	1,957,504	526,381	-	931,374	3,582,594
Business combinations	-	148,851	-	-	-	148,851
Disposals	(54,176)	(549,288)	(156,508)	(19,703)	(275,490)	(1,055,165)
Exchange adjustments	142,389	316,241	48,919	-	44,211	551,760
At 31 December 2022	8,390,572	14,927,308	4,934,783	137,553	5,462,397	33,852,613
Depreciation and impairment						
At 1 January 2022	2,214,202	7,859,358	3,905,145	146,899	4,166,729	18,292,333
Depreciation charged in the year	273,566	1,657,071	326,235	9,099	319,011	2,584,982
Eliminated in respect of disposals	(51,816)	(465,457)	(189,868)	(19,703)	(112,420)	(839,264)
Exchange adjustments	73,010	97,095	42,834	-	30,549	243,488
At 31 December 2022	2,508,962	9,148,067	4,084,346	136,295	4,403,869	20,281,539
Carrying amount						
At 31 December 2022	5,881,610	5,779,241	850,437	1,258	1,058,528	13,571,074
At 31 December 2021	5,920,822	5,194,642	610,846	10,357	595,573	12,332,240

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

Included in cost of land and buildings is freehold land of £1,645,959 (31 December 2021 - £1,645,959) which is not depreciated.

15 Fixed asset investments

		Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Notes	£	£	£	£
Investments in subsidiaries	16	-	-	12,303,983	12,303,983
Investments in associates	17	60,548	120,196	-	-
Unlisted investments		16,274,683	15,548,333	16,274,683	15,548,333
		16,335,231	15,668,529	28,578,666	27,852,316

15 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Group	**Interest in associates**	**Goodwill on associates**	**Other investments**	**Total**
	£	**£**	**£**	**£**
Cost or valuation				
At 1 January 2022	48,835	475,738	15,548,333	16,072,906
Additions	-	-	726,350	726,350
Share of (loss)/profit retained by the associate	10,277	-	-	10,277
Exchange differences	1,436	-	-	1,436
At 31 December 2022	60,548	475,738	16,274,683	16,810,969
Amortisation				
At 1 January 2022	-	404,377	-	404,377
Amortisation for the period	-	71,361	-	71,361
At 31 December 2022	-	475,738	-	475,738
Carrying amount				
At 31 December 2022	60,548	-	16,274,683	16,335,231
At 31 December 2021	48,835	71,361	15,548,333	15,668,529

Movements in fixed asset investments

Company	**Shares in subsidiaries**	**Other investments**	**Total**
	£	**£**	**£**
Cost or valuation			
At 1 January 2022	12,303,983	15,548,333	27,852,316
Additions	-	726,350	726,350
At 31 December 2022	12,303,983	16,274,683	28,578,666
Carrying amount			
At 31 December 2022	12,303,983	16,274,683	28,578,666
At 31 December 2021	12,303,983	15,548,333	27,852,316

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Sonardyne International Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Manufacture of electronic and mechanical equipment	Ordinary	-	100.00
Sonardyne Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Dormant	Ordinary	100.00	-
Covelya Group Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Holding company	Ordinary	100.00	-
Sonardyne Overseas Holdings Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Non-trading	Ordinary	-	100.00
Sonardyne Brazil Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Non-trading	Ordinary	-	100.00
Wavefront Systems Limited	Camway West 303, High Street, Sparkford, Yeovil, Somerset, BA22 7JQ	Underwater system consultancy services	Ordinary	-	100.00
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	23F Loyang Crescent, Block 602, Loyang Offshore Supply Base, Singapore 509022	Retail of electronic and mechanical equipment	Ordinary	-	100.00
Sonardyne Brasil Limitada	Av. Zen lotes 05 e 06, Quadra D, Zen, Rio das Ostras - RJ, CEP 28890-000, Brasil	Retail of electronic and mechanical equipment	Ordinary	-	100.00
Chelsea Technologies Holdings Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Holding company	Ordinary	-	100.00
Chelsea Technologies Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Manufacture of electronic and mechanical equipment	Ordinary	-	100.00
Solardyne Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Generation of electricity	Ordinary	-	100.00
EIVA Robotics UK Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Dormant	Ordinary	-	100.00
EIVA A/S	Niels Bohrs Vej 17, 8660 Skanderborg, Denmark	Retail of electronic and mechanical equipment	Ordinary	-	100.00
Voyis Imaging Inc	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada	Underwater laser camera and imaging solutions	Ordinary	-	100.00
Covelya Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Dormant	Ordinary	-	100.00
Sonardyne Group Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Dormant	Ordinary	-	100.00
Zediment Aps	Niels Bohrs Vej 17, 8660 Skanderborg, Denmark	Retail of drones, sonar and robot technology	Ordinary	-	61.00
Forcys Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire, GU46 6GD	Sale of underwater products	Ordinary	-	100.00
Forcys Australia Pty Limited	Level 24, 300 Barangaroo Avenue, Sydney, NSW 2000	Dormant	Ordinary	-	100.00
SensorSurvey A/S	Niels Bohrs Vej 17, 8660 Skanderborg, Denmark	Harbour surveying	Ordinary	-	100.00

16 Subsidiaries **(Continued)**

All of the above companies are 100% owned via ordinary shares and are included in Sonardyne Holdings Limited consolidated financial statements with the exception of Zediment Aps.

The shares of Sonardyne International Limited, Wavefront Systems Limited, Chelsea Technologies Holdings Limited, Chelsea Technologies Limited, EIVA A/S, Forcys Limited and Voyis Imaging Inc are held indirectly through Covelya Group Limited.

The shares of Sonardyne Overseas Holdings Limited, Sonardyne Inc, Sonardyne Asia Pte Ltd and Solardyne Ltd are held indirectly through Sonardyne International Limited.

The shares of Sonardyne Brazil Limited and Sonardyne Brasil Limitada are held indirectly through Sonardyne Overseas Holdings Limited.

The shares of Zediment Aps, EIVA Robotics UK Limited and SensorSurvey A/S are held indirectly through EIVA A/S. The shares of EIVA A/S were previously held indirectly through EIVA Holdings A/S. Eiva A/S and EIVA Holdings A/S merged 1 January 2022 with EIVA A/S as the continuing company.

The shares of Forcys Australia Pty Limited are held indirectly through Forcys Limited.

Sonardyne Brasil Limitada financial statements for the period ended to 31 December were unaudited.

17 Associates

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Lumasys Inc.	97 Water Street, PO Box 613, Woods Hole, MA 02543 USA	Subsea optical communication solutions	Ordinary	-	34
Dynautics Limited	28 Landport Terrace, Portsmouth, PO1 2RG	Provision of intelligent marine technology	Ordinary	-	20

Both associates have been accounted for under the equity method of accounting within these consolidated financial statements.

18 Joint ventures

Details of joint ventures at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held Direct	Indirect
Brightline Diagnostics Limited	Alderley Park, Nether Alderley, Cheshire, SK10 4TG	Dormant	Ordinary	-	50.00

19 Stocks

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Raw materials and consumables	11,159,178	8,157,549	-	-
Work in progress	5,654,208	3,898,387	-	-
Finished goods and goods for resale	2,006,640	2,926,135	-	-
	18,820,027	14,982,071	-	-

Consignment stock of £778,928 (2021 - £971,627) 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.

20 Debtors

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	15,741,947	11,489,323	-	-
Corporation tax recoverable	76,397	284,456	-	-
Amounts owed by group undertakings	-	-	299,194	291,814
Other debtors	584,273	273,064	-	-
Prepayments and accrued income	2,918,975	2,006,318	-	-
	19,321,592	14,053,161	299,194	291,814
Deferred tax asset (note 25)	796,088	683,198	-	-
	20,117,680	14,736,359	299,194	291,814
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	727,874	1,027,068
Deferred tax asset (note 25)	16,250	16,249	-	-
	16,250	16,249	727,874	1,027,068
Total debtors	20,133,930	14,752,608	1,027,068	1,318,882

21 Creditors: amounts falling due within one year

	Notes	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Bank loans and overdrafts	23	2,068,042	479,066	-	-
Trade creditors		2,782,587	2,363,504	-	-
Amounts owed to group undertakings		-	-	79,392	257,177
Corporation tax payable		436,690	631,426	104,989	81,483
Other taxation and social security		1,550,666	1,671,301	-	-
Other creditors		183,177	345,039	-	-
Accruals and deferred income		11,175,989	5,767,529	22,938	9,888
		18,197,151	11,257,865	207,319	348,548

22 Creditors: amounts falling due after more than one year

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Other creditors	464,286	-	-	-

23 Loans and overdrafts

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Bank overdrafts	2,068,042	479,066	-	-
Payable within one year	2,068,042	479,066	-	-

As at 31 December 2022 and 31 December 2021, EIVA A/S had an overdraft facility of DKK20,000,000 secured over EIVA's debtors, inventory and operating assets.

24 Provisions for liabilities

	Notes	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Other provisions		586,695	493,860	-	-
Deferred tax liabilities	25	951,265	96,665	-	-
		1,537,960	590,525	-	-

24 Provisions for liabilities **(Continued)**

Movements on provisions apart from deferred tax liabilities:

Group	Other provisions £
At 1 January 2022	493,860
Additional provisions in the year	92,835
At 31 December 2022	586,695

As at 31 December 2022, a provision of £436,695 (2021 - £348,095) was recognised for anticipated warranty claims on products sold during the last financial year and a provision of £150,000 (2021 - £150,000) was recognised for anticipated dilapidation costs. It is expected that most of this expenditure will be incurred within the next financial year.

25 Deferred taxation

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

Group	Liabilities 31 December 2022 £	Liabilities 31 December 2021 £	Assets 31 December 2022 £	Assets 31 December 2021 £
Accelerated capital allowances	951,265	96,665	-	-
Tax losses	-	-	633,000	526,527
Retirement benefit obligations	-	-	-	58,959
Other timing differences	-	-	179,338	113,961
	951,265	96,665	812,338	699,447

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 31 December 2022 £	Company 31 December 2022 £
Asset at 1 January 2022	(602,782)	-
Charge to profit or loss	212,444	-
Other	529,265	-
Liability at 31 December 2022	138,927	-

25 Deferred taxation **(Continued)**

The portion of the deferred taxation asset set out above which is not expected to reverse within 12 months relates to capital allowances of £951,265 (2021 - £96,665) and other timing differences of £nil (2021 - £108,842).

Amounts which are expected to mature within 12 months relate to other timing differences of £nil (2021 - £58,959) and losses of £633,000 (2021 - £526,527) expected to be relieved against profits accruing during the financial year ending 31 December 2023.

26 Share capital

Group and company	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary A Share of 1p each	4,670,100	4,670,100	46,701	46,701
Ordinary B Share of 1p each	5,329,404	5,329,404	53,294	53,294
	9,999,504	9,999,504	99,995	99,995

27 Retirement benefit schemes

	31 December 2022	**31 December 2021**
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	2,313,351	1,377,508

The group operates a number of defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds. There were £97,288 (31 December 2021 - £174,483) of outstanding contributions at the year end.

28 Acquisition of a business

On 31 August 2022 the group acquired 100 percent of the issued capital of SensorSurvey A/S.

	Book Value	**Adjustments**	**Fair Value**
Net assets acquired	**£**	**£**	**£**
Fixtures, fittings, tools and equipment	148,851	-	148,851
Debtors	83,538	-	83,538
Cash and cash equivalents	117,474	-	117,474
Creditors	(100,708)	-	(100,708)
Total identifiable net assets	249,155	-	249,155
Goodwill			726,031
Total consideration			975,186

28 Acquisition of a business **(Continued)**

The consideration was satisfied by:	£
Cash	315,476
Vendor Loan	619,048
Legal fees	40,662
	975,186

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	195,300
Profit after tax	61,623

29 Financial commitments, guarantees and contingent liabilities

At the period end the group has the following commitments for foreign currency:

- Sonardyne Inc - to sell USD 2,166,934 for £1,825,400 (2021 - to sell USD 1,656,546 for £1,217,700).

- Sonardyne International Limited - £nil (2021 - to buy NOK 600,000 for £50,041).

30 Operating lease commitments

Lessee

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Within one year	1,183,884	705,899	-	-
Between two and five years	3,200,784	1,104,585	-	-
In over five years	1,294,956	-	-	-
	5,679,624	1,810,484	-	-

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Acquisition of tangible fixed assets	243,706	130,402	-	-

32 Events after the reporting date

Subsequent to year end, the company purchased 4 Tuscany Way - also part of the Blackbushe Business Park - for a value of £5,449,500 (including SDLT). The purchase was funded by existing shareholder funds.

33 Related party transactions

During the period the group made purchases from Lumasys Inc, a 34% owned associate, of £202,472 (31 December 2021 - £208,426). At the year end £nil was outstanding (31 December 2021 - £nil).

34 Controlling party

There is no single controlling party.

35 Cash generated from group operations

	31 December 2022 £	31 December 2021 £
Profit/(loss) for the year after tax	3,070,133	(248,628)
Adjustments for:		
Share of results of associates and joint ventures	(10,277)	15,386
Taxation charged/(credited)	927,404	(484,500)
Finance costs	38,184	43,567
Investment income	(778,886)	(532,892)
(Gain)/loss on disposal of tangible fixed assets	(54,357)	3,770
(Gain)/loss on disposal of intangible fixed assets	970,090	-
Amortisation and impairment of intangible assets	2,946,075	2,675,611
Depreciation and impairment of tangible fixed assets	2,584,982	2,199,558
Impairment of stock	-	232,050
Foreign exchange differences	(747,667)	(218,425)
Increase/(decrease) in provisions	92,835	(26,850)
Movements in working capital:		
Increase in stocks	(3,837,956)	(285,598)
Increase in debtors	(5,392,952)	(2,009,557)
Increase/(decrease) in creditors	5,344,253	(296,988)
Cash generated from operations	5,151,861	1,066,504

36 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	Exchange rate movements £	31 December 2022 £
Cash at bank and in hand	27,262,381	194,550	747,667	28,204,598
Bank overdrafts	(479,066)	(1,588,976)	-	(2,068,042)
	26,783,315	(1,394,426)	747,667	26,136,556