

**GEOACOUSTICS LTD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

# GEOACOUSTICS LTD

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# GEOACOUSTICS LTD

## COMPANY INFORMATION

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Directors	A Berg (resigned 18 December 2020) A Kvaerner (resigned 18 December 2020) S Tetlie (resigned 18 December 2020) R Dowdeswell (appointed 18 December 2020) L Dowdeswell (appointed 18 December 2020)
Company secretary	M Murrell
Registered number	02571389
Registered office	Shuttleworth Close Gapton Hall Industrial Estate Great Yarmouth Norfolk NR31 0NQ

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# GEOACOUSTICS LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

### Principal activity

The principal activities of the company continued to be those of the development, manufacturing, and sales, along with service and repair of seabed survey equipment.

### Research and development activities

The company aims to manage the risk of product obsolescence through its research and development activities. The company operates in a market where technological advances are constantly becoming available at more competitive prices.

### Branches outside the United Kingdom

The company has closed its branch based in India.

### Post balance sheet events

Since the year end, the UK and the whole world, has been struck by the coronavirus pandemic. This does not have an effect on the financial position shown by these financial statements, which continue to be drawn up on a going concern basis, as explained in the accounting policies. The company has continued trading profitability.

On 18 December 2020 there was a change of ownership to Suffolk Shores Limited which is controlled by R and L Dowdeswell.

On 18 December 2020, the company received an advance of £2,150,000 from Kongsberg Gruppen ASA. This is secured by a legal mortgage over the company's freehold property.

On 18 December 2020, the company entered into a debenture with Kongsberg Gruppen ASA. All amounts owed by the company to Kongsberg Gruppen ASA and its subsidiaries are secured by a floating charge over the company's assets.

On 5 March 2021, the company sold its investment property for £75,000.

### Directors

The directors who served during the year were:

A Berg (resigned 18 December 2020)  
A Kvaerner (resigned 18 December 2020)  
S Tellie (resigned 18 December 2020)

### Qualifying third party indemnity provisions

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company. These indemnity policies subsisted throughout the year.

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# GEOACOUSTICS LTD

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 June 2021 and signed on its behalf.

**R Dowdeswell**  
Director

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# GEOACOUSTICS LTD

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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# GEOACOUSTICS LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOACOUSTICS LTD

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### Opinion

We have audited the financial statements of GeoAcoustics Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# GEOACOUSTICS LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOACOUSTICS LTD (CONTINUED)

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### Other information

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

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOACOUSTICS LTD (CONTINUED)

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### Responsibilities of directors

As explained more fully in the Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### Use of our report

This report is made solely to the Company's 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.

Luke Morris (Senior Statutory Auditor)

for and on behalf of

**Scrutton Bland LLP**

Chartered Accountants

Statutory Auditor

Fitzroy House

Crown Street

Ipswich

Suffolk

IP1 3LG

25 June 2021

# GEOACOUSTICS LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	4,525,505	3,114,430
Cost of sales		(2,803,154)	(1,740,402)
<b>Gross profit</b>		<b>1,722,351</b>	<b>1,374,028</b>
Distribution costs		(134,304)	(276,587)
Administrative expenses		(1,383,031)	(1,040,693)
Other operating income	5	52,063	35,339
Investment property revaluation		(15,000)	-
<b>Operating profit</b>	6	<b>242,079</b>	<b>92,087</b>
Interest receivable and similar income		340	12
Interest payable and expenses	9	(43,686)	(27,336)
<b>Profit before tax</b>		<b>198,733</b>	<b>64,763</b>
Tax on profit	10	-	(5,043)
<b>Profit for the financial year</b>		<b>198,733</b>	<b>59,720</b>
<b>Other comprehensive income for the year</b>			
Exchange difference on retranslation of overseas branch		-	2,141
<b>Total comprehensive income for the year</b>		<b>198,733</b>	<b>61,861</b>

The notes on pages 12 to 27 form part of these financial statements.

**GEOACOUSTICS LTD**  
**REGISTERED NUMBER:02571389**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	5	5
Tangible assets	12	1,140,871	1,269,177
Investment property	13	75,000	90,000
		<u>1,215,876</u>	<u>1,359,182</u>
<b>Current assets</b>			
Stocks	14	1,224,775	1,397,910
Debtors: amounts falling due within one year	15	1,148,417	1,065,138
Cash at bank and in hand		1,807	1,251
		<u>2,374,999</u>	<u>2,464,299</u>
Creditors: amounts falling due within one year	16	(2,089,965)	(2,543,904)
<b>Net current assets/(liabilities)</b>		<u>285,034</u>	<u>(79,605)</u>
<b>Total assets less current liabilities</b>		<u>1,500,910</u>	<u>1,279,577</u>
<b>Provisions for liabilities</b>			
Other provisions	17	(144,026)	(121,426)
		<u>(144,026)</u>	<u>(121,426)</u>
<b>Net assets</b>		<u><u>1,356,884</u></u>	<u><u>1,158,151</u></u>
<b>Capital and reserves</b>			
Called up share capital		730	730
Revaluation reserve	18	883,754	883,754
Capital redemption reserve	18	300	300
Profit and loss account	18	472,100	273,367
		<u><u>1,356,884</u></u>	<u><u>1,158,151</u></u>

# **GEOACOUSTICS LTD**

**REGISTERED NUMBER:02571389**

## **BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2019**

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The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 June 2021.

**R Dowdeswell**

Director

The notes on pages 12 to 27 form part of these financial statements.

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# GEOACOUSTICS LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2018</b>	<b>730</b>	<b>300</b>	<b>883,754</b>	<b>211,506</b>	<b>1,096,290</b>
Profit for the year	-	-	-	59,720	59,720
Currency translation differences	-	-	-	2,141	2,141
<b>At 1 January 2019</b>	<b>730</b>	<b>300</b>	<b>883,754</b>	<b>273,367</b>	<b>1,158,151</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	198,733	198,733
<b>At 31 December 2019</b>	<b>730</b>	<b>300</b>	<b>883,754</b>	<b>472,100</b>	<b>1,356,884</b>

The notes on pages 12 to 27 form part of these financial statements.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. General information

GeoAcoustics Ltd is a limited liability company incorporated in England. The Registered Office is Shuttleworth Close, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NQ.

The company changed its name from Kongsberg GeoAcoustics Limited on 18 December 2020.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kongsberg Gruppen ASA as at 31 December 2019 and these financial statements may be obtained from Kirkegårdsveien 45, P.O. Box 1000, 3601, Kongsberg, Norway.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The financial statements are drawn up on a going concern basis.

Since the change of ownership on 18 December 2020 the company continues to work closely with the Kongsberg Gruppen ASA group.

The company has utilised the government job retention support scheme for part of the business during the period of lockdown caused by the coronavirus pandemic. The company is now successfully operating under the current social distancing guidelines.

The directors believe that the company is in a strong position to meet its liabilities as they fall due for a period of 12 months from the approval of these financial statements.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.6 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

#### 2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.8 Research and development

Research and development expenditure is recognised in the Statement of Comprehensive Income when it is incurred.

#### 2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

#### 2.12 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	5 years
Intellectual property	-	10 years
Software	-	3-5 years

#### 2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The company elected to use the fair value of its freehold property at 1 January 2014 as its deemed cost on transition to FRS 102.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	-	20 years
Plant and machinery	-	5 years
Motor vehicles	-	4 years
Office equipment	-	5 years

The company has decreased the estimated useful life of its freehold property from 50 years. As a result the depreciation charge for the year has increased to £57,500 from £23,500.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.16 Investment property

Investment property is carried at fair value determined annually, and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

#### 2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

Cost was previously based on the cost of purchase on a first in, first out basis. The change has not had a significant effect on the financial statements.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

Warranty provision:

A provision for the expected cost of repairs under guarantees is charged against profits when the sale of goods to which the guarantees relates, is recognised. When calculating the provision the directors consider the previous history of claims under such guarantees, the length of the guarantee period and the costs and rates of return, and apply these to the goods still covered under guarantee at the year end.

Inventory obsolescence:

Inventory provisions include obsolescence and write-downs which take into account historical information related to sales trends and stock counts and represent the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sales of goods	<u>4,525,505</u>	<u>3,114,430</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,664,934	780,189
Rest of Europe	1,606,554	1,127,791
Rest of the world	1,254,017	1,206,450
	<u>4,525,505</u>	<u>3,114,430</u>

### 5. Other operating income

	2019 £	2018 £
Other operating income	<u>52,063</u>	<u>35,339</u>

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# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	187,766	244,356
Exchange differences	5,357	24,740
Other operating lease rentals	3,312	4,054
Audit remuneration	<u>12,500</u>	<u>20,321</u>

### 7. Employees

	2019 £	2018 £
Wages and salaries	818,818	734,996
Social security costs	88,678	84,083
Cost of defined contribution scheme	36,413	30,515
	<u>943,909</u>	<u>849,594</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production and engineering	14	11
Marketing and sales	1	2
Management and administration	3	3
	<u>18</u>	<u>16</u>

### 8. Directors' remuneration

During the year, no director received any remuneration from the company (2018 - £Nil). Other group companies paid remuneration amounting to £6,000 (2018 - £6,000) to directors of the company in respect of qualifying services. No director was a member of a defined contribution or defined benefit pension scheme to which the company contributes in either the current or prior year. Nor did any director receive any shares for qualifying services or exercise any share options in the current or prior year.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	1,255	5,989
Interest payable on group borrowings	42,431	21,347
	<u>43,686</u>	<u>27,336</u>

### 10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	3,800
Adjustments in respect of previous periods	-	1,243
	<u>-</u>	<u>5,043</u>
<b>Total current tax</b>	<u>-</u>	<u>5,043</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>198,733</u>	<u>64,763</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	37,759	12,305
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,850	1,900
Utilisation of tax losses	(40,609)	(10,405)
Adjustments to tax charge in respect of prior periods	-	1,243
	<u>-</u>	<u>5,043</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>5,043</u>

#### Factors that may affect future tax charges

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 10. Taxation (continued)

It was announced in the March 2021 budget that the main rate of corporation tax will increase from 19% to 25% for financial years from 2023.

### 11. Intangible assets

	Patents and trademarks £	Intellectual property £	Software £	Total £
<b>Cost</b>				
At 1 January 2019	30,327	760,261	16,158	806,746
At 31 December 2019	30,327	760,261	16,158	806,746
<b>Amortisation</b>				
At 1 January 2019	30,326	760,261	16,154	806,741
At 31 December 2019	30,326	760,261	16,154	806,741
<b>Net book value</b>				
At 31 December 2019	1	-	4	5
At 31 December 2018	1	-	4	5

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2019	1,175,000	1,108,968	9,995	250,954	2,544,917
Additions	-	18,043	-	15,768	33,811
At 31 December 2019	1,175,000	1,127,011	9,995	266,722	2,578,728
<b>Depreciation</b>					
At 1 January 2019	119,512	918,469	9,993	227,766	1,275,740
Charge for the year on owned assets	57,500	95,804	1	8,812	162,117
At 31 December 2019	177,012	1,014,273	9,994	236,578	1,437,857
<b>Net book value</b>					
At 31 December 2019	997,988	112,738	1	30,144	1,140,871
<b>At 31 December 2018</b>	1,055,488	190,499	2	23,188	1,269,177

The company elected to use the fair value of its freehold property at 1 January 2014 as its deemed cost on transition to FRS 102. If the freehold property was not recognised at a valuation the historical cost would be £266,076, and the accumulated depreciation would be £121,260.



# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 13. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2019	90,000
Surplus on revaluation	(15,000)
	<hr/>
<b>At 31 December 2019</b>	<b>75,000</b>

The 2019 valuations were made by the directors with reference to the valuations performed by Arnold Keys Chartered Surveyors on 15 July 2016 and 10 July 2020 which were on an open market value for existing use basis.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 14. Stocks

	2019 £	2018 £
Raw materials and consumables	1,147,999	297,457
Work in progress	76,776	1,100,453
	<u>1,224,775</u>	<u>1,397,910</u>

The carrying value of stocks are stated net of impairment losses totalling £338,685 (2018 - £576,415). Impairment loss reversals totalling £237,730 (2018 - £38,003) were recognised in the Statement of Comprehensive Income. This reflects the change in the stock provision.

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# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 15. Debtors

	2019 £	2018 £
Trade debtors	400,321	345,324
Amounts owed by group undertakings	423,889	522,924
Other debtors	112,148	161,489
Prepayments and accrued income	212,059	35,401
	<u>1,148,417</u>	<u>1,065,138</u>

### 16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	270,467	278,445
Amounts owed to group undertakings - cash pool	1,502,376	1,657,842
Amounts owed to group undertakings	62,545	182,097
Other taxation and social security	80,761	30,511
Payments received on account	25,894	274,324
Other creditors	4,698	27,038
Accruals and deferred income	143,224	93,647
	<u>2,089,965</u>	<u>2,543,904</u>

The balances of the bank accounts held in the name of the company are transferred to bank accounts held at a group level at the end of each day.

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 17. Provisions

	Warranty £
At 1 January 2019	121,426
Charged to profit or loss	22,600
	<hr/>
<b>At 31 December 2019</b>	<b>144,026</b>

A provision is recognised for expected warranty claims based on products sold during the last twenty four months. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within three years of the balance sheet date. With the transfer of the TOPAS business from KDA, part of the settlement was a contribution from KDA of £91,330 towards future warranty costs related to sales in previous years by KDA.

### 18. Reserves

#### Revaluation reserve

This reserve represents upward revaluation of the company premises offset by depreciation on the revalued amount.

#### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

#### Profit and loss account

This reserve includes all current and prior year profits and losses, less any dividends paid.

### 19. Contingent liabilities

The Kongsberg Maritime Holdings Limited group entered into an arrangement with the group's bankers whereby cross-guarantees have been granted to enable balances in credit to be offset against overdrawn balances. Any resulting balance is secured by a floating charged over the whole of the UK group's assets. The group cross guarantee facility was £1,000,000 (2018 - £1,000,000).

### 20. Pension commitments

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year contributions payable amounted to £36,413 (2018 - £30,515). The unpaid contributions outstanding at the period end included in accruals amounted to £9,556 (2018 - £3,668).

# GEOACOUSTICS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 21. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	4,176	4,176
Later than 1 year and not later than 5 years	6,916	10,374
	<u>11,092</u>	<u>14,550</u>

### 22. Post balance sheet events

Since the year end, the UK and the whole world, has been struck by the coronavirus pandemic. This does not have an effect on the financial position shown by these financial statements, which continue to be drawn up on a going concern basis, as explained in the accounting policies. The company has continued trading profitability.

On 18 December 2020 there was a change of ownership to Suffolk Shores Limited which is controlled by R and L Dowdeswell.

On 18 December 2020, the company received an advance of £2,150,000 from Kongsberg Gruppen ASA. This is secured by a legal mortgage over the company's freehold property.

On 18 December 2020, the company entered into a debenture with Kongsberg Gruppen ASA. All amounts owed by the company to Kongsberg Gruppen ASA and its subsidiaries are secured by a floating charge over the company's assets.

On 5 March 2021, the company sold its investment property for £75,000.

### 23. Controlling party

The company's immediate parent undertaking is Kongsberg Maritime Holdings Limited, a company registered in the United Kingdom.

The company's ultimate parent undertaking and controlling party is Kongsberg Gruppen ASA, a company registered in Norway.

See note 22 for the change of ownership during the post year-end period.



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