

Registered number: 11372526

## **SAFELANE GROUP LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **SAFELANE GROUP LIMITED**

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## **SAFELANE GROUP LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	R E Hunter T B O'Sullivan
<b>Registered number</b>	11372526
<b>Registered office</b>	Unit 2 Phocle Park Phocle Green Ross on Wye Herefordshire HR9 7XU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Temple Quay Bristol BS2 0FR

## **SAFELANE GROUP LIMITED**

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

The directors present the Strategic Report of SafeLane Group Limited and its subsidiaries (the "Group") for the year ended 31 December 2022.

#### **Activities and Business model**

The Group's primary business stream is the elimination or mitigation of explosive threats, including unexploded ordnance (UXO) and land mines, both on land and under water. These services include the provision of de-mining, consultancy, training, survey, investigation and disposal. In line with the Group strategy, it has diversified its business also into the civil drilling sector and continues to grow in this arena.

The Group is engaged in the delivery of services to a number of principle sectors:

- Humanitarian assistance: consultancy, training, EOD and de-mining;
- UK construction industry: intrusive and non-intrusive surveys;
- Oil and Gas (O&G): consultancy, training, EOD and canine detection services;
- Security Sector: consultancy, training and canine detection services;
- Landowners and utility providers: water well drilling services;
- Infrastructure and Renewables: site investigation drilling services.

These services are delivered around the world, in countries that are experiencing or have experienced conflict in the past. Such countries include Somalia, Yemen and Azerbaijan as well the UK and Germany.

#### **Strategy**

As in previous years, the business continues to develop and diversify its offerings in the market. Further, it continues to target diversification of its client base and the countries in which it operates globally. Although Covid-19 restrictions were lifted during the course of 2022, activities were still affected from the knock-on effect of the previous two years. We continued to prioritise the welfare of our teams and took action to protect our employees and customers as well as our business. Despite the slow-down seen as a result of Covid-19 we have widened our customer base and expanded into new territories. We continue to seek to strengthen our position in all our markets and remain in a strong position to do this. On 22nd March 2022 we acquired Raeburn Drilling & Geotechnical Ltd and its subsidiaries Raeburn Drilling and Geotechnical (Northern) Ltd, Terra-Tek Ltd, DTS Raeburn Ltd and Allied Exploration & Geotechnics Ltd. This acquisition diversifies and strengthens our position in the UK market, significantly expanding our presence in the UK drilling market and allowing us to develop synergies with our existing UK portfolio.

We understand that we operate in challenging environments with an inherent risk due to the nature of our work and the political climates within some territories. We acknowledge the work our teams undertake, the risks this involves and the sacrifices each and every one of our team members make in helping to make the world a safer place.

In September 2023, the Group commenced a restructuring that has involved splitting the Group into 2 distinct businesses. From October 2023 the UK water well, site investigation and UXO businesses will trade under the IGNE brand, and the group's international land and marine UXO business continue to operate under the SafeLane brand.

#### **Financial review**

The business remains financially strong and well capitalised for continued success and growth. 2022 was a profitable and cash generative year, but performance was affected by Covid-19 and we did not achieve the growth seen in previous years. Some sectors of our business were more impacted than others, with post pandemic inflationary pressures affecting margins. The results have been negatively impacted by some significant losses on a contract in South Sudan and the termination of a major contract in Germany. The underlying business remains strong and we are optimistic for the future having expanded into new geographical territories and with new customers. We have continued to invest in the future growth of the business and to develop a leadership team to facilitate future success.

## SAFELANE GROUP LIMITED

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

#### Key performance indicators

	2022	2021
Turnover from continuing operations (\$m)	108.1	91.1
Gross profit margin	16%	18%
Overall operating profit (\$m)	1.0	5.5
Operating profit margin	0.9%	6.1%
Net assets (\$m)	24.3	25.4

Monthly management reports are reviewed as the principal measure of performance monitoring. The business held regular board meetings during 2022.

#### Principal risks and uncertainties

##### *Political instability*

Political instability remains widespread in the markets in which we operate, particularly in Yemen, Somalia and Sudan. Such risk can impact on our ability to deliver services and may potentially have a material impact. The Group mitigates risk where possible through regular monitoring of political, social and economic trends in the regions in which it operates, maintaining well developed contingency plans and a comprehensive insurance portfolio.

##### *Client imbalance*

A large proportion of the Group's revenue is attributed to several clients. The reliance on a small number of clients is an inherent risk. In particular, if a project were to catastrophically fail, it may have an impact on a client's willingness or ability to continue with other live contracts. The Group adheres to specific standards and quality procedures to ensure that we maintain excellent relationships with our clients. We continue to diversify our risk by developing relationships with other clients as well as maintaining trusted relationships with our existing clients.

##### *Repatriation of investment and profit risk*

The Group operates and invests in certain jurisdictions where repatriation of funds is restricted or where the local currency is not traded internationally. To mitigate this risk the Group works with local partners and financiers to keep as many costs in country as possible, we also focus on compliance with jurisdictional processes and return surplus funds expeditiously to minimise exposure.

##### *Covid-19*

Like all other businesses, during 2022 we were impacted by Covid-19 but to a lesser extent than previous years. We are fortunate in being part of a group of diverse businesses, which affords us some protection against impacts in our individual markets. The business has weathered the storm well and remains strong. As we come out of the pandemic, we are starting to see signs of recovery although the long term nature of many of our contracts means that this has not yet translated into improvements in trading results.

## **SAFELANE GROUP LIMITED**

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

#### **Employee interests**

Employees make a business. The Group considers the interests of its employees very highly. It is Group management policy to communicate with staff, at all levels to appraise them of the current status and the future development of the Group. This has been achieved through frequent senior management level meetings and regular communications with office/field teams. Relevant information is also distributed to ensure staff are aware of, and can contribute to, the business of the Group. This has been all the more important during the pandemic home working. Employee engagement has proved successful with a number of business improvement initiatives being implemented as a result of employee feedback and suggestions.

#### **Equality and Diversity**

SafeLane Global is committed to being an organisation that is pro diversity, anti-discrimination and one in which each person is valued and appreciated. We recognise this is always a continuing journey, though are proud of our record on diversity to date. We reward people based on their merit, including in our senior management and board, where we have diverse teams.

#### **Disabled employees**

The Group has a positive policy of employing, where possible, victims of ERW and provides a career path which allows their development within the organisation. In all other areas, the Group has an equal opportunity and non-discriminatory policy on recruitment and training, and the Group provides encouragement and support for all employees seeking development and promotion within the organisation.

This Strategic Report was approved by order of the Board and signed on its behalf by:



**R E Hunter**  
Director

Date: 25 September 2023

## **SAFELANE GROUP LIMITED**

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

The directors present their annual report and the audited consolidated financial statements of SafeLane Group Limited and its subsidiaries (together the "Group") and the audited financial statements of SafeLane Group Limited (the "Company") for the year ended 31 December 2022.

#### **Results and dividends**

The loss for the financial year amounted to \$570,217 (2021: profit \$3,880,099).

Dividends of \$Nil (2021: \$Nil) were declared and paid.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

A C J Ainsworth (resigned 10 February 2023)

R E Hunter

T B O'Sullivan (appointed 10 February 2023)

#### **Statement on performance of statutory duties in accordance with S172(1) Companies Act 2006**

The directors aim to act in a way that promotes the long-term success of the business, for the benefit of all its stakeholders. Section 172 matters are considered in our strategy development and significant decisions across all aspects of our business.

We are signatories to (and have renewed during the year) the UN Global Compact. This is a comprehensive commitment to the ten principles covering Human rights, Labour, the Environment and anti-corruption. We believe in building long-term sustainable relationships with our suppliers. Both SafeLane Global Ltd and W.B. and A.D. Morgan Limited are signatories to the UK Prompt Payment Code.

The welfare of our employees – our team is at the heart of what we do. The Covid-19 pandemic has continued to place additional pressures on our teams. We have responded to this by providing continued updates and briefings to our teams. We have flexed working between home, office and hybrid where appropriate, depending on the covid situation in the countries we operate in. At all times, we have taken welfare into consideration.

#### **Company Secretary**

The Company has taken the option available to it under the Companies Act 2006 to not appoint a secretary.

#### **Qualifying third party indemnity provisions**

The Company has put in place qualifying third party indemnity provisions for all of the directors of SafeLane Group Limited.

#### **Future developments**

The future developments of the Group have been included in the Strategy section on page 2. A post year end change in financing arrangements is discussed in the going concern section below.

## **SAFELANE GROUP LIMITED**

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

#### **Financial risk management**

The Group's activities expose it to a number of financial risks including interest rate risk, currency risk, credit risk, price risk, liquidity & cash flow risk and sanctions compliance risk.

##### *Interest rate risk*

As well as through the utilization of retained profits, the Group finances its operations through senior facilities, of which the Company has access to and is also an obligor. The Group undertakes appropriate risk mitigation, including interest rate hedging against this risk.

##### *Currency risk*

The functional currency of the Company and Group is US Dollar. It is exposed to foreign exchange translation risk in relation to a moderate percentage of its sales, some costs and financing arrangements. Foreign currency bank balances and exchange rates are regularly reviewed. In order to mitigate currency risk only the necessary funds required are converted from USD into foreign currency, at spot rate.

##### *Credit risk*

The Group's principal financial assets are cash and trade debtors. In order to manage credit risk on trade debtors the directors set limits for certain customers based on a combination of payment history and third-party credit references. Third party credit checks are completed on customers and further due diligence is undertaken where appropriate.

##### *Price risk*

The nature of the Group's business exposes it to fluctuations in the price of labour resources utilised on projects. As the nature and size of the Group's operations change it will continue to assess its labour procurement policy.

##### *Liquidity and cash flow risk*

The Group actively manages its working capital position by maintaining a close and strong relationship with its bankers, working with the other members of the wider group and through the preparation of detailed and regular cash flow forecasts to predict where additional funding may be required.

##### *Sanctions Compliance Risk*

The Group operates in countries subject to US, EU and other sanctions and must ensure its trading and banking transactions are compliant with these. The Company takes sanctions compliance seriously and has invested in systems to ensure compliance and the continued ability to meet business requirements with regards to international funds transfers. The Group does not currently have any significant operations, clients or suppliers that are subject to recently imposed sanctions affecting Russia and its allies.

#### **Going concern**

As described further in note 29, in August 2023, the Company repaid the term loans drawn under its banking facilities with Lloyds Bank plc and replaced them with facilities provided by a parent company of the Group, Solix Group AB, and other related companies. Although these new facilities are repayable on demand, Solix Group AB has provided SafeLane Global Holdings Limited with a letter of support confirming that it will not demand repayment of the loans for a period of at least 12 months from the date of approval of these financial statements. The directors have prepared cash flow forecasts for the next 12 months which indicate that they expect the Company and Group to operate within these existing facilities, however, in the event that the Group's trading performance is weaker than expected, Solix Group AB has indicated that it will provide additional financial support as may be needed to enable the Company and Group to meet their liabilities as they fall due. Accordingly the directors believe that it is appropriate to prepare the Company and Group financial statements on a going concern basis.



## **SAFELANE GROUP LIMITED**

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

#### **Streamlined Energy and Carbon Reporting (SECR)**

The business has used the energy as reported below:

	<b>2022</b>	<b>2021</b>
UK energy use - kWh	<b>1,328,083</b>	1,773,958
Associated Greenhouse Gas Emissions - kg CO <sub>2</sub>	<b>335,698</b>	456,339
Intensity Ratio - kg per employee	<b>3,391</b>	4,225
Intensity Ratio - kg per \$1m turnover	<b>5,441</b>	6,796

The data above covers the energy used in the UK by the UK entities which are required to report under SECR guidelines.

*We have made progress in reducing our energy usage through better use of resources and more efficient mobilisation of projects. The mix of our activities in 2022 was also less energy intensive. We continue to seek ways to reduce our environmental impact and reduce carbon emissions. We have adopted an EV or plug-in hybrid company car policy and we are focused on developing operational efficiencies which will reduce our carbon footprint further.*

#### **Statement of directors responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Company and the Group and of the profit or loss of the Group for that period.

In preparing the 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Company and the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**SAFELANE GROUP LIMITED**

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

**Disclosure of information to auditors**

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

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

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



**R E Hunter**  
Director

Date: 25 September 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFELANE GROUP LIMITED**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, Safelane Group Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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 the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **SAFELANE GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFELANE GROUP LIMITED (CONTINUED)**

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' 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 auditors' 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.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices, particularly in certain overseas countries, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, and management bias in accounting estimates, in particular the estimation of long term contract profitability. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular reviewing contract profitability forecasts and assessing whether future cost estimates were reasonable
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

## **SAFELANE GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFELANE GROUP LIMITED (CONTINUED)**

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Paul Nott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
Date: 25 September 2023

**SAFELANE GROUP LIMITED**

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

	Note	2022 \$	2021 \$
Turnover	4	108,137,380	91,053,611
Cost of sales		(90,371,775)	(74,576,801)
<b>Gross profit</b>		<b>17,765,605</b>	<b>16,476,810</b>
Administrative expenses		(17,074,641)	(10,945,008)
Other operating income		267,310	1,989
<b>Operating profit</b>	5	<b>958,274</b>	<b>5,533,791</b>
Share of operating (loss)/profit in associated undertaking		(7,357)	19,933
Interest receivable and similar income	9	3,397	3,142
Interest payable and similar expenses	10	(686,872)	(597,467)
<b>Profit before taxation</b>		<b>267,442</b>	<b>4,959,399</b>
Tax on profit	11	(837,659)	(1,079,300)
<b>(Loss)/profit for the financial year</b>		<b>(570,217)</b>	<b>3,880,099</b>
<b>Other comprehensive expense for the financial year:</b>			
Exchange differences arising on translation of foreign operations		(555,840)	(402,984)
<b>Other comprehensive expense for the financial year</b>		<b>(555,840)</b>	<b>(402,984)</b>
<b>Total comprehensive (expense)/income for the financial year</b>		<b>(1,126,057)</b>	<b>3,477,115</b>
<b>(Loss)/profit for the financial year attributable to:</b>			
Owners of the parent Company		(570,217)	3,880,099
<b>Total comprehensive (expense)/income for the financial year attributable to:</b>			
Owners of the parent Company		(1,126,057)	3,477,115

The notes on pages 19 to 46 form part of these financial statements.

**SAFELANE GROUP LIMITED**  
**REGISTERED NUMBER: 11372526**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>Fixed assets</b>			
Intangible assets	12	30,498,925	18,632,474
Tangible assets	13	9,161,338	10,138,938
Investments	14	94,278	105,925
		<u>39,754,541</u>	<u>28,877,337</u>
<b>Current assets</b>			
Stocks	15	2,145,182	135,056
Debtors	16	19,387,593	19,823,501
Cash at bank and in hand	17	10,967,374	15,204,754
		<u>32,500,149</u>	<u>35,163,311</u>
Creditors: amounts falling due within one year	18	(35,469,963)	(25,839,415)
<b>Net current (liabilities)/assets</b>		<u>(2,969,814)</u>	<u>9,323,896</u>
<b>Total assets less current liabilities</b>		<u>36,784,727</u>	<u>38,201,233</u>
Creditors: amounts falling due after more than one year	19	(12,468,207)	(12,758,656)
<b>Net assets</b>		<u><u>24,316,520</u></u>	<u><u>25,442,577</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	1	1
Foreign exchange reserve	24	(423,891)	131,949
Profit and loss account	24	24,740,410	25,310,627
<b>Total shareholders' funds</b>		<u><u>24,316,520</u></u>	<u><u>25,442,577</u></u>

The financial statements on pages 12 to 46 were approved and by the Board of Directors on 25 September 2023 and signed on its behalf by:



**R E Hunter**  
Director

The notes on pages 19 to 46 form part of these financial statements.

**SAFELANE GROUP LIMITED**  
**REGISTERED NUMBER: 11372526**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	12	29,033	23,308
Tangible assets	13	55,454	48,322
Investments	14	54,831,141	37,228,789
		<u>54,915,628</u>	<u>37,300,419</u>
<b>Current assets</b>			
Debtors	16	902,032	599,634
Cash at bank and in hand	17	1,013,666	7,932,111
		<u>1,915,698</u>	<u>8,531,745</u>
Creditors: amounts falling due within one year	18	(28,523,590)	(19,102,655)
<b>Net current liabilities</b>		<u>(26,607,892)</u>	<u>(10,570,910)</u>
<b>Total assets less current liabilities</b>		<u>28,307,736</u>	<u>26,729,509</u>
Creditors: amounts falling due after more than one year	19	(12,432,090)	(12,758,656)
<b>Net assets</b>		<u>15,875,646</u>	<u>13,970,853</u>
<b>Capital and reserves</b>			
Called up share capital	23	1	1
Profit and loss account brought forward		13,970,852	11,492,213
Profit for the financial year		1,904,793	2,478,639
		<u>15,875,645</u>	<u>13,970,852</u>
Profit and loss account carried forward	24		
<b>Total shareholders' funds</b>		<u>15,875,646</u>	<u>13,970,853</u>

The financial statements on pages 12 to 46 were approved by the Board of Directors on 25 September 2023 and signed on its behalf by:



**R E Hunter**  
Director

The notes on pages 19 to 46 form part of these financial statements.



**SAFELANE GROUP LIMITED**

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

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total shareholders' funds
	\$	\$	\$	\$
<b>At 1 January 2021</b>	<b>1</b>	<b>534,933</b>	<b>21,430,528</b>	<b>21,965,462</b>
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	3,880,099	3,880,099
Exchange differences arising on translation of foreign operations	-	(402,984)	-	(402,984)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>(402,984)</b>	<b>3,880,099</b>	<b>3,477,115</b>
<b>At 31 December 2021 and 1 January 2022</b>	<b>1</b>	<b>131,949</b>	<b>25,310,627</b>	<b>25,442,577</b>
<b>Comprehensive expense for the financial year</b>				
Loss for the financial year	-	-	(570,217)	(570,217)
Exchange differences arising on translation of foreign operations	-	(555,840)	-	(555,840)
<b>Total comprehensive expense for the financial year</b>	<b>-</b>	<b>(555,840)</b>	<b>(570,217)</b>	<b>(1,126,057)</b>
<b>At 31 December 2022</b>	<b>1</b>	<b>(423,891)</b>	<b>24,740,410</b>	<b>24,316,520</b>

The notes on pages 19 to 46 form part of these financial statements.

**SAFELANE GROUP LIMITED**

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

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 January 2021</b>	<b>1</b>	<b>11,492,213</b>	<b>11,492,214</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	2,478,639	2,478,639
	-	2,478,639	2,478,639
<b>Total comprehensive income for the financial year</b>			
	1	13,970,852	13,970,853
<b>At 31 December 2021 and 1 January 2022</b>			
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,904,793	1,904,793
	-	1,904,793	1,904,793
<b>Total comprehensive income for the financial year</b>			
	1	15,875,645	15,875,646

The notes on pages 19 to 46 form part of these financial statements.

**SAFELANE GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	2021 \$
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(570,217)	3,880,099
<b>Adjustments for:</b>		
Depreciation of tangible assets	4,598,696	3,386,322
Amortisation of intangible assets	3,940,635	2,755,521
Profit on disposal of tangible assets	(1,549,407)	(22,908)
Non-cash foreign exchange movements	(1,073,117)	(1,413,351)
Interest payable	686,872	597,467
Interest receivable	(3,397)	(3,142)
Taxation charge	837,659	1,079,300
Decrease in stocks	619,370	501,909
Decrease/(increase) in debtors	4,386,205	(4,213,917)
(Decrease)/increase in creditors	(1,910,412)	994,236
Share of loss/(profit) in associates	7,357	(19,933)
Corporation tax received/(paid)	518,851	(1,072,638)
Interest paid	(686,872)	(597,467)
<b>Net cash generated from operating activities</b>	<b>9,802,223</b>	<b>5,851,498</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(22,928)	(58,638)
Purchase of tangible assets	(2,622,815)	(11,438,042)
Proceeds from sale of tangible assets	5,450,558	63,285
Interest received	3,397	3,142
Acquisition of subsidiaries (net of cash)	(9,868,981)	-
<b>Net cash used in investing activities</b>	<b>(7,060,769)</b>	<b>(11,430,253)</b>
<b>Cash flows from financing activities</b>		
Bank loans	3,547,500	-
Repayment of bank loans	(2,574,724)	(2,884,463)
Repayment of other loan	(7,220,555)	5,895,323
Loan from related party	3,157,363	-
Repayment of loan from related party	(3,170,736)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,261,152)</b>	<b>3,010,860</b>

**SAFELANE GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	2021 \$
<b>Net decrease in cash and cash equivalents</b>	<b>(3,519,698)</b>	<b>(2,567,895)</b>
Cash and cash equivalents at beginning of financial year	<b>15,204,754</b>	18,148,933
Foreign exchange losses	<b>(717,682)</b>	(376,284)
<b>Cash and cash equivalents at the end of financial year</b>	<b>10,967,374</b>	15,204,754
<b>Cash and cash equivalents at the end of financial year comprise:</b>		
Cash at bank and in hand	<b>10,967,374</b>	15,204,754

**Net debt reconciliation**

	At 1 January 2022 \$	Cash flows \$	Other non- cash changes \$	At 31 December 2022 \$
Cash at bank and in hand	15,204,754	(3,519,698)	(717,682)	10,967,374
Debt due within 1 year	(2,768,956)	(972,776)	(2,010,296)	(5,752,028)
Debt due after 1 year	(12,758,656)	-	3,336,316	(9,422,340)
Amounts owed to group undertakings - SafeLane Global Holdings Limited	(9,926,548)	13,373	252,780	(9,660,395)
	<b>(10,249,406)</b>	<b>(4,479,101)</b>	<b>861,118</b>	<b>(13,867,389)</b>

The notes on pages 19 to 46 form part of these financial statements.

## **SAFELANE GROUP LIMITED**

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

#### **1. General information**

SafeLane Group Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom. The address of its registered office is Unit 2 Phocle Park, Phocle Green, Ross On Wye, Herefordshire, HR9 7XU.

The Company is an intermediate holding company in the SafeLane Global Holdings Limited group. The Group provides services to eliminate or mitigate the risks posed by unexploded ordnance (UXO) and land mines internationally both on land and underwater. These project based-services include consultancy, research and development, survey, investigation and disposal.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with *Financial Reporting Standard 102*, the *Financial Reporting Standard* applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of acquired subsidiaries using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Star Demining Limited, W.B. and A.D. Morgan Limited, SafeLane Global (Gillingham) Limited, Raeburn Drilling & Geotechnical Limited, Raeburn Drilling and Geotechnical (Northern) Limited, Terra-Tek Limited, DTS Raeburn Limited and Allied Exploration & Geotechnics Limited subsidiaries of the Company, are exempt from the requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.

## **SAFELANE GROUP LIMITED**

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

#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

As described further in note 29, in August 2023, the Company repaid the term loans drawn under its banking facilities with Lloyds Bank plc and replaced them with facilities provided by a parent company of the Group, Solix Group AB, and other related companies. Although these new facilities are repayable on demand, Solix Group AB has provided SafeLane Global Holdings Limited with a letter of support confirming that it will not demand repayment of the loans for a period of at least 12 months from the date of approval of these financial statements. The directors have prepared cash flow forecasts for the next 12 months which indicate that they expect the Company and Group to operate within these existing facilities, however, in the event that the Group's trading performance is weaker than expected, Solix Group AB has indicated that it will provide additional financial support as may be needed to enable the Company and Group to meet their liabilities as they fall due. Accordingly the directors believe that it is appropriate to prepare the Company and Group financial statements on a going concern basis.

##### **2.4 Turnover**

Turnover is the total amount receivable for services provided in relation to the provision of mine clearance, consultancy, training EOD and CIED and canine detection, excluding VAT or equivalent sales taxes and trade discounts. The majority of revenue is on long-term contracts. Revenue and profits on these are recognised based on the stage of completion of the contract taking into account estimated costs through to the completion of the project. The stage of completion is based on the Directors' estimate of attributable profits including the total profits anticipated to be made on the contract, to the extent that their realisation is reasonably foreseeable, and after making provision for all future costs. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported revenue and related costs for that contract. Where actual costs incurred at the Statement of Financial Position date differ from the amount expected based on stage of completion of the project, additional costs are either accrued within creditors, or excess costs are deferred within debtors as appropriate. Losses are provided on contracts as soon as they are foreseen.

The excess of payments received over amounts recorded as turnover is classified under creditors due within one year as deferred revenue. Amounts recoverable on contracts, being the amount by which recorded turnover is in excess of payments on account, is classified under debtors as accrued income.

Where turnover that has been recognised is found not to be recoverable due to a dispute with a customer these amounts are charged against turnover. When non-recovery is a result of the inability of the customer to meet its obligations, these amounts are charged to administrative expenses.

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

**2. Accounting policies (continued)**

**2.5 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life which is assumed to be 10 years.

**Software assets**

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

Amortisation is provided at rates calculated to write off the cost of the assets over their useful economic lives, estimated to be 3 years.

**2.6 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Freehold property	- 10 - 50 years, straight line
Plant, machinery and equipment	- 1 - 10 years, straight line
Motor vehicles	- 3 - 4 years, straight line
Dogs	- 5 years, straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in Consolidated Statement of Comprehensive Income.

**2.7 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

## **SAFELANE GROUP LIMITED**

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

#### **2. Accounting policies (continued)**

##### **2.8 Associates and joint ventures**

*An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.*

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

##### **2.9 Stocks**

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Consolidated Statement of Comprehensive Income.

##### **2.10 Debtors**

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

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

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

##### **2.12 Creditors**

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



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

**2. Accounting policies (continued)**

**2.13 Provisions for liabilities**

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.14 Financial instruments**

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

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

## **SAFELANE GROUP LIMITED**

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

#### **2. Accounting policies (continued)**

##### **2.15 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

##### **2.16 Interest income**

Interest income is recognised in Consolidated Statement of Comprehensive Income using the effective interest method.

##### **2.17 Finance costs**

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

##### **2.18 Borrowing costs**

All borrowing costs are recognised in Consolidated Statement of Comprehensive Income in the year in which they are incurred.

##### **2.19 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is USD.

###### **Transactions and balances**

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

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

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

All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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

**2. Accounting policies (continued)**

**2.20 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

## SAFELANE GROUP LIMITED

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and key sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

- **Fixed assets and impairment**

The Group's fixed assets are reviewed to determine whether there are indicators of impairment that may affect their value. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- **Depreciation**

Fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and vary due to a number of factors including the economic and political nature of the country in which the assets are located, the environments in which the assets are being used and how that might affect the asset's life cycle, maintenance programmes, technological innovation and potential for obsolescence, and projected disposal values.

- **Long-term contract accounting**

The recognition of revenue and costs in relation to long term projects are measured and accounted for using a percentage-of-completion (POC) method where appropriate. This method is applied on a project by project basis when reliable estimates are available and are based on the individual circumstances surrounding each project.

Factors that are taken into consideration when estimating the percentage of completion may include the overall measurement of output based upon measurable units such as area cleared or hours of operation, the passing of certain milestones towards completion, a review by a third party quality control analyst of the work performed, the overall measurement of progress in relation to the contract as a whole, the impact of any variations to scope, cost or value of the original contract, a review of the costs to date and the expected costs to complete the contract, and the impact of changes to foreign exchange rates when translating from foreign currencies.

In the prior year, the Group recognised an asset of \$1.3 million for excess costs incurred on a contract that the directors expected would be recovered over the remainder of the contract. The Group has not been able to realise expected cost savings and therefore in 2022 has written off this balance and provided for all future expected losses totalling \$3.5 million. Furthermore, the directors have identified one further contract that is currently loss-making and although cost savings have been targeted, the directors have taken a prudent approach and have provided for potential future losses of \$0.7 million. If actions to improve profitability are successful then the directors believe that up to \$0.5 million of these losses may be reversed in future periods.

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

**3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

• **Recoverability of trade debtors**

The Group makes a judgement as to the recoverability of trade debtors on a case-by-case basis throughout the financial year. Each assessment makes due allowance for knowledge of the project, an awareness of customer circumstance, past experience, and debt aging. Consideration is also given to the cultural, political, and legal framework of the jurisdiction in which the project has operated and, if different, the contractual jurisdiction that is to apply to the recovery of amounts owing.

Where a recovery is identified as doubtful, the level of non-recoverability is estimated using the available evidence and a suitable provision is recognised.

• **Iraq Operations**

During 2017, one of the Group's subsidiaries concluded operations on a project in Iraq however at the reporting date there remains a significant outstanding receivable balance due to the customer citing delays during operations and wishing to pursue a claim of liquidated damages against the Group.

There have been repeated and ongoing discussions with the customer to resolve the issues that have been raised. The Group has also been in contact with both the Iraq Embassy in London and the UK Government Foreign and Commonwealth Office to work on the Group's behalf towards a resolution. Whilst there continues to be progress during the year, the matter has not yet been finalised and discussions continue in 2023.

Management have included an estimate in these financial statements for the total settlement that may arise from the liquidated damages claim. This is based on the pertinent points that have arisen from the discussions as well as existing knowledge of the project, an understanding of the customer's position, and past experience gained from previous similar operations in Iraq.

After full analysis of the situation, management retain their opinion that, once the liquidated damages have been settled, the remaining balance of the receivable will be paid in full. However, due to the length of time that has passed since the conclusion of the operations and the slow progress that has been made in working towards a resolution, management have taken a prudent approach and have included a bad debt provision of \$1,740,500 (2021: \$1,972,807) against the outstanding receivable in full.

**4. Turnover**

Turnover principally represents the rendering of UXO mitigation and clearance services.

Analysis of turnover by country of destination:

	2022	2021
	\$	\$
United Kingdom	31,767,839	10,931,472
Rest of Europe	19,557,292	20,937,407
Africa	20,389,625	29,456,182
Asia and the Middle East	36,202,201	29,590,068
Rest of the World	220,423	138,482
	<u>108,137,380</u>	<u>91,053,611</u>

**SAFELANE GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****5. Operating profit**

The operating profit is stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Depreciation of tangible assets	<b>4,598,696</b>	3,386,322
Amortisation of intangible assets	<b>3,940,635</b>	2,755,521
Profit on disposal of tangible assets	<b>(1,549,407)</b>	(22,908)
Profit on foreign currency translations	<b>(1,897,527)</b>	(1,629,971)
Operating lease rentals	<b>3,269,137</b>	2,027,275
Impairment of trade debtors	<b>75,484</b>	376,143
	<b><u>75,484</u></b>	<b><u>376,143</u></b>

**6. Auditors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Fees payable to the Group's auditors in respect of:</b>		
Auditing of the Company's annual financial statements	<b>14,450</b>	8,549
Auditing of financial statements of any subsidiary of the Company	<b>193,699</b>	116,370
All other services	<b>27,636</b>	14,284
	<b><u>235,785</u></b>	<b><u>139,203</u></b>

## SAFELANE GROUP LIMITED

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

#### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
Wages and salaries	<b>22,934,202</b>	13,150,530	<b>1,078,937</b>	916,674
Social security costs	<b>3,085,951</b>	1,858,356	<b>118,359</b>	93,999
Other pension costs	<b>690,072</b>	569,055	<b>88,965</b>	104,625
	<b><u>26,710,225</u></b>	<u>15,577,941</u>	<b><u>1,286,261</u></b>	<u>1,115,298</u>

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

	<b>Group 2022 Number</b>	<b>Group 2021 Number</b>	<b>Company 2022 Number</b>	<b>Company 2021 Number</b>
Administration	<b>111</b>	78	15	11
Operations	<b>488</b>	285	-	-
	<b><u>599</u></b>	<u>363</u>	<u>15</u>	<u>11</u>

#### 8. Directors' remuneration

	<b>2022 \$</b>	<b>2021 \$</b>
Aggregate directors' remuneration	<b>539,576</b>	521,635
Company contributions to defined contribution pension schemes	<b>67,640</b>	84,726
	<b><u>607,216</u></b>	<u>606,361</u>

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$269,240 (2021: \$327,977).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$36,819 (2021: \$38,059).

**SAFELANE GROUP LIMITED**

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

**9. Interest receivable and similar income**

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Bank interest and similar income	<b>3,397</b>	3,142

**10. Interest payable and similar expenses**

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Bank loans, overdrafts and similar charges	<b>686,872</b>	597,467

**11. Tax on profit**

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
<b>Corporation tax</b>		
Current tax on profits for the financial year	<b>701,150</b>	913,011
Adjustments in respect of prior years	<b>(169,298)</b>	(221,120)
<b>Total current tax</b>	<b>531,852</b>	691,891
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>311,813</b>	760,005
Effect of deferred tax rate change	<b>(6,006)</b>	(372,596)
<b>Total deferred tax</b>	<b>305,807</b>	387,409
<b>Total tax</b>	<b>837,659</b>	1,079,300



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

**11. Tax on profit (continued)**

**Factors affecting tax charge for the year**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit before taxation	<b>267,442</b>	4,959,399
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>50,814</b>	942,286
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>732,164</b>	629,832
Adjustments in respect of prior years	<b>(169,298)</b>	(221,120)
Unrecognised deferred tax	<b>33,669</b>	17,840
Overseas Tax differences	<b>343,092</b>	340,462
Group relief received for nil consideration	<b>(141,979)</b>	(123,248)
Effect of deferred tax rate change	<b>(6,006)</b>	(372,596)
Fixed asset differences	<b>(4,797)</b>	(134,156)
<b>Total tax charge for the financial year</b>	<b>837,659</b>	1,079,300

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

**SAFELANE GROUP LIMITED**

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

**12. Intangible assets**

**Group**

	Computer software \$	Goodwill \$	Total \$
<b>Cost</b>			
At 1 January 2022	106,935	27,419,862	27,526,797
Additions	22,928	-	22,928
Acquisition of subsidiaries (note 25)	-	15,785,743	15,785,743
Exchange adjustments	(3,584)	-	(3,584)
At 31 December 2022	126,279	43,205,605	43,331,884
<b>Accumulated amortisation</b>			
At 1 January 2022	53,692	8,840,631	8,894,323
Charge for the year	14,344	3,926,291	3,940,635
Exchange adjustments	(1,999)	-	(1,999)
At 31 December 2022	66,037	12,766,922	12,832,959
<b>Net book value</b>			
At 31 December 2022	60,242	30,438,683	30,498,925
At 31 December 2021	53,243	18,579,231	18,632,474

The goodwill all arises on acquisition of subsidiaries.

**SAFELANE GROUP LIMITED**

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

**12. Intangible assets (continued)**

**Company**

	<b>Computer software \$</b>
<b>Cost</b>	
At 1 January 2022	<b>26,005</b>
Additions	<b>12,911</b>
At 31 December 2022	<b>38,916</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	<b>2,697</b>
Charge for the year	<b>7,186</b>
At 31 December 2022	<b>9,883</b>
<b>Net book value</b>	
At 31 December 2022	<b>29,033</b>
At 31 December 2021	<b>23,308</b>

**SAFELANE GROUP LIMITED**

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

**13. Tangible assets**

**Group**

	<b>Freehold property \$</b>	<b>Plant, machinery and equipment \$</b>	<b>Motor vehicles \$</b>	<b>Dogs \$</b>	<b>Total \$</b>
<b>Cost</b>					
At 1 January 2022	-	13,966,123	9,620,992	207,663	23,794,778
Additions	10,816	1,760,575	777,924	73,500	2,622,815
Disposals	-	(1,889,463)	(4,197,989)	-	(6,087,452)
Acquisition of subsidiaries (note 25)	457,065	4,438,891	743,721	-	5,639,677
Exchange differences	(57,117)	(802,918)	(169,337)	(99)	(1,029,471)
At 31 December 2022	<u>410,764</u>	<u>17,473,208</u>	<u>6,775,311</u>	<u>281,064</u>	<u>24,940,347</u>
<b>Accumulated depreciation</b>					
At 1 January 2022	-	9,507,278	3,998,142	150,420	13,655,840
Charge for the year	19,100	3,051,289	1,516,567	11,740	4,598,696
Disposals	-	(1,603,480)	(611,982)	-	(2,215,462)
Exchange differences	(10,125)	(192,369)	(57,558)	(13)	(260,065)
At 31 December 2022	<u>8,975</u>	<u>10,762,718</u>	<u>4,845,169</u>	<u>162,147</u>	<u>15,779,009</u>
<b>Net book value</b>					
At 31 December 2022	<u>401,789</u>	<u>6,710,490</u>	<u>1,930,142</u>	<u>118,917</u>	<u>9,161,338</u>
At 31 December 2021	<u>-</u>	<u>4,458,845</u>	<u>5,622,850</u>	<u>57,243</u>	<u>10,138,938</u>

**SAFELANE GROUP LIMITED**

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

**13. Tangible assets (continued)**

**Company**

	<b>Plant, machinery and equipment \$</b>
<b>Cost</b>	
At 1 January 2022	<b>58,559</b>
Additions	<b>47,452</b>
At 31 December 2022	<b>106,011</b>
<b>Accumulated depreciation</b>	
At 1 January 2022	<b>10,237</b>
Charge for the year	<b>40,320</b>
At 31 December 2022	<b>50,557</b>
<b>Net book value</b>	
At 31 December 2022	<b>55,454</b>
At 31 December 2021	<b>48,322</b>

**SAFELANE GROUP LIMITED**

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

**14. Investments**

**Group**

	<b>Investments in associates \$</b>
<b>Cost</b>	
At 1 January 2022	109,537
At 31 December 2022	<u>109,537</u>
<b>Share of retained losses</b>	
At 1 January 2022	(3,612)
Loss for the financial year	(7,357)
Exchange adjustments	(4,290)
At 31 December 2022	<u>(15,259)</u>
<b>Net book value</b>	
At 31 December 2022	<u>94,278</u>
At 31 December 2021	<u>105,925</u>

**Company**

	<b>Investments in subsidiary companies \$</b>
<b>Cost</b>	
At 1 January 2022	37,228,789
Additions	17,602,352
At 31 December 2022	<u>54,831,141</u>
<b>Net book value</b>	
At 31 December 2022	<u>54,831,141</u>
At 31 December 2021	<u>37,228,789</u>

## SAFELANE GROUP LIMITED

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

#### 14. Investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
SafeLane Global (Gillingham) Limited*	3, The Courtyard Campus Way, Gillingham Business Park, Gillingham, Kent, United Kingdom, ME8 0NZ	Dormant	Ordinary	100%
SafeLane Global Limited*	Unit 2 Phocle Park, Phocle Green, Upton Bishop, Ross-On-Wye, Herefordshire, United Kingdom, HR9 7XU	Demining and explosive ordnance disposal	Ordinary	100%
Star Demining Limited	Unit 2 Phocle Park, Phocle Green, Upton Bishop, Ross-On-Wye, Herefordshire, United Kingdom, HR9 7XU	Demining and explosive ordnance disposal	Ordinary	100%
SafeLane Global GmbH*	Seestrasse 35B, 14974 Ludwigsfelde, Germany	UXO mitigation and clearance services	Ordinary	100%
SafeLane Global Pty Ltd	Plot 34, Tweedraght, Pretoria East 0184, South Africa	Canine Training Services	Ordinary	100%
SafeLane Global Mocambique Limitada	Rua da Massala No4514, Casa No 290, R/C Biarro do Triunfo, Maputo, Mozambique	UXO mitigation and clearance services	Ordinary	100%
Raeburn Drilling & Geotechnical Limited*	Whistleberry Road, Hamilton, Glasgow, Scotland, ML3 0HP	Drilling services, site investigation and soils laboratory testing	Ordinary & Preference	100%
MineTech International for Mine Clearance LLC	6273, Erbil, Kurdistan	Dormant	Ordinary	100%
MineTech International East Africa Company LLC	100-274-485, Juba, South Sudan	Dormant	Ordinary	100%
W.B. and A.D. Morgan Limited	Presteigne Industrial Estate, Presteigne, Powys, LD8 2UF	Borehole and well drilling services	Ordinary	100%

## SAFELANE GROUP LIMITED

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

#### 14. Investments (continued)

##### Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Allied Exploration & Geotechnics Limited	Unit 25 Stella Gill Industrial Estate, Pelton Fell, Chester-Le-Street, Durham DH2 2RG	Drilling services, site investigation and soils laboratory testing	Ordinary	100%
DTS Raeburn Limited	Whistleberry Road, Hamilton, Glasgow, ML3 0HP	Drilling services, site investigation and soils laboratory testing	Ordinary	100%
Terra-Tek Limited	Whistleberry Road, Hamilton, Glasgow, ML3 0HP	Drilling services, site investigation and soils laboratory testing	Ordinary	100%
Raeburn Drilling and Geotechnical (Northern) Limited	Whistleberry Road, Hamilton, Glasgow, Scotland, ML3 0HP	Drilling services, site investigation and soils laboratory testing	Ordinary	100%

\* Directly held

Star Demining Limited, W.B. and A.D. Morgan Limited, SafeLane Global (Gillingham) Limited, Raeburn Drilling & Geotechnical Limited, Raeburn Drilling and Geotechnical (Northern) Limited, DTS Raeburn Limited, Allied Exploration & Geotechnics Limited and Terra-Tek Limited, subsidiaries of the Company, are exempt from the requirements relating to the audit of financial statements under section 479A of the Companies Act 2006.

##### Associate

The following was an associate of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
AGS Advanced Geophysical Systems GmbH	Grossbeerener Weg 35, 14513 Teltow, Germany	Geophysical measurement instrumentation and software	Ordinary	35%



# SAFELANE GROUP LIMITED

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

### 15. Stocks

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>
Stocks	<b>2,145,182</b>	135,056

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 16. Debtors

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
Trade debtors	<b>13,361,199</b>	14,504,492	-	-
Amounts owed by group undertakings	-	-	<b>482,126</b>	20,965
Other debtors	<b>1,368,358</b>	2,438,145	-	-
Deferred taxation (note 22)	<b>227,346</b>	797,753	-	-
Prepayments and accrued income	<b>4,430,690</b>	2,083,111	<b>419,906</b>	578,669
	<b>19,387,593</b>	19,823,501	<b>902,032</b>	599,634

Trade debtors are stated after provisions for impairment of \$2,027,548 (2021: \$2,537,754). The deferred tax asset is expected to be realised in more than one year. All other balances are due in less than one year.

### 17. Cash at bank and in hand

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>	<b>Company 2022 \$</b>	<b>Company 2021 \$</b>
Cash at bank and in hand	<b>10,967,374</b>	15,204,754	<b>1,013,666</b>	7,932,111

**SAFELANE GROUP LIMITED**

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

**18. Creditors: amounts falling due within one year**

	<b>Group 2022</b>	<b>Group 2021</b>	<b>Company 2022</b>	<b>Company 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bank loans	<b>5,752,028</b>	2,768,956	<b>5,752,028</b>	2,768,956
Trade creditors	<b>4,947,647</b>	3,632,071	-	-
Amounts owed to group undertakings	<b>9,660,395</b>	9,926,548	<b>19,442,721</b>	16,109,685
Corporation tax	<b>710,617</b>	111,149	<b>219,325</b>	195,000
Other taxation and social security	<b>1,228,963</b>	894,401	<b>1,713</b>	6,284
Other creditors	<b>4,945,871</b>	1,055,939	<b>3,014,283</b>	-
Accruals and deferred income	<b>8,224,442</b>	7,450,351	<b>93,520</b>	22,730
	<b>35,469,963</b>	25,839,415	<b>28,523,590</b>	19,102,655

The intercompany balances are interest free and repayable on demand.

**19. Creditors: amounts falling due after more than one year**

	<b>Group 2022</b>	<b>Group 2021</b>	<b>Company 2022</b>	<b>Company 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bank loans and overdrafts	<b>9,422,340</b>	12,758,656	<b>9,422,340</b>	12,758,656
Other creditors	<b>3,045,867</b>	-	<b>3,009,750</b>	-
	<b>12,468,207</b>	12,758,656	<b>12,432,090</b>	12,758,656

# SAFELANE GROUP LIMITED

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

### 20. Loans

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
<b>Amounts falling due within one year</b>				
Bank loans and overdrafts	5,752,028	2,768,956	5,752,028	2,768,956
<b>Amounts falling due 2-5 years</b>				
Bank loans and overdrafts	9,422,340	12,758,656	9,422,340	12,758,656
	<u>15,174,368</u>	<u>15,527,612</u>	<u>15,174,368</u>	<u>15,527,612</u>

Bank loans are denominated in EUR, Bank rolling facilities are denominated in USD. Interest is charged at a commercial rate quarterly or six-monthly. Term loans are repaid over a 4.5 year period, with some elements repaid quarterly/six-monthly and others repaid at expiry.

Bank loans are secured by fixed and floating charges over all current and future assets of the Company and subsidiaries. A right of set-off on all accounts with the bank is contained within the bank's standard form of charge.

### 21. Financial instruments

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>14,729,555</u>	<u>16,942,637</u>	<u>482,127</u>	<u>20,965</u>
<b>Financial liabilities</b>				
Financial assets measured at amortised cost	<u>(43,204,814)</u>	<u>(36,919,448)</u>	<u>(37,724,892)</u>	<u>(31,660,026)</u>

Financial assets measured at fair value through profit or loss comprise trade debtors, amounts owed by group undertakings and other debtors.

Other financial liabilities measured at fair value through profit and loss comprise bank loan, trade creditors, amounts owed to group undertakings, other creditors, obligations under finance lease and hire purchase contracts and accruals.

**SAFELANE GROUP LIMITED**

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

**22. Deferred taxation**

**Group**

	<b>2022 \$</b>
At beginning of year	797,753
Addition on acquisition of investments	(384,415)
Translation adjustment	119,815
Charged to profit or loss	(305,807)
<b>At end of year</b>	<b><u>227,346</u></b>

The deferred tax asset is made up as follows:

	<b>Group 2022 \$</b>	<b>Group 2021 \$</b>
Depreciation in excess of capital allowances	<b><u>227,346</u></b>	<b><u>797,753</u></b>

The Company had no deferred tax assets at 31 December 2022 (2021: \$Nil)

## SAFELANE GROUP LIMITED

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

#### 23. Called up share capital

	2022	2021
	\$	\$
<b>Allotted, called up and fully paid</b>		
1 (2021: 1) Ordinary share of 1 pence (2021: 1 pence)	1	1

The share was issued in 2018 for consideration of £1.

#### 24. Reserves

##### Share premium account

Share capital premium represents the excess paid over the nominal value of the shares that have been issued.

##### Foreign exchange reserve

Foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into US Dollars (\$).

##### Profit and loss account

*Profit and loss account includes all current and prior year retained profits and losses.*

## SAFELANE GROUP LIMITED

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

#### 25. Business combinations

On 22 March 2022 the Company acquired Raeburn Drilling & Geotechnical Limited and its subsidiaries Raeburn Drilling and Geotechnical (Northern) Limited, Terra-Tek Limited, DTS Raeburn Limited and Allied Exploration & Geotechnics Limited.

#### Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value \$	Fair value adjustments \$	Fair value \$
<b>Fixed assets</b>			
Tangible	5,639,677	-	5,639,677
Intangible	541,341	(541,341)	-
	<u>6,181,018</u>	<u>(541,341)</u>	<u>5,639,677</u>
<b>Current assets</b>			
Stocks	2,864,382	-	2,864,382
Debtors	4,924,528	-	4,924,528
Cash at bank and in hand	1,023,872	-	1,023,872
	<u>14,993,800</u>	<u>(541,341)</u>	<u>14,452,459</u>
<b>Total assets</b>			
<b>Creditors</b>			
Due within one year	(11,936,370)	-	(11,936,370)
Due after more than one year	(315,065)	-	(315,065)
Deferred tax liability	(384,415)	-	(384,415)
	<u>2,357,950</u>	<u>(541,341)</u>	<u>1,816,609</u>
<b>Total identifiable net assets</b>			
Goodwill			<u>15,785,743</u>
<b>Total purchase consideration</b>			<u>17,602,352</u>
<b>Considerations</b>			
			\$
Purchase consideration settled in cash, as above			10,892,852
Deferred consideration, to be settled in cash			6,709,500
<b>Net cash outflow on acquisition</b>			<u>17,602,352</u>

Included within creditors due within one year are loans of \$7.2m due to the former parent company that were repaid shortly after the acquisition.

## SAFELANE GROUP LIMITED

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

#### 26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to \$690,072 (2021: \$569,055).

#### 27. Commitments under operating leases

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

	Group 2022 \$	Group 2021 \$
Not later than 1 year	2,249,932	1,287,615
Later than 1 year and not later than 5 years	3,347,215	2,076,715
	<u>5,597,147</u>	<u>3,364,330</u>

#### 28. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 to not disclose transactions with shareholders and other wholly owned members of the shareholders' group.

During the year the Company purchased goods and services from AGS Advanced Geophysical Systems GmbH totalling \$65,539 (2021: \$85,410). Amounts owed at the reporting date were \$19,758 (2021: \$35,087). AGS Advanced Geophysical Systems GmbH is a company incorporated in Germany that SafeLane Global Limited owns 35% (2021: 35%) of the ordinary share capital.

During the current year, the Company was party to a loan agreement with Solix Group AB, one of the Company's ultimate shareholders. The amount borrowed by the Company was EUR 3,000,000. The loan was repaid in full during the current year with interest of EUR 35,630. The balance outstanding at the year end was \$Nil.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total compensation in respect of these individuals is \$607,215 (2021: \$606,361).

#### 29. Post balance sheet events

In August 2023, the Group repaid all its term loans and replaced them with a new financing facility provided by a parent company Solix Group AB and other related companies. These facilities are repayable on demand although Solix Group AB has confirmed in writing that it will not demand repayment for the foreseeable future except to the extent the Group is able to make such repayments.

In September 2023, the Group commenced a restructuring that has involved splitting the Group into 2 distinct businesses. From October 2023 the UK water well, site investigation and UXO businesses will trade under the IGNE brand, and the Group's international land and marine UXO business continue to operate under the SafeLane brand. This change is not expected to have a material impact on the Group's financial statements for the year ending 31 December 2023.

**SAFELANE GROUP LIMITED**

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

**30. Ultimate parent undertaking and controlling party**

The immediate parent company is SafeLane Global Holdings Limited, a company incorporated in Jersey.

The ultimate parent and controlling party is Xilos SLP, a separate limited partnership registered in Jersey.