

Company registration number 07474273 (England and Wales)

SHEARWATER GEOSERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

SHEARWATER GEOSERVICES LIMITED

COMPANY INFORMATION

Directors	A H Aubert S W Telfer
Company number	07474273
Registered office	2 City Place Beehive Ring Road Gatwick West Sussex UK RH6 0PA
Auditor	PHH Accountancy Limited Second Floor 3 Liverpool Gardens Worthing West Sussex BN11 1TF
Business address	2 City Place Beehive Ring Road Gatwick West Sussex UK RH6 0PA

SHEARWATER GEOSERVICES LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Statement of income and retained earnings	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 28

SHEARWATER GEOSERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Review of the business

Shearwater GeoServices Ltd, the Company, is a full range service provider to the geophysical market. The financial and operational strength of the Group puts both the Company and the Group as a whole in a good position for the future in the seismic market.

The turnover was USD 222.9 million for the year compared to USD 142.6 million for the year ended 31 December 2021. The cost of sales was USD 200.9 million in the year compared to USD 141.8 million in the year to 31 December 2021. The profit before tax was USD 13.6 million in the year compared to a loss of USD 12.3 million in the year to 31 December 2021.

Principal risks and uncertainties

The company is exposed to financial risk in different areas. The goal is to reduce the financial risk as much as possible. This is continuously being assessed by the Board of Directors.

The company's trade receivables are primarily from oil companies with a generally high credit rating. The director believes that the exposure to credit risk from the loss of trade receivables is relatively low. Credit evaluations of customers are performed regularly in order to manage potential risk. The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. The company regards its maximum credit risk exposure to the carrying amount of trade receivables.

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to strive to always having sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

As a result of international operations, the entity is exposed to exchange rate fluctuations. The majority of operational cost and financial cost as well as the revenues are in USD. The currency risk for 2022 is related to exposure of GBP to USD since the majority of the personnel costs are denominated in GBP. The company has not entered into any agreements to reduce the risk at 31 December 2022. The functional currency is USD for the company and its subsidiaries, thus there will be no foreign exchange risk related to the majority of revenues in USD, as well as capital expenditures in USD.

SHEARWATER GEOSERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Development and performance

Shearwater's operations are exposed to developments in the markets for oil and gas exploration and production. While in 2021 the company executed some of the lower priced work awarded during the decline due to Covid-19 pandemic, the company and the Group have experienced increase in both quantity and pricing of tenders rising over the course of 2022.

In 2022, geopolitical events have resulted in a demand of reliable and affordable energy, and the global oil and gas exploration expenditures have increased over the year. The trend with growing seismic contract marked and increased tender activity has continued into 2023.

Growth opportunities are also emerging with increased investments in new markets such as wind, carbon storage, geothermal and other areas. Shearwater is well positioned to capture these opportunities as the largest provider of marine seismic acquisition services with a low-cost base and limited capex requirement over the coming years.

In 2023, Shearwater has further progressed the fleet renewal strategy with the conversion of the SW Tasman to the first multifunctional deep-water dual ROV OBN deployment vessel with remotely operated vehicles (ROV) to deploy ocean bottom nodes (OBN) onboard. Operational from mid-2023, it enables Shearwater to meet increased ocean bottom seismic demand with in-house capacity independent of the market availability for ROV vessels.

Shearwater has built a dynamic and flexible team of leading processing geophysicists to provide marine towed streamer, ocean bottom, and land seismic data processing and imaging. They provide an integrated expert service for customers' processing and re-processing projects.

On behalf of the board

A H Aubert
Director

6 August 2023

SHEARWATER GEOSERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of a full range service provider to the geophysical market.

Results and dividends

The results for the year are set out on page 10.

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

Directors

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

A H Aubert

S W Telfer

Future developments

The directors confirm that the financial statements have been prepared under the assumption of going concern, which assumes that the company will continue in operational existence for the foreseeable future and be able to meet its liabilities as they fall due.

Throughout 2022 the company saw an increase in demand for seismic services. This reflects more attention to energy security at a national strategic level due to the recent geopolitical events. The company and the Group have experienced increase in both quantity and pricing of tenders rising over the course of 2022. It is expected that this trend to continue in the coming years.

In 2021, the Shearwater Group acquired six vessels and associated equipment out of the bankruptcy of Polarcus. This purchase was part of a fleet renewal strategy at low cost and reduces the average age of the fleet. In 2023, the Shearwater Group has further progressed the fleet renewal strategy with the conversion of the SW Tasman to the first multifunctional deepwater dual ROV OBN deployment vessel with remotely operated vehicles (ROV) to deploy ocean bottom nodes (OBN) onboard. Operational from mid-2023, it enables Shearwater to meet increased ocean bottom seismic demand with in-house capacity independent of the market availability for ROV vessels.

Over the coming years the Shearwater Group expects an increase in energy transition-related activities, such as data acquisition and processing & imaging projects tied to carbon capture and storage, as well as other alternative applications of geophysics to support decarbonisation. 2022 included a survey to investigate the potential for specific offshore rock formations to host a Geological Disposal Facility (GDF) on behalf of the UK authorities. We see great long-term potential in energy transition related services but expect fluctuations in activity in the near-term.

Shearwater's market position, low-cost base and limited capex requirement in the short to medium term along with the significant backlog secured through long term capacity agreements, gives the Board confidence that the company will be able to capitalise on the upturn in the market forecast for the coming years.

Auditor

PHH Accountancy Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SHEARWATER GEOSERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Energy and carbon report

The company recognises its requirement to report publicly on its energy use and carbon emissions.

The Shearwater Group has established a strategy and made organisational changes to address the needs resulting from the transition to the carbon neutral targets of various countries. Demand for Carbon Capture Utilisation and Storage solutions are increasing and will be an increasing proportion of the seismic capital expenditure of our clients going forward. The Group are monitoring climate risk through the Environmental, Social and Governance committee established in 2021 which has participation of senior management from all areas of the business.

The Shearwater Group conducts annually a full Environmental, Social and Governance report that covers all parts of the Shearwater business. The report is published on the Shearwater website: <https://www.shearwatergeo.com/484/about-us/esg>

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

A H Aubert
Director

6 August 2023

SHEARWATER GEOSERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 company will continue in business.

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

SHEARWATER GEOSERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHEARWATER GEOSERVICES LIMITED

Opinion

We have audited the financial statements of Shearwater Geoservices Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet, the 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 company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

SHEARWATER GEOSERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SHEARWATER GEOSERVICES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified laws and regulations applicable to the Company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulation were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

SHEARWATER GEOSERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SHEARWATER GEOSERVICES LIMITED

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

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

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

- performed analytical procedures to identify any unusual or expected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Matthew Pedder BA(Hons) FCA
Senior Statutory Auditor
For and on behalf of PHH Accountancy Limited

6 August 2023

Chartered Accountants
Statutory Auditor

Second Floor
3 Liverpool Gardens
Worthing
West Sussex

SHEARWATER GEOSERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SHEARWATER GEOSERVICES LIMITED

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SHEARWATER GEOSERVICES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$	2021 \$
Turnover	3	222,855,908	142,605,431
Cost of sales		(200,869,034)	(141,814,930)
Gross profit		21,986,874	790,501
Administrative expenses		(18,733,844)	(15,992,633)
Other operating income		4,620,000	3,465,000
Operating profit/(loss)	4	7,873,030	(11,737,132)
Interest receivable and similar income	8	1,031,452	778,606
Interest payable and similar expenses	9	(112,473)	(1,247,415)
Gain on sale of investments	10	4,398,151	-
Profit/(loss) before taxation		13,190,160	(12,205,941)
Tax on profit/(loss)	11	386,182	(116,000)
Profit/(loss) for the financial year		13,576,342	(12,321,941)
Retained earnings brought forward		(27,770,282)	(15,448,341)
Retained earnings carried forward		(14,193,940)	(27,770,282)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SHEARWATER GEOSERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	\$	\$	\$	\$
Fixed assets					
Tangible assets	12		1,904,124		2,475,099
Investments	13		1,991,239		78,279
			<u>3,895,363</u>		<u>2,553,378</u>
Current assets					
Stocks	15	22,704,075		635,085	
Debtors	16	131,604,603		36,098,963	
Cash at bank and in hand		992,985		16,132,712	
		<u>155,301,663</u>		<u>52,866,760</u>	
Creditors: amounts falling due within one year	17	(133,364,800)		(42,602,996)	
Net current assets			<u>21,936,863</u>		<u>10,263,764</u>
Total assets less current liabilities			<u>25,832,226</u>		<u>12,817,142</u>
Creditors: amounts falling due after more than one year	18		(226,164)		(787,422)
Net assets			<u>25,606,062</u>		<u>12,029,720</u>
Capital and reserves					
Called up share capital	22		300,000		300,000
Share premium account			39,500,002		39,500,002
Profit and loss reserves			(14,193,940)		(27,770,282)
Total equity			<u>25,606,062</u>		<u>12,029,720</u>

The financial statements were approved by the board of directors and authorised for issue on 6 August 2023 and are signed on its behalf by:

A H Aubert
Director

Company Registration No. 07474273

SHEARWATER GEOSERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	\$	\$	\$	\$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26	(17,625,301)		6,236,976	
Interest paid		(112,473)		(1,247,415)	
Net cash (outflow)/inflow from operating activities		(17,737,774)		4,989,561	
Investing activities					
Purchase of tangible fixed assets		(361,380)		(2,124,609)	
Proceeds from disposal of subsidiaries		2,485,191		(76,775)	
Proceeds from disposal of investments		-		13,400	
Interest received		1,031,452		778,606	
Net cash generated from/(used in) investing activities		3,155,263		(1,409,378)	
Financing activities					
Payment of finance leases obligations		(557,216)		891,437	
Net cash (used in)/generated from financing activities		(557,216)		891,437	
Net (decrease)/increase in cash and cash equivalents		(15,139,727)		4,471,620	
Cash and cash equivalents at beginning of year		16,132,712		11,661,092	
Cash and cash equivalents at end of year		992,985		16,132,712	

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Shearwater Geoservices Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex, UK, RH6 0PA.

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 presented in USD, which is the company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

At the beginning of the year Shearwater Geoservices Limited was a wholly owned subsidiary of Shearwater GeoServices Norway AS. As at 8 July 2021 following a group restructuring exercise Shearwater Geoservices Limited's immediate parent company was changed to Shearwater Geoservices AS. The results of Shearwater Geoservices Limited are included in the consolidated financial statements of the ultimate parent company, Shearwater GeoServices Holding AS which are available from Damsgaardsveien 131, 5160 Laksevaag, Norway.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Turnover

Revenue is recognised when it is probable that the economic benefit from a transaction will flow and revenue can be reliably measured. The revenue is measured at fair value of the consideration received, net of discounts and sale taxes and duty.

Processing

The company performs processing services for specific customers. Sales of services under processing contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Exclusive contracts

The company performs seismic services for specific customers under exclusive contracts. Sales of services under contracts are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Mobilisation revenue and cost

Mobilisation revenue and the related mobilisation costs relate to moving the seismic vessel or crew from one location to the location specified by the contract. Such costs are included in the exclusive contract with which the costs are associated. Steaming costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project. The estimated probable future economic inflows are documented at inception and cover the costs capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable are capitalised/deferred.

1.4 Tangible fixed assets

Property, plant and equipment acquired by the company are presented at historical cost less accumulated depreciation and impairment changes. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

If an indication of impairment exists, an impairment test is performed. If the recoverable amount of a tangible non-current asset is lower than book value, the asset will be written down to the higher of fair value less cost to sell and value in use. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognising of the asset calculated as the difference between the net disposal and the carrying amount of the asset is included in the income statement in the year the asset is derecognised.

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:

Office Equipment including hardware	3 years straight line basis
Processing Equipment	Over 3-7 years

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 credited or charged to profit or loss.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

1.7 Stocks

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

1.8 Cash and cash equivalents

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.

1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 company 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.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 company after deducting all of its liabilities.

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

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 company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company 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 company.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

1.11 Taxation

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

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Income tax expense represents the sum of the current tax expense (or recovery) plus the change in deferred tax liabilities and asset during the period, except for current and deferred income tax relating to items recognised directly in equity, in which case the tax is also recognised directly in equity.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and for tax purposes, including tax losses carried forward. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future.

The company includes deductions/benefits from uncertain tax positions when it is probable that the tax position will be ultimately sustained.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The probability assessment is based on Management's judgment and estimates in regards to future taxable income and tax planning opportunities (see separate note describing accounting estimates above).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax / liability on all temporary differences in the company is calculated using a tax rate of 19%.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes are related to the same taxable entity and the same taxation authority. Deferred tax is classified as long-term in the consolidated statements of financial position.

1.12 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.

1.13 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 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 the profit and loss account 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 leases asset are consumed.

1.15 Foreign exchange

Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

The assets and liabilities with other functional currency than USD are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Turnover and other revenue

	2022	2021
	\$	\$
Turnover analysed by class of business		
Marine Exclusive contract revenue	192,790,819	127,185,934
Processing revenue	24,794,014	10,852,856
Intercompany revenue	5,271,075	3,995,112
Other revenue	-	571,529
	<u>222,855,908</u>	<u>142,605,431</u>

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		\$	\$
	Turnover analysed by geographical market		
	United Kingdom	14,687,111	376,570
	Europe	28,590	589,801
	Rest of World	208,140,207	141,639,060
		<u>222,855,908</u>	<u>142,605,431</u>
		2022	2021
		\$	\$
	Other revenue		
	Interest income	1,031,452	778,606
		<u>1,031,452</u>	<u>778,606</u>
4	Operating profit/(loss)	2022	2021
		\$	\$
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(83,781)	472,064
	Depreciation of owned tangible fixed assets	559,110	318,608
	Depreciation of tangible fixed assets held under finance leases	373,245	358,463
	Operating lease charges	1,489,689	1,296,210
		<u>1,489,689</u>	<u>1,296,210</u>
5	Auditor's remuneration	2022	2021
		\$	\$
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	22,828	22,385
		<u>22,828</u>	<u>22,385</u>
	For other services		
	Taxation compliance services	4,644	4,849
	All other non-audit services	14,517	13,043
		<u>19,161</u>	<u>17,892</u>

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees

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

	2022 Number	2021 Number
Production staff	103	76
Administrative staff	32	40
Management staff	9	8
Total	144	124

Their aggregate remuneration comprised:

	2022 \$	2021 \$
Wages and salaries	14,739,694	11,222,053
Social security costs	1,588,516	1,467,859
Pension costs	1,697,179	866,942
	18,025,389	13,556,854

7 Directors' remuneration

	2022 \$	2021 \$
Remuneration for qualifying services	297,650	397,816

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 \$	2021 \$
Remuneration for qualifying services	297,650	397,816

8 Interest receivable and similar income

	2022 \$	2021 \$
Interest income		
Interest on bank deposits	40,067	-
Interest receivable from group companies	991,385	778,606
Total income	1,031,452	778,606

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

		(Continued)	
8	Interest receivable and similar income		
		2022	2021
		\$	\$
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	1,031,452	778,606
		<u> </u>	<u> </u>
9	Interest payable and similar expenses		
		2022	2021
		\$	\$
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	50,291	-
	Interest payable to group undertakings	-	1,137,288
		<u> </u>	<u> </u>
		50,291	1,137,288
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	62,182	110,127
		<u> </u>	<u> </u>
		112,473	1,247,415
		<u> </u>	<u> </u>
10	Amounts written off investments		
		2022	2021
		\$	\$
	Other gains and losses	4,398,151	-
		<u> </u>	<u> </u>
During the year there was a group restructuring exercise carried out, resulting in the company disposing of its 100% owned subsidiary Geophysical Resources Pte. Ltd to another member of the group. The disposal resulted in a gain of \$4,398,151 for the company.			
11	Taxation		
		2022	2021
		\$	\$
	Current tax		
	UK corporation tax on profits for the current period	18,332	-
	Adjustments in respect of prior periods	(154,514)	-
		<u> </u>	<u> </u>
	Total current tax	(136,182)	-
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(250,000)	116,000
		<u> </u>	<u> </u>
	Total tax (credit)/charge	(386,182)	116,000
		<u> </u>	<u> </u>

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

(Continued)

The actual (credit)/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 \$	2021 \$
Profit/(loss) before taxation	13,190,160	(12,205,941)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,506,130	(2,319,129)
Tax effect of expenses that are not deductible in determining taxable profit	46,419	2,577
Gains not taxable	(835,648)	-
Unutilised tax losses carried forward	-	2,509,857
Adjustments in respect of prior years	(154,514)	-
Group relief	(426,737)	-
Permanent capital allowances in excess of depreciation	5,973	(193,305)
Utilisation of tax losses brought forward	(1,241,561)	-
Deferred tax adjustment	(250,000)	116,000
RDEC tax credit b/f utilised	(36,244)	-
Taxation (credit)/charge for the year	(386,182)	116,000

12 Tangible fixed assets

	Office Equipment including hardware \$	Processing Equipment \$	Total \$
Cost			
At 1 January 2022	5,856,266	3,323,757	9,180,023
Additions	361,380	-	361,380
At 31 December 2022	6,217,646	3,323,757	9,541,403
Depreciation and impairment			
At 1 January 2022	4,722,422	1,982,502	6,704,924
Depreciation charged in the year	559,110	373,245	932,355
At 31 December 2022	5,281,532	2,355,747	7,637,279
Carrying amount			
At 31 December 2022	936,114	968,010	1,904,124
At 31 December 2021	1,133,844	1,341,255	2,475,099

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 \$	2021 \$
Processing Equipment	968,010	1,341,254

13 Fixed asset investments

	Notes	2022 \$	2021 \$
Investments in subsidiaries	14	1,989,739	76,779
Unlisted investments		1,500	1,500
		1,991,239	78,279

Movements in fixed asset investments

	Shares in subsidiaries \$	Other investments \$	Total \$
Cost or valuation			
At 1 January 2022	76,779	1,500	78,279
Additions	1,913,040	-	1,913,040
Valuation changes	(77)	-	(77)
Disposals	(3)	-	(3)
At 31 December 2022	1,989,739	1,500	1,991,239
Carrying amount			
At 31 December 2022	1,989,739	1,500	1,991,239
At 31 December 2021	76,779	1,500	78,279

14 Subsidiaries

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

Name of undertaking	Registered office	Class of shares held	% Held Direct
Shearwater Ghana Ltd	Ghana	Ordinary	100.00
Shearwater Geoservices India Private Ltd	India	Ordinary	74.00

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Stocks

	2022	2021
	\$	\$
Work in progress	22,704,075	635,085

16 Debtors

	2022	2021
	\$	\$
Amounts falling due within one year:		
Trade debtors	108,051,535	7,178,934
Corporation tax recoverable	154,514	-
Amounts owed by group undertakings	21,835,987	26,599,932
Other debtors	359,557	1,536,985
Prepayments and accrued income	953,010	783,112
	131,354,603	36,098,963
Deferred tax asset (note 20)	250,000	-
	131,604,603	36,098,963

17 Creditors: amounts falling due within one year

	Notes	2022	2021
		\$	\$
Obligations under finance leases	19	675,021	670,979
Trade creditors		7,875,154	1,275,727
Amounts owed to group undertakings		97,027,592	34,126,015
Corporation tax		18,332	-
Other taxation and social security		443,445	458,174
Other creditors		6,423,007	-
Accruals and deferred income		20,902,249	6,072,101
		133,364,800	42,602,996

18 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		\$	\$
Obligations under finance leases	19	226,164	787,422

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Finance lease obligations

	2022	2021
	\$	\$
Future minimum lease payments due under finance leases:		
Within one year	675,021	670,979
In two to five years	226,164	787,422
	<u>901,185</u>	<u>1,458,401</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

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

	Assets 2022	Assets 2021
	\$	\$
Balances:		
Tax losses	<u>250,000</u>	<u>-</u>
Movements in the year:		2022
		\$
Liability at 1 January 2022		-
Credit to profit or loss		(250,000)
Asset at 31 December 2022		<u>(250,000)</u>

The company has recognised a deferred tax asset of \$250,000 in respect of unused trading losses. The company has \$8.8m of trading losses to carry forward against future trading profits, resulting in a deferred tax asset of \$1.7m, however due to the uncertainty of when the benefit will arise the remainder is not recognised.

21 Retirement benefit schemes

	2022	2021
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>1,697,179</u>	<u>866,942</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Share capital

	2022	2021	2022	2021
	Number	Number	\$	\$
Ordinary share capital Issued and fully paid				
Ordinary of \$1 each	300,000	300,000	300,000	300,000

23 Operating lease commitments

Lessee

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

	2022	2021
	\$	\$
Within one year	648,637	583,113
Between two and five years	2,594,548	2,902,498
In over five years	1,945,911	2,902,498
	<u>5,189,096</u>	<u>6,388,109</u>

24 Related party transactions

In common with other companies which are members of a group of companies, the financial statements reflect the effect of such membership. The company has availed of the exemption provided in FRS 102 33.1A, for subsidiary undertakings, all of whose voting rights are controlled within the group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

During the period the company acted as guarantor in financing arrangements entered into by other group companies with their bankers, with a floating charge being placed over the assets of the company.

The investments held by this company are also used as security against financing arrangements entered into by fellow group companies.

25 Ultimate controlling party

The company's immediate parent company is Shearwater GeoServices AS and its ultimate parent company is Shearwater GeoServices Holding AS of Damsgardsveien 135, 5160 Laksevag, Bergen, Norway.

The smallest and largest groups for which consolidated financial statements are prepared are headed by Shearwater GeoServices Holding AS and copies of the financial statements are available at the above address.

Rasmussengruppen AS, a Norwegian based investment company, has ultimate control of Shearwater GeoServices Holding AS.

SHEARWATER GEOSERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26 Cash (absorbed by)/generated from operations

	2022 \$	2021 \$
Profit/(loss) for the year after tax	13,576,342	(12,321,941)
Adjustments for:		
Taxation (credited)/charged	(386,182)	116,000
Finance costs	112,473	1,247,415
Investment income	(1,031,452)	(778,606)
Depreciation and impairment of tangible fixed assets	932,355	677,071
Other gains and losses	(4,398,151)	-
Movements in working capital:		
(Increase)/decrease in stocks	(22,068,990)	8,311,426
(Increase)/decrease in debtors	(95,101,126)	34,722,107
Increase/(decrease) in creditors	90,739,430	(25,736,496)
Cash (absorbed by)/generated from operations	(17,625,301)	6,236,976

27 Analysis of changes in net funds

	1 January 2022 \$	Cash flows \$	31 December 2022 \$
Cash at bank and in hand	16,132,712	(15,139,727)	992,985
Obligations under finance leases	(1,458,401)	557,216	(901,185)
	14,674,311	(14,582,511)	91,800

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.