

**SHELF SUBSEA HOLDINGS UK LIMITED**  
**No. 10286951**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **COMPANY INFORMATION**

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|--------------------------|--|
| <b>Directors</b>         | Marshall Allen<br>James O'Mahony<br>Colin Welsh                      |
| <b>Company number</b>    | 10286951   |
| <b>Registered office</b> | c/o TMF Group<br>13th Floor<br>One Angel Court<br>London<br>EC2R 7HJ |
| <b>Auditor</b>           | Hall Morrice LLP<br>6 & 7 Queens Terrace<br>Aberdeen<br>AB10 1XL     |

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# **SHELF SUBSEA HOLDINGS UK LIMITED**

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# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

### **Principal activities**

The principal activity of the Group continued to be that of the provision of diving services and equipment hire to the oil and gas and offshore industries.

### **Fair review of the business**

The Group focuses on providing diving services and hire of equipment for specific purposes in offshore industries including the energy sector.

The directors review the business of the Group on a regular basis and have taken such steps as they consider appropriate to match market requirements. During the year there was a rebound in activity levels in the Group's markets, which enabled the Group to capture additional opportunities and income, and also necessitated additional spending to support those activity levels. The Group was successful in obtaining work from both new and existing customers and the directors are, in the circumstances, satisfied with the results and consider that the Group is well placed to benefit from recovery in the energy sector as well as from such new opportunities as may arise. Although satisfied with the performance the directors are not complacent.

### **Principal risks and uncertainties**

#### **Financial risk management**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The directors believe the Group manages its risk satisfactorily in regard to market conditions.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management continually monitors the risk management process to ensure that an appropriate balance between risk and control risks is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The directors believe that the Group's exposure associated with these risks is minimal.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the identified risks.

#### **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. The Group reduces credit risk by seeking to deal with high credit rating counter parties and where feasible, by obtaining credit insurance.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the internal and/or external information indicates that the financial asset is unlikely to be received, which could include default when there is significant difficulty of the counterparty.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### ***Credit risk (cont'd)***

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

#### **Trade receivables and contract assets**

For trade receivables and contract assets, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables and contract assets that are neither past due nor impaired are substantially debtors with good collection track record with the Group. Management believes that no loss allowance is necessary in respect of trade receivables and contract assets as these are substantially companies with good collection track record and no recent history of default, hence the expected credit losses is not material.

#### **Amount due from immediate holding company and other receivables**

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month expected credit losses and determined that the expected credit losses is insignificant.

#### **Cash and bank balances**

Cash and bank balances are mainly deposits with creditworthy financial institutions with minimum risk of default. Impairment loss allowance on cash and bank balances has been measured using 12-month expected credit losses and reflects the short maturities of the exposure. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties and determines that the expected credit losses is insignificant.

#### ***Market risk***

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates but do not expose it to significant risk to changes in interest rates.

#### ***Foreign currency risk***

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk.

The Group transacts business in various foreign currencies other than the functional currency of the Group, including mainly Singapore Dollar (SGD), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR), United States Dollar (USD) and Pound Sterling (GBP) and therefore, is exposed to foreign currency risks.

## SHELF SUBSEA HOLDINGS UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Market risk (cont'd)**

##### *Fair value and cash flow interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate.

Interest rate charged for lease liabilities is fixed at 5.00% to 6.70% per annum. Therefore, the Group is not exposed to any significant interest bearing financial assets and liabilities. As such, the Group's income is substantially independent of changes in market interest rate.

#### **Liquidity risk**

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages liquidity risk by maintaining a level of cash at bank and bank overdraft to meet its working capital requirements. In addition, the Company (being the ultimate holding company of the Group) has provided an undertaking in writing to certain subsidiaries that it will not demand payment of amounts due to it amounting to AUD 11,884,079 (2021 - AUD 11,780,920) for at least a 12 month period from the date of such undertakings (which were provided at the time of approval of the subsidiaries' financial statements for the year ended 31 December 2022), except in so far as the funds of the Group permit repayment and such repayment will not adversely affect the ability of the Group to meet its financial obligations as they fall due.

#### **Capital management**

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group comprises debts and equity, comprising issued share capital, reserves and net of accumulated losses as shown in the consolidated statement of financial position.

Management reviews the capital structure on a periodic basis and balances its overall capital structure through the payment of dividends, new share issues and issue of new debt or redemption of existing debts.

The Group's overall strategy remains unchanged from the previous year and the Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Development and performance**

The Group's balance sheet position as at 31 December 2022 shows net liabilities of AUD 10,085,578 (2021 - AUD 10,441,690). Turnover of the Group has increased to AUD 166,480,865 (2021 - AUD 99,271,641), with a profit before taxation for the year of AUD 1,924,537 (2021 - loss of AUD 3,351,013).

The increase in turnover and profit in 2022 was due to improved performance by the business, against a backdrop of more favourable market conditions, as the impact of COVID-19 receded, as compared to the prior year. The group's operations involve the movement of vessels and people across borders, and this was significantly impacted by the COVID-19 border restrictions. 2022 saw increased freedom of movement, and previously deferred work scopes being reinstated. The Group achieved higher margin during 2022, and overall generated higher profits and cash flow compared to 2021, through increased volume of work, stronger margin discipline, and ongoing cost control.

#### **Stakeholders**

The Directors of the Group believe it is important that the values and principles which guide the Group are clearly defined, both internally and externally, in order to ensure that all Group activities are implemented in compliance with the relevant laws and in the context of fair competition, honesty, integrity, fairness and in good faith which would promote the success of the Group for the benefit of its members having regard to the interest of all its stakeholders; shareholders, workforce, suppliers, customers, government / tax authorities, community and environment.

#### **Employee Interests**

The Directors of the Group devote the relevant resources to facilitate the necessary development of its staff and the continued growth of the business. This includes close attention to succession planning.

The Group is an equal opportunities employer and maintains Group procedures that guarantees all employees with equal access to employment opportunity.

The Group policies relating to employee involvement continue to be reviewed in light of best practice. Employees and their representatives are briefed, consulted and provided with information in many ways designed to ensure that they are kept fully informed about developments in the Group including health and safety.

#### **Community and the Environment**

We recognise the environmental impact of the use of energy, water and generation of waste, as well as the use and disposal of our products. We are committed to reducing our impact on the environment. The Group takes very seriously its responsibility seriously. The Group is involved in various local initiatives that are aimed at delivering tangible benefits to our community.

On behalf of the board



Colin Welsh

**Director**

28 September 2023

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

### **Directors**

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

Marshall Allen  
James O'Mahony  
Colin Welsh

### **Results and dividends**

The results for the year are set out on page 9.

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

### **Auditor**

The auditor, Hall Morrice LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Colin Welsh

**Director**

28 September 2023



# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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### **Opinion**

We have audited the financial statements of Shelf Subsea Holdings UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 1.3 to the financial statements, which contains further narrative related to the going concern of the company.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the Strategic report and the Directors' report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' 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.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

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

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

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

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

In identifying and assessing the risk of material misstatement due to non-compliance with laws and regulations we have:

- Ensured that the engagement team had the appropriate competence, capabilities and skills to identify or recognise non-compliance with laws and regulations;
- Identified the laws and regulations applicable to the entity through discussions with directors and management and through our own knowledge of the sector;
- Focused on the specific laws and regulations we consider may have a direct effect on the financial statements, including FRS 102, the Companies Act 2006 and tax compliance regulations;
- Focused on the specific laws and regulations we consider may have an indirect effect on the financial statements that are central to the entity's ability to trade including those relating to health and safety and employment law;
- Reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations;
- Made enquiries of management and inspected legal correspondence;
- Reviewed minutes of meetings of those charged with governance; and
- Ensured the engagement team remained alert to instances of non-compliance throughout the audit.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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In identifying and assessing the risk of material misstatement due to irregularities, including fraud and how it may occur, and the potential for management bias and the override of controls we have:

- Obtained an understanding of the entity's operations, including the nature of its revenue sources and of its objectives and strategies, to understand the classes of transactions, account balances, expected financial disclosures and business risks that may result in risk of material misstatement;
- Obtained an understanding of the internal controls in place to mitigate risks of irregularities, including fraud;
- Vouched balances and reconciling items in key control account reconciliations to supporting documentation;
- Carried out detailed testing, on a sample basis, to verify the completeness, occurrence, existence and accuracy of transactions and balances;
- Made enquiries of management as to where they consider there was a susceptibility to fraud, and their knowledge of any actual, suspected or alleged fraud;
- Tested journal entries to identify any unusual transactions;
- Performed analytical procedures to identify any significant or unusual transactions;
- Investigated the business rationale behind any significant or unusual transactions; and
- Evaluated the appropriateness of accounting policies and the reasonableness of accounting estimates.

We did not identify any matters relating to non-compliance with laws and regulations, or relating to fraud.

Because of the inherent limitations of an audit, there is an unavoidable risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk of not detecting a material misstatement due to fraud is inherently more difficult than detecting those that result from error as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. In addition, the further removed any non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Robert J C Bain MA CA CTA**

**Senior Statutory Auditor**

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

28 September 2023

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Notes    | 2022<br>AUD       | 2021<br>AUD        |
|--|----------|-------------------|--------------------|
| Turnover   | 3        | 166,480,865       | 99,271,641         |
| Cost of sales  |          | (119,602,438)     | (72,443,334)       |
| <b>Gross profit</b>                                      |          | <b>46,878,427</b> | <b>26,828,307</b>  |
| Administrative expenses                                  |          | (40,839,341)      | (28,390,076)       |
| Other operating income                                   |          | 126,365           | 1,268,568          |
| <b>Operating profit/(loss)</b>                           | <b>4</b> | <b>6,165,451</b>  | <b>(293,201)</b>   |
| Interest receivable and similar income                   | 8        | 33,325            | 22,350             |
| Interest payable and similar expenses                    | 9        | (4,274,239)       | (3,080,162)        |
| <b>Profit/(loss) before taxation</b>                     |          | <b>1,924,537</b>  | <b>(3,351,013)</b> |
| Tax on profit/(loss)                                     | 10       | (1,442,886)       | (1,444,199)        |
| <b>Profit/(loss) for the financial year</b>              |          | <b>481,651</b>    | <b>(4,795,212)</b> |
| <b>Other comprehensive income</b>                        |          |                   |                    |
| Actuarial (loss)/gain on defined benefit pension schemes |          | (39,740)          | 4,172              |
| Currency translation differences                         |          | (85,799)          | 148,075            |
| <b>Total comprehensive income for the year</b>           |          | <b>356,112</b>    | <b>(4,642,965)</b> |

Total comprehensive income for the year is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2022

|  | Notes | AUD               | 2022<br>AUD         | AUD               | 2021<br>AUD         |
|--|-------|-------------------|---------------------|-------------------|---------------------|
| <b>Fixed assets</b>  |       |                   |                     |                   |                     |
| Goodwill   | 11    |                   | 5,574,687           |                   | 5,574,687           |
| Tangible assets  | 12    |                   | 16,390,089          |                   | 15,863,056          |
|  |       |                   | <u>21,964,776</u>   |                   | <u>21,437,743</u>   |
| <b>Current assets</b>  |       |                   |                     |                   |                     |
| Stocks   | 15    | 1,443,717         |                     | 388,812           |                     |
| Debtors  | 16    | 41,320,242        |                     | 26,520,789        |                     |
| Cash at bank and in hand                                       |       | 5,943,721         |                     | 3,793,308         |                     |
|  |       | <u>48,707,680</u> |                     | <u>30,702,909</u> |                     |
| <b>Creditors: amounts falling due within one year</b>          | 17    | (43,754,237)      |                     | (31,784,316)      |                     |
| <b>Net current assets/(liabilities)</b>                        |       |                   | <u>4,953,443</u>    |                   | <u>(1,081,407)</u>  |
| <b>Total assets less current liabilities</b>                   |       |                   | <u>26,918,219</u>   |                   | <u>20,356,336</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                   | (36,784,235)        |                   | (30,648,571)        |
| <b>Provisions for liabilities</b>                              | 20    |                   | (219,562)           |                   | (149,455)           |
| <b>Net liabilities</b>   |       |                   | <u>(10,085,578)</u> |                   | <u>(10,441,690)</u> |
| <b>Capital and reserves</b>                                    |       |                   |                     |                   |                     |
| Called up share capital  | 24    |                   | 34,975,451          |                   | 34,975,451          |
| Other reserves   |       |                   | 580,382             |                   | 705,921             |
| Profit and loss reserves                                       |       |                   | (45,641,411)        |                   | (46,123,062)        |
| <b>Total equity</b>  |       |                   | <u>(10,085,578)</u> |                   | <u>(10,441,690)</u> |

The financial statements were approved by the board of directors and authorised for issue on 28 September 2023 and are signed on its behalf by:



Colin Welsh  
Director

# SHELF SUBSEA HOLDINGS UK LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2022

|                             | Notes | 2022<br>AUD       | 2021<br>AUD       |
|-----------------------------|-------|-------------------|-------------------|
| <b>Fixed assets</b>         |       |                   |                   |
| Investments                 | 13    | 1                 | 1                 |
| Debtors                     | 16    | 34,975,450        | 34,975,450        |
| <b>Net assets</b>           |       | <u>34,975,451</u> | <u>34,975,451</u> |
| <b>Capital and reserves</b> |       |                   |                   |
| Called up share capital     | 24    | <u>34,975,451</u> | <u>34,975,451</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was AUD nil (2021 - AUD nil).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2023 and are signed on its behalf by:



Colin Welsh  
Director

Company Registration No. 10286951

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

|   | Share<br>capital<br>AUD | Other<br>reserves<br>AUD | Profit and<br>loss<br>reserves<br>AUD | Total<br>AUD        |
|---|-------------------------|--------------------------|---------------------------------------|---------------------|
| <b>Balance at 1 January 2021</b>                          | 34,975,451              | 553,674                  | (41,327,850)                          | (5,798,725)         |
| <b>Year ended 31 December 2021:</b>                       |                         |                          |                                       |                     |
| Loss for the year   | -                       | -                        | (4,795,212)                           | (4,795,212)         |
| Other comprehensive income:                               |                         |                          |                                       |                     |
| Actuarial gains (net of tax)                              | -                       | 4,172                    | -                                     | 4,172               |
| Exchange differences on translation of foreign operations | -                       | 148,075                  | -                                     | 148,075             |
|   | <u>-</u>                | <u>152,247</u>           | <u>(4,795,212)</u>                    | <u>(4,642,965)</u>  |
| Total comprehensive income for the year                   | -                       | 152,247                  | (4,795,212)                           | (4,642,965)         |
| <b>Balance at 31 December 2021</b>                        | 34,975,451              | 705,921                  | (46,123,062)                          | (10,441,690)        |
| <b>Year ended 31 December 2022:</b>                       |                         |                          |                                       |                     |
| Profit for the year                                       | -                       | -                        | 481,651                               | 481,651             |
| Other comprehensive income:                               |                         |                          |                                       |                     |
| Actuarial losses (net of tax)                             | -                       | (39,740)                 | -                                     | (39,740)            |
| Exchange differences on translation of foreign operations | -                       | (85,799)                 | -                                     | (85,799)            |
|   | <u>-</u>                | <u>(125,539)</u>         | <u>481,651</u>                        | <u>356,112</u>      |
| Total comprehensive income for the year                   | -                       | (125,539)                | 481,651                               | 356,112             |
| <b>Balance at 31 December 2022</b>                        | <u>34,975,451</u>       | <u>580,382</u>           | <u>(45,641,411)</u>                   | <u>(10,085,578)</u> |

**SHELF SUBSEA HOLDINGS UK LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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|  | <b>Share<br/>capital<br/>AUD</b> |
|--|----------------------------------|
| <b>Balance at 1 January 2021</b>                   | 34,975,451                       |
| <b>Year ended 31 December 2021:</b>                |                                  |
| Profit and total comprehensive income for the year | -                                |
| <b>Balance at 31 December 2021</b>                 | 34,975,451                       |
| <b>Year ended 31 December 2022:</b>                |                                  |
| Profit and total comprehensive income for the year | -                                |
| <b>Balance at 31 December 2022</b>                 | 34,975,451                       |



# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

|   | Notes | AUD         | 2022<br>AUD        | AUD         | 2021<br>AUD        |
|---|-------|-------------|--------------------|-------------|--------------------|
| <b>Cash flows from operating activities</b>                   |       |             |                    |             |                    |
| Cash generated from operations                                | 29    |             | 6,583,768          |             | 453,704            |
| Interest paid   |       |             | (438,545)          |             | (208,303)          |
| Interest accrued  |       |             | (3,835,694)        |             | (2,897,355)        |
| Income taxes paid   |       |             | (1,921,935)        |             | (1,428,997)        |
| <b>Net cash inflow/(outflow) from operating activities</b>    |       |             | <b>387,594</b>     |             | <b>(4,080,951)</b> |
| <b>Investing activities</b>                                   |       |             |                    |             |                    |
| Purchase of tangible fixed assets                             |       | (4,047,151) |                    | (2,219,728) |                    |
| Proceeds on disposal of tangible fixed assets                 |       | 57,094      |                    | 105,455     |                    |
| Proceeds on disposal of investments                           |       | -           |                    | 2,205,935   |                    |
| Interest received   |       | 33,325      |                    | 9,708       |                    |
| Dividends received  |       | -           |                    | 12,642      |                    |
| <b>Net cash (used in)/generated from investing activities</b> |       |             | <b>(3,956,732)</b> |             | <b>114,012</b>     |
| <b>Financing activities</b>                                   |       |             |                    |             |                    |
| Proceeds of borrowings  |       | 6,135,664   |                    | 4,529,367   |                    |
| <b>Net cash generated from financing activities</b>           |       |             | <b>6,135,664</b>   |             | <b>4,529,367</b>   |
| <b>Net increase in cash and cash equivalents</b>              |       |             | <b>2,566,526</b>   |             | <b>562,428</b>     |
| Cash and cash equivalents at beginning of year                |       |             | (2,385,768)        |             | (2,948,196)        |
| <b>Cash and cash equivalents at end of year</b>               |       |             | <b>180,758</b>     |             | <b>(2,385,768)</b> |
| <b>Relating to:</b>   |       |             |                    |             |                    |
| Cash at bank and in hand                                      |       |             | 5,943,721          |             | 3,793,308          |
| Bank overdrafts included in creditors payable within one year |       |             | (5,762,963)        |             | (6,179,076)        |

# **SHELF SUBSEA HOLDINGS UK LIMITED**

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

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### **1 Accounting policies**

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in Australian Dollars which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest AUD.

The company is a qualifying entity for the purposes of FRS 102, being the parent of a group that prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Not to disclose transactions and balances with other members of the group.

#### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies (continued)**

#### **1.3 Going concern**

The financial statements have been prepared on the going concern basis, which assumes that the group will continue in operational existence for a minimum period of 12 months from the date of signing the audited financial statements.

The group generated a net profit of AUD 356,112 (2021 - loss of AUD 4,642,965) for the financial year ended 31 December 2022. As of that date, the group's current assets exceeded its current liabilities by AUD 4,953,443 (2021 - net current liabilities of AUD 1,081,407) with an overall net liabilities position of AUD 10,085,578 (2021 - net liabilities of AUD 10,441,690) respectively. While profitability and net current asset position were much improved for 2022 as compared to 2021, the overall net liabilities position (which is primarily due to related party loans advanced to the Group) may, in the absence of other factors (as noted below), cast some doubt on the Group's ability to continue as a going concern.

The directors have considered the financial position of the group and are of the opinion that the going concern basis is appropriate for the preparation of the financial statements in view of the following:

- The group has forecasted that it will generate sufficient cash flows from its operations to meet its obligations as and when they fall due in the next twelve months.
- The group has obtained written confirmation from the shareholders of the ultimate holding company confirming that they, for the next twelve months from the date of the group's auditor's report of the group's audited financial statements for the year ended 31 December 2022, have no intention to demand repayment of the outstanding loan principle and interest of AUD 14,065,749 owing by the group as at 31 December 2022 except in so far as the funds of the group permit repayment and such repayment will not adversely affect the ability of the group to meet its financial obligations as and when they fall due.
- The group has obtained written confirmation from the ultimate holding company confirming that they have no intention to demand repayment of one loan of AUD 25,636,368 except in so far as the funds of the group permit repayment and such repayment will not adversely affect the ability of the group to meet its financial obligations as and when they fall due.

The financial statements did not include any adjustments that may result in the event that the group may be unable to continue as going concern. If the group is unable to continue in operational existence for the foreseeable future, the group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

#### **1.4 Income**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Based on management's review, no impairment charge was recognised for goodwill during the financial year.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

|  |             |
|--|-------------|
| Renovations                              | 4 years     |
| Office equipment, furniture and fittings | 1-3 years   |
| Vessels                                  | 15-20 years |
| Diving equipment                         | 3-12 years  |
| Motor vehicles                           | 5-8 years   |
| Assets under construction                | Nil         |

Assets under construction included are not depreciated as these assets are not yet available for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies (continued)**

#### **1.7 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

#### **1.8 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.9 Stocks**

Stocks consist of fuel for vessels, diving gases and miscellaneous spare parts. Stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighed average method. Net realisable value is the price at which stocks can be realised in the normal course of business, less estimated selling expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **1.10 Cash at bank and in hand**

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

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (continued)

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### 1.13 Taxation

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies (continued)**

#### **1.16 Retirement benefits**

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

Defined benefit plans are post employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependant on one of more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income in the period in which they arise. Actuarial gains or losses are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised immediately in profit or loss.

Current service costs and interest costs are recognised immediately in profit or loss when incurred.

Gains or losses on curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs, which comprise change in the present value of the defined obligation and any related actuarial gains and losses and past service cost that had not been recognised previously.

#### **1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **1.18 Government grants**

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

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

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.19 Foreign exchange

Transactions in currencies other than Australian dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the foreign exchange reserve.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Trade receivables from third parties**

The group uses a matrix to calculate the expected credit loss for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the groups historical observed default rates. The group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between the historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to change in circumstances and of forecast economic conditions. The groups historical credit loss experience and forecast of economic conditions may also not be representative of a customers actual default in the future.

##### **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 2 Judgements and key sources of estimation uncertainty (continued)

#### **Measurement of lease liabilities**

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to the lease liabilities as at 31 December 2022 was 6.44% (2021 - 6.02%).

#### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of each asset and note 1.6 for the useful economic lives for each class of asset.

### 3 Turnover and other revenue

|   | 2022<br>AUD | 2021<br>AUD |
|---|-------------|-------------|
| <b>Turnover analysed by class of business</b>   |             |             |
| Diving services and equipment hire              | 166,480,865 | 99,271,641  |
|   |             |             |
|   | 2022<br>AUD | 2021<br>AUD |
| <b>Other significant revenue</b>                |             |             |
| Interest income                                 | 33,325      | 9,708       |
| Dividends receivable                            | -           | 12,642      |
| Grants receivable                               | 61,451      | 106,981     |
| Bad debts recovered                             | -           | 846,508     |
| Rent receivable                                 | -           | 20,100      |
| Insurance claim receivable                      | 479         | 151,217     |
|   |             |             |
|   | 2022<br>AUD | 2021<br>AUD |
| <b>Turnover analysed by geographical market</b> |             |             |
| Asia  | 166,480,865 | 99,271,641  |

### 4 Operating profit/(loss)

|  | 2022<br>AUD | 2021<br>AUD |
|--|-------------|-------------|
| Operating profit/(loss) for the year is stated after charging: |             |             |
| Exchange losses  | 4,040,625   | 3,532,105   |
| Depreciation of owned tangible fixed assets                    | 3,520,118   | 3,326,382   |
| Operating lease charges  | 18,142,969  | 7,684,182   |

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 5 Auditor's remuneration

|   | 2022<br>AUD    | 2021<br>AUD    |
|---|----------------|----------------|
| Fees payable to the company's auditor and associates:           |                |                |
| <b>For audit services</b>                                       |                |                |
| Audit of the financial statements of the group and company      | 18,268         | 72,116         |
| Audit of the financial statements of the company's subsidiaries | 193,964        | 162,863        |
|   | <u>212,232</u> | <u>234,979</u> |
| <b>For other services</b>                                       |                |                |
| Taxation compliance services                                    | <u>3,054</u>   | <u>2,881</u>   |

### 6 Employees

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

|                      | Group<br>2022<br>Number | 2021<br>Number | Company<br>2022<br>Number | 2021<br>Number |
|----------------------|-------------------------|----------------|---------------------------|----------------|
| Directors/Management | 7                       | 7              | 3                         | 3              |
| Administrative       | 39                      | 60             | -                         | -              |
| Project/others       | 463                     | 94             | -                         | -              |
|                      | <u>509</u>              | <u>161</u>     | <u>3</u>                  | <u>3</u>       |

Their aggregate remuneration comprised:

|                    | Group<br>2022<br>AUD | 2021<br>AUD      | Company<br>2022<br>AUD | 2021<br>AUD |
|--------------------|----------------------|------------------|------------------------|-------------|
| Wages and salaries | 13,549,087           | 7,715,294        | -                      | -           |
| Pension costs      | 626,404              | 482,253          | -                      | -           |
|                    | <u>14,175,491</u>    | <u>8,197,547</u> | <u>-</u>               | <u>-</u>    |

### 7 Directors' remuneration

|   | 2022<br>AUD      | 2021<br>AUD    |
|---|------------------|----------------|
| Remuneration for qualifying services                          | 1,957,132        | 624,980        |
| Company pension contributions to defined contribution schemes | 110,943          | 104,911        |
|   | <u>2,068,075</u> | <u>729,891</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2021 - 6).

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Directors' remuneration (continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director in one of the subsidiaries:

|                                      | 2022<br>AUD | 2021<br>AUD |
|--------------------------------------|-------------|-------------|
| Remuneration for qualifying services | 583,080     | 549,809     |

### 8 Interest receivable and similar income

|  | 2022<br>AUD | 2021<br>AUD |
|--|-------------|-------------|
| <b>Interest income</b>                   |             |             |
| Interest receivable from group companies | 33,325      | 9,708       |
| <b>Other income from investments</b>     |             |             |
| Dividends received                       | -           | 12,642      |
| Total income                             | 33,325      | 22,350      |

### 9 Interest payable and similar expenses

|                                       | 2022<br>AUD | 2021<br>AUD |
|---------------------------------------|-------------|-------------|
| Interest on bank overdrafts and loans | 438,545     | 208,303     |
| Interest payable to related parties   | 3,835,694   | 2,871,859   |
| Total finance costs                   | 4,274,239   | 3,080,162   |

### 10 Taxation

|   | 2022<br>AUD | 2021<br>AUD |
|---|-------------|-------------|
| <b>Current tax</b>                                    |             |             |
| UK corporation tax on profits for the current period  | 732,597     | 1,014,488   |
| Foreign current tax on profits for the current period | 1,165,882   | 966,098     |
| Total current tax                                     | 1,898,479   | 1,980,586   |
| <b>Deferred tax</b>                                   |             |             |
| Origination and reversal of timing differences        | (455,593)   | (536,387)   |
| Total tax charge                                      | 1,442,886   | 1,444,199   |

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Taxation (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2023 (on 10 January 2023). These changes included an increase in the main rate to 25% from April 2023. Deferred taxes at the balance sheet date, in relation to UK companies, are measured using tax rates enacted as at the balance sheet date (25%).

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

|   | 2022<br>AUD | 2021<br>AUD |
|---|-------------|-------------|
| Profit/(loss) before taxation   | 1,924,537   | (3,351,013) |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19% (2021: 19%) | 365,662     | (636,692)   |
| Tax effect of expenses that are not deductible in determining taxable profit                            | 983,919     | 249,311     |
| Gains not taxable   | (16,359)    | (503,053)   |
| Unutilised tax losses carried forward   | -           | 26,771      |
| Effect of overseas tax rates  | 87,062      | (324,898)   |
| (Over)/under provided in prior years  | (471,353)   | 189,042     |
| Deferred tax adjustments in respect of prior years  | -           | (99,430)    |
| Dividend income   | -           | (2,402)     |
| Deferred tax assets not recognised  | 79,384      | 1,602,088   |
| Withholding tax   | 1,165,882   | 966,098     |
| Utilisation of deferred tax assets not previously recognised  | (751,311)   | (22,636)    |
| Taxation charge   | 1,442,886   | 1,444,199   |

At the end of the reporting period, the Group has unutilised tax losses of approximately AUD 41,206,000 (2021 - AUD 42,290,000) and unutilised capital allowances of AUD 401,000 (2021 - AUD 401,000) which are available for set off against future taxable profits and subject to the agreement by the tax authority.

#### 11 Intangible fixed assets

| Group                                  | Goodwill<br>AUD |
|--|-----------------|
| <b>Cost</b>                            |                 |
| At 1 January 2022 and 31 December 2022 | 5,574,687       |
| <b>Amortisation and impairment</b>     |                 |
| At 1 January 2022 and 31 December 2022 | -               |
| <b>Carrying amount</b>                 |                 |
| At 31 December 2022                    | 5,574,687       |
| At 31 December 2021                    | 5,574,687       |

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

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Intangible fixed assets (continued)

Goodwill acquired in this business combination is determined by management to benefit the Group as a whole due to the synergies that resulted from the acquisition. The carrying amount of goodwill has been allocated to the Bintang Subsea (S) Pte Ltd.'s sub-group. The Group tests goodwill for impairment annually or more frequently when there is an indication that the goodwill might be impaired.

Based on management's review, no impairment charge was recognised for goodwill during the financial year.

The recoverable amounts of CGU have been determined based on value in use calculations using cash flow projections approved by management covering a five year period. Management did not estimate to allocate any value to terminal year.

Management assumed that revenue would grow by 10% (2021 - 15%) on average and a discount rate of 13% (2021 - 15%) on average and a discount rate of 13% (2021 - 11.75%), estimated using post-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on management's estimation of historical trends. Changes in selling prices and direct costs are based on past practices and expectation of future changes in the market.

### 12 Tangible fixed assets

| Group                                  | Renovations<br>AUD | Vessels and diving<br>equipment<br>AUD | Office<br>equipment,<br>furniture<br>and fittings<br>AUD | Motor<br>vehicles<br>AUD | Assets under<br>construction<br>AUD | Total<br>AUD |
|--|--------------------|--|--|--------------------------|-------------------------------------|--------------|
| <b>Cost</b>                            |                    |  |  |                          |                                     |              |
| At 1 January 2022                      | 46,063             | 36,518,075                             | 1,597,210  | 432,029                  | 709,668                             | 39,303,045   |
| Additions                              | 139,907            | 1,666,009                              | 86,445   | 23,261                   | 2,094,907                           | 4,010,529    |
| Disposals                              | -                  | (85,000)                               | -  | (54,864)                 | -                                   | (139,864)    |
| Transfers                              | -                  | 472,945                                | (3,876)  | -                        | (469,069)                           | -            |
| Exchange adjustments                   | 3,258              | 41,618                                 | (619)  | (2,170)                  | 126                                 | 42,213       |
| At 31 December 2022                    | 189,228            | 38,613,647                             | 1,679,160  | 398,256                  | 2,335,632                           | 43,215,923   |
| <b>Depreciation and<br/>impairment</b> |                    |  |  |                          |                                     |              |
| At 1 January 2022                      | 21,403             | 21,756,399                             | 1,274,004  | 388,183                  | -                                   | 23,439,989   |
| Depreciation charged in<br>the year    | 5,661              | 3,367,779                              | 134,128  | 12,550                   | -                                   | 3,520,118    |
| Eliminated in respect of<br>disposals  | -                  | (85,000)                               | -  | (54,864)                 | -                                   | (139,864)    |
| Exchange adjustments                   | 65                 | 9,569                                  | (2,936)  | (1,107)                  | -                                   | 5,591        |
| At 31 December 2022                    | 27,129             | 25,048,747                             | 1,405,196  | 344,762                  | -                                   | 26,825,834   |
| <b>Carrying amount</b>                 |                    |  |  |                          |                                     |              |
| At 31 December 2022                    | 162,099            | 13,564,900                             | 273,964  | 53,494                   | 2,335,632                           | 16,390,089   |
| At 31 December 2021                    | 24,660             | 14,761,676                             | 323,206  | 43,846                   | 709,668                             | 15,863,056   |

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

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Tangible fixed assets (continued)

The group's diving equipment with a carrying amount of AUD 984,170 (2021 - AUD 1,146,894) were pledged for the vessel charter by a subsidiary.

### 13 Fixed asset investments

|                             | Notes | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|-----------------------------|-------|----------------------|-------------|------------------------|-------------|
| Investments in subsidiaries | 14    | -                    | -           | 1                      | 1           |

#### Movements in fixed asset investments Company

|  | Shares in<br>group<br>undertakings<br>AUD |
|--|---|
| <b>Cost</b>                            |   |
| At 1 January 2022 and 31 December 2022 | 1   |
| <b>Carrying amount</b>                 |   |
| At 31 December 2022                    | 1   |
| At 31 December 2021                    | 1   |

### 14 Subsidiaries

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

| Name of undertaking                   | Registered office | Class of<br>shares held | % Held<br>Direct Indirect |
|---------------------------------------|-------------------|-------------------------|---------------------------|
| Shelf Subsea Services UK Limited      | United Kingdom    | Ordinary                | 100.00 -                  |
| Shelf Subsea Services Pte. Ltd        | Singapore         | Ordinary                | - 100.00                  |
| Shelf Subsea Solutions Pte. Ltd       | Singapore         | Ordinary                | - 100.00                  |
| Bintang Subsea (S) Pte. Ltd           | Singapore         | Ordinary                | - 100.00                  |
| Shelf Subsea Australia Pty Ltd        | Australia         | Ordinary                | - 100.00                  |
| PT Bintang Subsea Indonesia           | Indonesia         | Ordinary                | - 100.00                  |
| Bintang Subsea Ventures (m) Sdn. Bhd. | Malaysia          | Ordinary                | - 100.00                  |
| Shelf Subsea Holdings Pte. Ltd        | Singapore         | Ordinary                | - 100.00                  |

The effective interest in PT Bintang Subsea Indonesia comprises 49% direct and 51% indirect equity interest respectively. The indirect equity interest represents shares held in trust by the Director of the PT Bintang Subsea Indonesia, on behalf of Bintang Subsea (S) Pte. Ltd.

The effective interest in Bintang Subsea Ventures (M) Sdn. Bhd. comprises 30% direct and 70% indirect equity interest respectively. The indirect equity interest represents shares held in trust by the Director of the Bintang Subsea Ventures (M) Sdn. Bhd., on behalf of Bintang Subsea (S) Pte. Ltd.



# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 15 Stocks

|                               | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|-------------------------------|----------------------|-------------|------------------------|-------------|
| Raw materials and consumables | 1,443,717            | 388,812     | -                      | -           |

### 16 Debtors

|   | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|---|----------------------|-------------|------------------------|-------------|
| <b>Amounts falling due within one year:</b> |                      |             |                        |             |
| Trade debtors                               | 27,836,481           | 11,479,730  | -                      | -           |
| Amounts owed by group undertakings          | -                    | -           | 34,975,450             | 34,975,450  |
| Other debtors                               | 2,857,333            | 483,998     | -                      | -           |
| Prepayments and accrued income              | 9,748,672            | 14,196,629  | -                      | -           |
|   | 40,442,486           | 26,160,357  | 34,975,450             | 34,975,450  |

#### Amounts falling due after more than one year:

|                              |         |         |   |   |
|------------------------------|---------|---------|---|---|
| Other debtors                | 75,701  | 37,426  | - | - |
| Deferred tax asset (note 21) | 802,055 | 323,006 | - | - |
|                              | 877,756 | 360,432 | - | - |

|                      |                   |                   |                   |                   |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total debtors</b> | <b>41,320,242</b> | <b>26,520,789</b> | <b>34,975,450</b> | <b>34,975,450</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|

### 17 Creditors: amounts falling due within one year

|                                    | Notes | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|------------------------------------|-------|----------------------|-------------|------------------------|-------------|
| Bank loans and overdrafts          | 19    | 5,762,963            | 6,179,076   | -                      | -           |
| Trade creditors                    |       | 14,011,923           | 15,808,247  | -                      | -           |
| Corporation tax payable            |       | 12,263               | 12,263      | -                      | -           |
| Other taxation and social security |       | 1,429,755            | 922,611     | -                      | -           |
| Deferred income                    | 22    | 2,290,495            | -           | -                      | -           |
| Other creditors                    |       | 4,284,577            | 1,549,563   | -                      | -           |
| Accruals and deferred income       |       | 15,962,261           | 7,312,556   | -                      | -           |
|                                    |       | 43,754,237           | 31,784,316  | -                      | -           |

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Creditors: amounts falling due after more than one year

|                  | Notes | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|------------------|-------|----------------------|-------------|------------------------|-------------|
| Other borrowings | 19    | 36,784,235           | 30,648,571  | -                      | -           |

### 19 Loans and overdrafts

|                            |  | Group<br>2022<br>AUD | 2021<br>AUD       | Company<br>2022<br>AUD | 2021<br>AUD |
|----------------------------|--|----------------------|-------------------|------------------------|-------------|
| Bank overdrafts            |  | 5,762,963            | 6,179,076         | -                      | -           |
| Loans from related parties |  | 36,363,063           | 30,308,477        | -                      | -           |
| Other loans                |  | 421,172              | 340,094           | -                      | -           |
|                            |  | <u>42,547,198</u>    | <u>36,827,647</u> | <u>-</u>               | <u>-</u>    |
| Payable within one year    |  | 5,762,963            | 6,179,076         | -                      | -           |
| Payable after one year     |  | <u>36,784,235</u>    | <u>30,648,571</u> | <u>-</u>               | <u>-</u>    |

The groups borrowings are secured as follows:

- A charge over the assets of subsidiaries, Shelf Subsea Services Pte. Ltd., Shelf Subsea Solutions Pte. Ltd., Bintang Subsea (S) Pte. Ltd., Shelf Subsea Pty Ltd., and Shelf Subsea Australia Pty Ltd.
- A charge over all present and after acquired property of Shelf Subsea Australia Pty Ltd.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Loans and overdrafts (continued)

Bank overdraft bears interest at rate of 6.33% (2021 - 5.12%) per annum.

International export finance facility bears an average effective borrowing rate at 7.45% (2021 - 3.23%) per annum and has a maturity date on 20 January 2023. These were repaid after the financial year end.

The loans from related parties are split into 4 loans, A, B, C and D. Loan A was advanced in August 2017 by the shareholders of the ultimate holding company for the purpose to fund the purchase of assets. The interest rate is 12% per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 29 August 2017.

Loan B was advanced between May 2018 and September 2018 by the shareholders and directors of the ultimate holding company for the purpose to fund the working capital of the company and its subsidiaries. The interest rate is 12% per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 31 May 2018.

Loan C was advanced between March 2019 and August 2019 by the shareholders and directors of the ultimate holding company for the purpose to fund the working capital of the Group. The interest rate is 12% per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 6 June 2019.

Loan D was advanced between May 2019 and July 2019 by the shareholders of the ultimate holding company for the purpose to fund the working capital of the Group. The interest rate is 14% per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 6 June 2019.

The fair value of the Group's loans from related parties approximates to its carrying amounts.

### 20 Provisions for liabilities

|                   | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|-------------------|----------------------|-------------|------------------------|-------------|
| Pension provision | 219,562              | 149,455     | -                      | -           |

Movements on provisions:

| Group                             | Pension<br>provision<br>AUD |
|-----------------------------------|-----------------------------|
| At 1 January 2022                 | 149,455                     |
| Additional provisions in the year | 70,107                      |
| At 31 December 2022               | 219,562                     |

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Deferred taxation

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

|                                | Assets<br>2022<br>AUD | Assets<br>2021<br>AUD |
|--------------------------------|-----------------------|-----------------------|
| <b>Group</b>                   |                       |                       |
| Accelerated capital allowances | (638,424)             | (625,764)             |
| Accruals and provisions        | 1,440,479             | 948,770               |
|                                | <u>802,055</u>        | <u>323,006</u>        |

The company has no deferred tax assets or liabilities.

|                               | Group<br>2022<br>AUD | Company<br>2022<br>AUD |
|-------------------------------|----------------------|------------------------|
| <b>Movements in the year:</b> |                      |                        |
| Asset at 1 January 2022       | (323,006)            | -                      |
| Credit to profit or loss      | (479,049)            | -                      |
| Asset at 31 December 2022     | <u>(802,055)</u>     | <u>-</u>               |

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

### 22 Deferred income

|                       | Group<br>2022<br>AUD | 2021<br>AUD | Company<br>2022<br>AUD | 2021<br>AUD |
|-----------------------|----------------------|-------------|------------------------|-------------|
| Other deferred income | 2,290,495            | -           | -                      | -           |

### 23 Retirement benefit schemes

|   | 2022<br>AUD    | 2021<br>AUD    |
|---|----------------|----------------|
| <b>Defined contribution schemes</b>                                 |                |                |
| Charge to profit or loss in respect of defined contribution schemes | <u>413,293</u> | <u>483,124</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Retirement benefit schemes (continued)

##### Defined benefit schemes

A subsidiary, PT Bintang Subsea Indonesia recorded the defined benefit liabilities for severance pay, gratuity, years of service and compensation to employees amounting to AUD 421,172 (2021 - AUD 340,094) (IDR 4,445,467,251 (2021 - IDR 3,523,031,502) as at 31 December 2022, based on calculations prepared by PT Sigma Prima Solusindo, and independent actuary, using the "Projected Unit Credit Method".

A defined benefit plan provides exposure to the Group against actuarial risks such as interest rate risk, life expectancy risk and salary risk.

##### Interest rate risk

The decline in interest rates would increase the liability bond program; however, most will be offset by an increase in the yield on investment debt instruments.

##### Life expectancy risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of mortality program participants both during and after employment contract. Increases in life expectancy of the program participants will increase the liability program.

##### Salary risk

The present value of the defined benefit obligation is calculated by reference to the salary of the future program participants. Thus, a salary increase for program participants will increase the liability program.

Some of the assumptions used for the actuarial calculations are as follows:

|                       | 2022<br>AUD                   | 2021<br>AUD                   |
|-----------------------|-------------------------------|-------------------------------|
| Discount rate         | 7.33% per annum               | 7.38% per annum               |
| Salary increment rate | 10% per annum                 | 10% per annum                 |
| Mortality rate        | Tabel Mortalita Indonesia III | Tabel Mortalita Indonesia III |
| Retirement age        | 55                            | 55                            |

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Retirement benefit schemes (continued)

Analysis of estimated liabilities for employee benefits and employee benefits expense as of 31 December 2022 are recorded in the group balance sheet and group statement of comprehensive income for the years then ended are as follows:

|  | 2022<br>AUD | 2021<br>AUD |
|--|-------------|-------------|
| Balance at beginning of year                   | 340,094     | 350,586     |
| Employee benefits expense for the current year | 65,079      | (871)       |
| Other comprehensive income                     | 39,740      | (4,172)     |
| Tax for actuarial loss                         | -           | (1,177)     |
| Payment  | (26,549)    | (18,961)    |
| Foreign currency alignment                     | 2,808       | 14,689      |
| Balance at end of year                         | 421,172     | 340,094     |

#### 24 Share capital

| Group and company             | 2022<br>Number | 2021<br>Number | 2022<br>AUD | 2021<br>AUD |
|-------------------------------|----------------|----------------|-------------|-------------|
| <b>Ordinary share capital</b> |                |                |             |             |
| <b>Issued and fully paid</b>  |                |                |             |             |
| Ordinary shares of AUD1 each  | 34,974,501     | 34,974,501     | 34,974,501  | 34,974,501  |
| B shares of 0.001 cent each   | 600,000        | 600,000        | 600         | 600         |
| C shares of 0.001 cent each   | 350,000        | 350,000        | 350         | 350         |
|                               | 35,924,501     | 35,924,501     | 34,975,451  | 34,975,451  |

The Ordinary shareholders are entitled to vote at general meetings and receive dividends. They do not confer any rights of redemption.

The B Class shareholders are not entitled to vote at general meetings unless to approve the buyback or cancellation of B class shares or a proposal that affects the rights attached to B shares but have the same rights, title and benefits as are attached to the Ordinary shares.

The C Class shareholders are not entitled to vote at general meetings unless to approve the buyback or cancellation of C class shares or a proposal that affects the rights attached to C shares but have the same rights, title and benefits as are attached to the Ordinary shares.

#### 25 Contingent liabilities

##### Performance guarantees

As at 31 December 2022, the group's subsidiary had given performance guarantees amounting to AUD 1,855,022 (2021 - AUD 2,272,702) to its office premises landlord and two customers. Such guarantees are in the form of performance guarantees as they require the subsidiary to reimburse the counterparty if the subsidiary to which the guarantees were extended fail to fulfil its obligations in accordance with the terms of contract.

Guarantees given to third parties in respect of dealings are in normal course of business. Total guarantee facility limit is AUD 3,100,000 (2021 - AUD 2,650,000).

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 26 Operating lease commitments

#### Lessee

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

|                            | Group<br>2022<br>AUD | 2021<br>AUD       | Company<br>2022<br>AUD | 2021<br>AUD |
|----------------------------|----------------------|-------------------|------------------------|-------------|
| Within one year            | 24,857,039           | 13,271,280        | -                      | -           |
| Between two and five years | 42,607,484           | 3,018,066         | -                      | -           |
|                            | <u>67,464,523</u>    | <u>16,289,346</u> | <u>-</u>               | <u>-</u>    |

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows:

|                        | 2022<br>AUD      | 2021<br>AUD      |
|------------------------|------------------|------------------|
| Aggregate compensation | <u>2,068,075</u> | <u>1,926,377</u> |

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

|  | 2022<br>AUD      | Interest paid<br>2021<br>AUD |
|--|------------------|------------------------------|
| <b>Group</b>   |                  |                              |
| Entities with control, joint control or significant influence over the company | <u>3,835,694</u> | <u>2,871,859</u>             |

The following amounts were outstanding at the reporting end date:

| Amounts due to related parties   | 2022<br>AUD       | 2021<br>AUD       |
|--|-------------------|-------------------|
| <b>Group</b>   |                   |                   |
| Entities with control, joint control or significant influence over the group | <u>36,363,063</u> | <u>30,308,477</u> |

### 28 Controlling party

The company does not have an ultimate controlling party as no shareholder owns more than 50% of the voting rights.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 29 Cash generated from group operations

|  | 2022<br>AUD      | 2021<br>AUD    |
|--|------------------|----------------|
| Profit/(loss) for the year after tax                 | 481,651          | (4,795,212)    |
| <b>Adjustments for:</b>                              |                  |                |
| Taxation charged                                     | 1,442,886        | 1,444,199      |
| Finance costs  | 4,274,239        | 3,080,162      |
| Investment income                                    | (33,325)         | (22,350)       |
| Gain on disposal of tangible fixed assets            | (57,094)         | (105,455)      |
| Depreciation and impairment of tangible fixed assets | 3,520,118        | 3,326,382      |
| Foreign exchange gains on cash equivalents           | (85,799)         | 148,075        |
| Gain on sale of investments                          | -                | (140,900)      |
| Pension scheme non-cash movement                     | (39,740)         | 4,172          |
| Increase in provisions                               | 70,107           | 23,680         |
| <b>Movements in working capital:</b>                 |                  |                |
| Increase in stocks                                   | (1,054,905)      | (102,699)      |
| Increase in debtors                                  | (14,320,404)     | (3,235,155)    |
| Increase in creditors                                | 10,095,539       | 2,177,302      |
| Increase/(decrease) in deferred income               | 2,290,495        | (1,348,497)    |
| <b>Cash generated from operations</b>                | <b>6,583,768</b> | <b>453,704</b> |

### 30 Analysis of changes in net debt - group

|                                 | 1 January<br>2022<br>AUD | Cash flows<br>AUD | Exchange rate<br>movements<br>AUD | 31 December<br>2022<br>AUD |
|---------------------------------|--------------------------|-------------------|-----------------------------------|----------------------------|
| Cash at bank and in hand        | 3,793,308                | 2,064,614         | 85,799                            | 5,943,721                  |
| Bank overdrafts                 | (6,179,076)              | 416,113           | -                                 | (5,762,963)                |
|                                 | (2,385,768)              | 2,480,727         | 85,799                            | 180,758                    |
| Borrowings excluding overdrafts | (30,648,571)             | (6,135,664)       | -                                 | (36,784,235)               |
|                                 | (33,034,339)             | (3,654,937)       | 85,799                            | (36,603,477)               |

### 31 Company information

Shelf Subsea Holdings UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 13th Floor, One Angel Court, London, EC2R 7HJ.

The group consists of Shelf Subsea Holdings UK Limited and all of its subsidiaries.