

SEABED RESOURCES DEVELOPMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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SEABED RESOURCES DEVELOPMENT LIMITED

COMPANY INFORMATION

Directors	Walter Sognnes Sarah Cridland
Registered number	08365766
Registered office	Stag Gates House 63/64 The Avenue Southampton Hampshire PO17 1XS
Bankers	DNB Bank ASA Postboks 1600 Sentrum 0021 Oslo

SEABED RESOURCES DEVELOPMENT LIMITED

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SEABED RESOURCES DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £1,109,956 (2021 - loss £1,807,136). The directors do not recommend a final dividend (2021: £nil).

Going concern

Whilst the company is not yet trading it is funded by way of capital investment from its parent undertaking.

The new parent company, Loke Marine Minerals AS, will continue to support the company to meet its operating costs as they arise and has issued a letter of financial support for the period of 12 months from the approval of the financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made, the directors expect that the company will be able to continue in operational existence for the foreseeable future. Therefore the directors have adopted the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served during the year and subsequently were:

Christopher Williams (resigned 1 July 2023)
Jennifer Warren (resigned 16 March 2023)
Paul Livingston (resigned 16 March 2023)
Walter Sognnes
Sarah Cridland

Directors' liabilities

The company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

Fiander Tovell have been appointed as auditor of the company in accordance with section 485 of the Companies Act 2006.

SEABED RESOURCES DEVELOPMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities statement

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.

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

Walter Sognnes

W. Sognnes
(Director)

Date: 1/9/2023 | 09:53 BST

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

Opinion

We have audited the financial statements of Seabed Resources Development Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, statement of comprehensive income, the Statement of financial position, the statement of changes in equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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 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.

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

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' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors, where available.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

Adam Buse

1/9/2023 | 11:00 BST

Adam Buse ACA
Senior Statutory Auditor
For and on behalf of Fiander Tovell Limited

Chartered Accountants
Statutory Auditor

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

SEABED RESOURCES DEVELOPMENT LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Administrative expenses		(1,109,956)	(1,807,136)
Operating loss before tax	2	(1,109,956)	(1,807,136)
Taxation	4	-	-
Loss for the financial year		<u>(1,109,956)</u>	<u>(1,807,136)</u>

SEABED RESOURCES DEVELOPMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Loss for the financial year		(1,109,956)	(1,807,136)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(1,109,956)</u>	<u>(1,807,136)</u>

SEABED RESOURCES DEVELOPMENT LIMITED
REGISTERED NUMBER:08365766

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Current assets			
Cash at bank and in hand		622,832	1,222,920
		<u>622,832</u>	<u>1,222,920</u>
Creditors: amounts falling due within one year	5	(132,438)	(122,570)
		<u>490,394</u>	<u>1,100,350</u>
Net current assets			
		<u>490,394</u>	<u>1,100,350</u>
Total assets less current liabilities			
		<u>490,394</u>	<u>1,100,350</u>
Net assets			
		<u>490,394</u>	<u>1,100,350</u>
Capital and reserves			
Called up share capital	6	19,950,000	19,450,000
Profit and loss account		(19,459,606)	(18,349,650)
		<u>490,394</u>	<u>1,100,350</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Walter Sognnes

W. Sognnes
(Director)

Date: 1/9/2023 | 09:53 BST

SEABED RESOURCES DEVELOPMENT LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	17,775,000	(16,542,514)	1,232,486
Loss for the year	-	(1,807,136)	(1,807,136)
Shares issued during the year	1,675,000	-	1,675,000
At 1 January 2022	19,450,000	(18,349,650)	1,100,350
Loss for the year	-	(1,109,956)	(1,109,956)
Shares issued during the year	500,000	-	500,000
At 31 December 2022	19,950,000	(19,459,606)	490,394

SEABED RESOURCES DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

1.1 Basis of preparation

Seabed Resources Development Limited is a limited liability company incorporated in England. The Registered Office address is Stag Gates House, 63/64 The Avenue, Southampton, SO17 1XS

The financial statements of Seabed Resources Development Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

1.2 Going Concern

Whilst the company is not yet trading it is funded by way of capital investment from its parent undertaking.

The new parent company, Loke Marine Minerals AS, will continue to support the company to meet its operating costs as they arise and has issued a letter of financial support for the period of 12 months from the approval of the financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made, the directors expect that the company will be able to continue in operational existence for the foreseeable future. Therefore the directors have adopted the going concern basis of accounting in preparing the financial statements.

1.3 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

SEABED RESOURCES DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)****1.4 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 the Income statement 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 Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

1.5 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. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Auditors remuneration - audit services	10,500	12,000

3. Directors' remuneration

	2022 £	2021 £
Directors' remuneration	106,523	128,948
	<u>106,523</u>	<u>128,948</u>

Director's remuneration above is paid by a fellow subsidiary undertaking of Lockheed Martin Corporation and included within recharges to the company. Two directors were eligible for the company pension scheme and one was a member during the year (2021 – Two directors were eligible and one was a member).

SEABED RESOURCES DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****4. Taxation**

	2022 £	2021 £
Current tax	-	-
Deferred tax	-	-
Total tax charge	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 23.52% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(1,109,956)	(1,807,136)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2021 - 19%)	(261,062)	(343,356)
Effects of:		
Unrelieved tax losses carried forward	261,062	343,356
Total tax charge for the year	-	-

There is a non-recognised deferred tax asset in respect of losses carried forward of £2,566,509 (2021: £4,587,412).

5. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	34,972	15,792
Amounts owed to group undertakings	57,356	80,583
Accruals and deferred income	40,110	26,195
	132,438	122,570

SEABED RESOURCES DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****6. Share capital**

	2022 £	2021 £
Allotted, called up and fully paid		
19,950,000 (2021 - 19,450,000) Ordinary shares of £1.00 each	19,950,000	19,450,000
	<u>19,950,000</u>	<u>19,450,000</u>

During the year an additional 500,000 ordinary shares of £1 each were issued to Lockheed Martin UK Holdings Ltd for consideration of £500,000.

These shares carried normal ordinary share voting and capital distribution rights.

7. Capital commitments

There were no contracted or non-contracted capital commitments at 31 December 2022 (31 December 2021: £nil).

8. Related party transactions

The Company has utilised the exemption under FRS 102 as a subsidiary undertaking not to disclose transactions with other entities that are wholly owned parts of, or investors of, the Lockheed Martin Corporation group.

In 2021 the Company received reimbursements of £55,003 from Ocean Mineral Singapore Pte. Ltd. (a company in which the fellow subsidiary UK Seabed Resources Limited has an interest) for costs paid on its behalf by the company. There were no further transactions during 2022.

9. Post balance sheet events

In March 2023, the company was sold to Loke Marine Minerals AS, who purchased 100% of the Ordinary share capital from Lockheed Martin UK Holdings Limited.

10. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is Loke Marine Minerals AS, a company registered in Norway. Copies of the financial statements of this company may be obtained from its registered office, Loke Marine Minerals AS, Soregata 4, 4006 Stavanger, Norway.