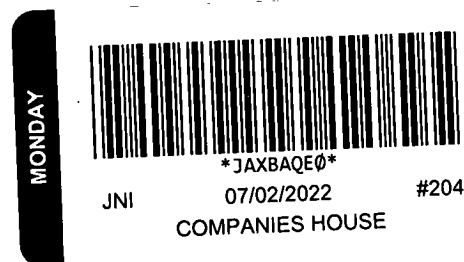




# Financial Statements

## Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited)

For the year ended 31 March 2021



## Company Information

<b>Directors</b>	Chadwick Michael Schafer Kwok Hing Frederick Hung (resigned 24 February 2021)
<b>Company secretary</b>	Jennifer Denise Quigley Chadwick Michael Scafer Vistra Company Secretaries Limited
<b>Registered number</b>	07890599
<b>Registered office</b>	Suite 1 3rd Floor 11-12 St. James's Square London SW1Y 4LB
<b>Independent auditor</b>	Grant Thornton Chartered Accountants & Statutory Auditors City Quay Dublin 2

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## Strategic report

For the year ended 31 March 2021

### **Principal activity**

The principal activity of the company is to act as an intermediate non-trading holding company for the group.

### **Business review**

During the year ended 31 March 2021, Seven Seas (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited) ("the company") continued to act as a holding company for its subsidiary undertaking which performed the operations and maintenance of the Sea Water Reverse Osmosis water facility at Paraquita Bay (the "SWRO" facility) in the British Virgin Islands, ("BVI").

The company expects to remain as a holding company in the UK. The company generated profit before taxes of \$6.6M during the financial year 2021 and the directors are not aware at the date of this report of any likely major changes in either the nature or level of the company's activities in the next year.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. Prime amongst these relate to operational and financial performance in the context of the subsidiaries' contractual obligations and credit risk in connection with its customer, the Government of the British Virgin Islands. Strategies are in place to mitigate these uncertainties and include a range of management review procedures and subcontracting performance responsibility to an entity with expertise in water desalination operation and management.

### **Financial risk management**

The company's exposure to currency risk is minimal with all operations completed in United States Dollars (USD), the company manages liquidity risk through its subsidiary who will settle liabilities on the company's behalf and the company has minimal direct exposure to credit risk as its interactions are with other group companies.

### **Going concern**

The statement of financial position shows the Company has net current liabilities of \$11,605 (2020: net current assets of \$6,018). In determining the going concern of the company, the directors have considered the company's current and forecast profitability required to operate for a period of no less than 12 months from the date of signing these financial statements.

The directors are confident that as a result of continued financial support from the company's shareholder, the company is a going concern. As such, these financial statements have been prepared in the going concern basis.

### **Coronavirus**

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The extensive impact of this pandemic has resulted and will likely continue to result in significant disruptions to the global economy, as well as businesses and capital markets around the world. In an effort to halt the outbreak of COVID-19, a number of countries, states, counties and other jurisdictions have imposed various measures, including but not limited to, voluntary and mandatory quarantines, stay-at-home orders, travel restrictions, limitations on gatherings of people, reduced operations and extended closures of businesses.

## Strategic report (continued)

For the year ended 31 March 2021

### Principal risks and uncertainties (continued)

The directors have performed an assessment on the company's ability to continue as a going concern. In undertaking this assessment, the directors have given consideration to operation of the company's subsidiary Seven Seas Water (BVI) Limited which operates and maintains a Sea Water Reverse Osmosis facility in the British Virgin Islands. The company itself has felt marginal impact due to it being a holding company with no direct staff, management of the businesses is able to continue remotely by the Directors. The company's subsidiary operates a key service, being the provision of fresh water, and so operations have continued during lockdown with no significant reduction in demand noted over this period.

However, the duration and severity of the impact of Covid-19 remains uncertain, and if the period of impact is significantly extended or the assessed impact on cash flows from the subsidiary undertakings are more severe than anticipated the company would review, and adjust if necessary, its operations and that of its subsidiary undertakings.

Based on the cash-flow forecasts, the directors have considered the cash requirements of the company and are confident the company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### Analysis of financial key performance indicators

The company's key financial performance indicators were considered to be the following:

- Investment value of \$15.3M (2020: \$15.3M)
- Income from subsidiary undertakings of \$6.6M (2020: \$2.5M)

The directors do not consider there to be any other key performance indicators.

This report was approved by the board 2 February 2022 and signed on its behalf.



Chadwick Michael Schafer  
Director

## **Directors' report**

**For the year ended 31 March 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

### **Results and dividends**

The profit for the year, after taxation, amounted to \$6,582,377 (2020: \$2,495,886).

Dividends of \$6,600,000 were paid to Seven Seas Water (BVI) Company Limited (formerly AquaVenture Water Corporation) during the year ended 31 March 2021 (2020: \$2,500,000).

### **Directors**

The directors who served during the year were:

Chadwick Michael Schafer  
Kwok Hing Frederick Hung (resigned 24 February 2021)

### **Political contributions**

The company made no political contributions or incurred any political expenditure during the current year (2020: \$NIL).

### **Events since the end of the year**

Apart from the dividends paid amounting to \$6.7 million since 31 March 2021, there are no subsequent events affecting the Company since the year end.

### **Future developments**

The company believes the performance of the investment will continue at a consistent level for the foreseeable future. Operating costs in future periods are expected to remain consistent.

### **Research and development activities**

The Company did not engage in research and development activities during the financial year.

### **Branches outside the United Kingdom**

There are no branches of the company outside the State.

### **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.

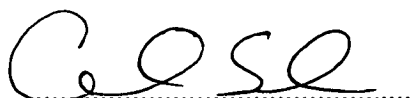
## Directors' report (continued)

For the year ended 31 March 2021

### **Auditor**

The auditor, Grant Thornton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'C. M. Schafer', written over a dotted line.

**Chadwick Michael Schafer**  
Director

Date: 2 February 2022

## Directors' responsibilities statement

For the year ended 31 March 2021

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.



**Chadwick Michael Schafer**  
Director

Date: 2 February 2022





# Independent auditor's report to the members of Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited)

## **Opinion**

We have audited the financial statements of Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited), which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 March 2021, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited)'s financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the company as at 31 March 2021 and of its financial performance for the financial year then ended; 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 'Responsibilities of the auditor 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, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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 company's ability to continue as a going concern for a period of at least twelve months from the date 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 matter**

The financial statements of the prior period were audited by a predecessor auditor who issued unmodified opinion on the financial statements on 24 November 2020.

## Independent auditor's report to the members of Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited) (continued)

### **Other information**

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' report and the Strategic 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 company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Director's report and the Strategic 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.

## Independent auditor's report to the members of Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited) (continued)

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Responsibilities of the auditor for the audit of the financial statements**

The objectives of an auditor 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 their 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 an auditor's 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.

*Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Data Privacy law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

## Independent auditor's report to the members of Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited) (continued)

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management and board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's legal correspondence and review of minutes of board meetings during the financial period to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates including impairment assessment of investments in subsidiaries; and
- review of the financial statements disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

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



Tracey Sullivan (Senior statutory auditor)  
for and on behalf of  
**Grant Thornton**  
Chartered Accountants  
& Statutory Auditors  
Dublin 2

Date: 2 February 2022

## Statement of comprehensive income

For the year ended 31 March 2021

	Note	2021 \$	2020 \$
Administrative expenses		(17,623)	(4,114)
<b>Operating loss</b>		<b>(17,623)</b>	<b>(4,114)</b>
Income from shares in group undertakings		6,600,000	2,500,000
<b>Profit before tax</b>		<b>6,582,377</b>	<b>2,495,886</b>
Tax on profit	6	-	-
<b>Profit for the year</b>		<b>6,582,377</b>	<b>2,495,886</b>

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (2020: \$Nil).

The notes on pages 13 to 20 form part of these financial statements.


Seven Seas Water (BVI) Holdings Limited (formerly known as Aquaventure (BVI) Holdings Limited)  
Registered number: 07890599

## Statement of financial position

As at 31 March 2021

	Note	2021 \$	2020 \$
<b>Fixed assets</b>			
Investments in subsidiary company	7	15,288,391	15,288,391
		<u>15,288,391</u>	<u>15,288,391</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	122,566	123,765
		<u>122,566</u>	<u>123,765</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(134,171)	(117,747)
		<u>(134,171)</u>	<u>(117,747)</u>
<b>Net current (liabilities)/assets</b>		<u>(11,605)</u>	<u>6,018</u>
<b>Total assets less current liabilities</b>		<u>15,276,786</u>	<u>15,294,409</u>
<b>Net assets</b>		<u>15,276,786</u>	<u>15,294,409</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,593	2,593
Share premium account	11	15,285,800	15,285,800
Profit and loss account	11	(11,607)	6,016
		<u>15,276,786</u>	<u>15,294,409</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 February 2022.

  
Chadwick Michael Schafer  
Director

The notes on pages 13 to 20 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 March 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 April 2020	2,593	15,285,800	6,016	15,294,409
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	6,582,377	6,582,377
Dividends: Equity capital	-	-	(6,600,000)	(6,600,000)
<b>At 31 March 2021</b>	<b>2,593</b>	<b>15,285,800</b>	<b>(11,607)</b>	<b>15,276,786</b>

## Statement of changes in equity

For the year ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 April 2019	2,593	15,285,800	10,130	15,298,523
<b>Comprehensive income for the period</b>				
Profit for the year	-	-	2,495,886	2,495,886
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)
<b>At 31 March 2020</b>	<b>2,593</b>	<b>15,285,800</b>	<b>6,016</b>	<b>15,294,409</b>

The notes on pages 13 to 20 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2021

## 1. General information

Seven Seas Water (BVI) Holdings Limited (formerly known as AquaVenture (BVI) Holdings Limited) is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB.

The principal activity of the company is to act as an intermediate non-trading holding company for the group.

## 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 Exemption from preparing consolidated financial statements

The company is a parent company that was also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of a non-EEA state and was therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

The Company has availed of the exemptions in FRS 102 section 1.12 (b) which allows non disclosure of the requirements of Section 7 Statement of Cash Flows, Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 11 Basic Financial Instruments disclosure. The Company has also availed of the exemptions in FRS 102 Section 1.12 (e) which allows non disclosure of the requirement of Section 33 Related Party Disclosures paragraph 33.7. The Company has availed of the above exemptions on the basis that it is a qualifying entity and its parent company includes this information in its consolidated financial statements (see Note 11).

### 2.3 Going concern

The statement of financial position shows the company has net current liabilities of \$11,605 (2020: net current assets of \$6,018). The directors have performed an assessment on the company's ability to continue as a going concern. In undertaking this assessment, the directors have given consideration to operation of the company's subsidiary Seven Seas Water (BVI) Limited which operates and maintains a Sea Water Reverse Osmosis facility in the British Virgin Islands.

The company itself has felt marginal impact due to it being a holding company with no direct staff, management of the businesses is able to continue remotely by the Directors. The company's subsidiary operates a key service, being the provision of fresh water, and so operations have continued during lockdown with no significant reduction in demand noted over this period.



## Notes to the financial statements

For the year ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.3 Going concern (continued)

However, the duration and severity of the impact of Covid-19 remains uncertain, and if the period of impact is significantly extended or the assessed impact on cash flows from the subsidiary undertakings are more severe than anticipated the company would review, and adjust if necessary, its operations and that of its subsidiary undertakings.

Based on the cash-flow forecasts, the directors have considered the cash requirements of the company and are confident the company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is USD.

##### 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'.

#### 2.5 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 reporting date in the countries where the company operates and generates income.

#### 2.6 Valuation of investment in a subsidiary companies

Investments in subsidiaries are measured at cost less accumulated impairment.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 2.8 Debtors

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

#### 2.9 Creditors

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

#### 2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

## Notes to the financial statements

For the year ended 31 March 2021

### 2. Accounting policies (continued)

#### 2.10 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

#### *Impairment of investment in a subsidiary*

The Company reviews its investment in subsidiaries for any indicators of impairment in value. Determining whether the carrying value of fixed asset investment has been impaired requires an estimation of the value in use of the investment in subsidiaries. This also takes into account other impairment indicators such as projected future operating results and significant negative industry or economic trends.

### 4. Auditor's remuneration

	2021 \$	2020 \$
Audit fees	8,787	3,343

### 5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - \$Nil).

# Notes to the financial statements

For the year ended 31 March 2021

## 6. Taxation

	2021 \$	2020 \$
<b>Taxation on profit on ordinary activities</b>	-	-

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 \$	2020 \$
Profit on ordinary activities before tax	6,582,377	2,495,886
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,250,652	474,218
<b>Effects of:</b>		
Non-taxable income	(1,254,000)	(475,000)
Tax losses not recognised	3,348	782
<b>Total tax charge for the year</b>	-	-

### Factors that may affect future tax charges

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and received Royal Assent in July 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. In summary, the rate of corporation tax from 1 April 2023 will increase to 25% for companies generating taxable profits of more than £250,000. The current 19% tax rate will continue to apply to 'small' companies with profits less than £50,000, with a 'taper relief rate' for those companies with profits between the new thresholds. Deferred tax at the balance sheet date has been measured using the enacted tax rates.

## Notes to the financial statements

For the year ended 31 March 2021

### 7. Fixed asset investments

	Investments in subsidiary companies \$
<b>Cost or valuation</b>	
At 1 April 2020	15,288,391
At 31 March 2021	<u>15,288,391</u>

### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Seven Seas Water (BVI) Limited	c/o Coyers Corporate Services (B.V.I) Limited, Commerce House, Wickhams Cay 1, P.O Box 3140 Road Town, British Virgin Island VG11110	Operations and maintenance of the Sea Water Reverse Osmosis water facility	Ordinary	100%

### 8. Debtors

	2021 \$	2020 \$
Trade debtors	3	3
Amounts owed by group undertakings	<u>122,563</u>	<u>123,762</u>
	<u>122,566</u>	<u>123,765</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements

For the year ended 31 March 2021

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

	2021 \$	2020 \$
Amounts owed to group undertakings	117,371	102,747
Accruals and deferred income	16,800	15,000
	<u>134,171</u>	<u>117,747</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 10. Share capital

	2021 \$	2020 \$
<b>Allotted, called up and fully paid</b>		
1,620 (2020 - 1,620) ordinary shares of £1.00 each	<u>2,593</u>	<u>2,593</u>

### 11. Reserves

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 12. Related party transactions

The Company is a wholly owned subsidiary of Seven Seas (BVI) Company Limited (formerly AquaVenture Water Corporation). The amount owed by the immediate parent undertaking amounted to \$122,563 (2020: \$123,762) as disclosed in Note 7. This is composed of expense recharges and dividends receivable by the company.

The Company is the parent undertaking of Seven Seas Water (BVI) Limited. The amount payable to the subsidiary amounted to \$117,371 (2020: \$102,747) as disclosed in Note 8. This is composed of expense recharges to the company.

### 13. Post balance sheet events

Apart from the dividends paid amounting to \$6.7 million since 31 March 2021, there have been no subsequent events affecting the company since the year end.

## Notes to the financial statements

For the year ended 31 March 2021

### **14. Controlling party**

The immediate parent is Seven Seas Water (BVI) Company Limited (formerly Aquaventure Water Corporation) which is a company registered in the British Virgin Islands.

The ultimate parent is Tarpon Water Solutions Ltd., a company registered in the British Virgin Islands, which is the parent company of the smallest and largest group to consolidate these financial statements. The management of the business is available at 14400 Carlson Circle Tampa US-FL US 33626.