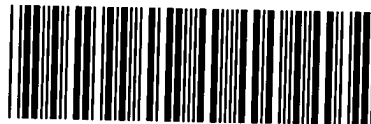


SONARDYNE GROUP LIMITED
GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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FOR THE YEAR ENDED 31 MARCH 2019**

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SONARDYNE GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS: C J Partridge
B F Partridge

SECRETARY: C J Partridge

REGISTERED OFFICE: Ocean House
Blackbushe Business Park
Yateley
Hampshire
GU46 6GD

REGISTERED NUMBER: 01968550 (England and Wales)

AUDITORS: Wilkins Kennedy Audit Services
Mount Manor House
16 The Mount
Guildford
Surrey
GU2 4HN

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their strategic report of the company and the group for the year ended 31 March 2019.

REVIEW OF BUSINESS

Turnover for the year was £38.6m compared to £32.8m in 2018. Pre tax profit for the year was £2.05m.

Turnover has increased by 18% this year and the order bank has increased by 23%. This is due to an increase in sales within the oil and gas sector, showing some signs of recovery in Sonardyne's largest market, and the acquisition of Chelsea Technologies Limited.

Two years ago, the board took the strategic decision to diversify for growth in other markets with the aim of reducing the group's reliance on the volatile oil and gas sector. The maritime security, oceanographic and defence sectors increasingly provide important opportunities and revenues, but the oil and gas sector continues to be the group's major market and will be for the foreseeable future.

The acquisition of Chelsea Technologies Ltd, completed in September 2018, has given Sonardyne access to new opportunities in the green shipping, water environmental, defence and process control markets.

In May 2019 Sonardyne also acquired Eiva A/S, a software and equipment company based in Denmark, specializing in underwater exploration, oceanography and offshore construction. Eiva A/S is a complementary business which expands Sonardyne's technical offering to the markets in which it operates.

Synergies arising as a result of these acquisitions continue to be exploited, and the expectation is that benefits will be seen through the financial results in 2020 and beyond.

These acquisitions not only serve to diversify the business but also result in a range of complementary technologies and products being made available through the group of companies.

The latest forecast for sales and profits for 2020 indicate an increase to those reported last year. Continuing integration of the recent acquisitions will result in opportunities for additional revenue and profit and will further the strategic aim of becoming a more diversified business. The Board of Directors remain extremely optimistic for the future.

PRINCIPAL RISKS AND UNCERTAINTIES

All activities of the group are controlled by the Board which meets regularly to review the performance of the group. The Board reviews the principal risks to the business and where it is deemed appropriate, puts in place ways to mitigate those risks.

A detailed annual budget is prepared and approved by the Board at the beginning of each financial year. Reporting against this budget is done on a monthly basis with detailed monthly management accounts produced to strict deadlines. A rolling twelve month forecast is produced quarterly to provide insight into the longer term outlook for the business.

Cash and debtors are monitored on a daily basis.

Principal risks and uncertainties include:

- Periods of lower activity in the offshore oil industry causing a further fall in Sonardyne's customers' capital budgets in the core markets
- Britain's exit from the EU; in particular the potential disruption to the supply chain and export procedures
- The volatility of the UK pound against other international currencies, particularly the US dollar, the Norwegian kroner and the Euro
- The alignment of risk in negotiated contract terms with the available rewards

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The group's policies to mitigate these risks include diversification into other market areas, supply chain management, strong treasury management to minimise exchange risks, effective contract negotiation procedures, year on year investment in new products and a total commitment to achieving the very best product quality.

KEY PERFORMANCE INDICATORS

Key performance indicators are used throughout the business. In the monthly management accounts these include measures and comparatives for employee numbers, capital expenditure, order intake, sales turnover, gross margins, pre-tax profit, order bank, cash and debtors.

Order intake has increased by 15% compared to the prior year

Turnover has increased by 18% compared to the prior year

Staff numbers increased by 20% during the year

The group has continued to maintain a very strong balance sheet

EMPLOYEES

Details of the average number of employees and related costs can be found in note 4 to the financial statements. Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The group keeps employees informed on matters relevant to them as employees through regular meetings and newsletters. Employees are consulted on a range of matters affecting their interests. In addition to this a quarterly review of the group's performance is presented to all staff, along with the future plans for the group.

ON BEHALF OF THE BOARD:



C J Partridge - Director

Date: 20th Dec 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company.

The principal activities of the group were the design, manufacture and supply of electronic and mechanical instruments for the offshore oil and gas and maritime security industries.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C J Partridge

B F Partridge

POLITICAL DONATIONS AND EXPENDITURE

It is group policy not to make political donations.

During the year the group made charitable donations totalling £10,250 (2018: £10,900).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group'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. They 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



C J Partridge - Director

Date: 20 Dec 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SONARDYNE GROUP LIMITED

Opinion

We have audited the financial statements of Sonardyne Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SONARDYNE GROUP LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Wilkins Kennedy Audit Services

Robert Southey (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services
Mount Manor House
16 The Mount
Guildford
Surrey
GU2 4HN

Date: 20th DECEMBER 2019

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

		2019	2018 as restated £
	Notes	£	
TURNOVER	3	38,590,830	32,771,843
Cost of sales		(11,674,008)	(9,146,565)
GROSS PROFIT		26,916,822	23,625,278
Administrative expenses		(25,365,908)	(22,986,157)
		1,550,914	639,121
Other operating income		86,345	-
OPERATING PROFIT	6	1,637,259	639,121
Income from interest in associated undertakings		(16,589)	(44,947)
Interest receivable and similar income	7	431,166	268,516
		2,051,836	862,690
Interest payable and similar expenses	8	(1,151)	-
PROFIT BEFORE TAXATION		2,050,685	862,690
Tax on profit	9	(23,227)	(109,556)
PROFIT FOR THE FINANCIAL YEAR		2,027,458	753,134
OTHER COMPREHENSIVE INCOME			
Foreign exchange on consolidation		764,587	(67,722)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		764,587	(67,722)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,792,045	685,412
Profit attributable to: Owners of the parent		2,027,458	753,134
Total comprehensive income attributable to: Owners of the parent		2,792,045	685,412

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 MARCH 2019

		2019	2018 as restated £
	Notes	£	
FIXED ASSETS			
Intangible assets	12	2,901,502	-
Tangible assets	13	9,490,903	9,587,209
Investments	14		
Interest in associate		351,727	461,840
		<u>12,744,132</u>	<u>10,049,049</u>
CURRENT ASSETS			
Stocks	15	10,670,368	7,292,154
Debtors	16	11,538,592	6,546,784
Cash at bank and in hand		65,197,090	72,501,908
		<u>87,406,050</u>	<u>86,340,846</u>
CREDITORS			
Amounts falling due within one year	17	(7,285,918)	(6,391,676)
NET CURRENT ASSETS		<u>80,120,132</u>	<u>79,949,170</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>92,864,264</u>	<u>89,998,219</u>
PROVISIONS FOR LIABILITIES	20	(413,000)	(339,000)
NET ASSETS		<u><u>92,451,264</u></u>	<u><u>89,659,219</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	99,995	99,995
Retained earnings	22	92,351,269	89,559,224
SHAREHOLDERS' FUNDS		<u><u>92,451,264</u></u>	<u><u>89,659,219</u></u>

The financial statements were approved by the Board of Directors on 20th Dec 2019 and were signed on its behalf by:



 C J Partridge - Director


The notes form part of these financial statements

COMPANY BALANCE SHEET
31 MARCH 2019

		2019	2018 as restated
	Notes	£	£
FIXED ASSETS			
Intangible assets	12	-	-
Tangible assets	13	-	-
Investments	14	592,020	3,868,237
		<u>592,020</u>	<u>3,868,237</u>
CURRENT ASSETS			
Cash at bank		42,661,921	36,956,384
CREDITORS			
Amounts falling due within one year	17	(73,229)	(25,483)
NET CURRENT ASSETS		<u>42,588,692</u>	<u>36,930,901</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,180,712</u>	<u>40,799,138</u>
CAPITAL AND RESERVES			
Called up share capital	21	99,995	99,995
Retained earnings		43,080,717	40,699,143
SHAREHOLDERS' FUNDS		<u>43,180,712</u>	<u>40,799,138</u>
Company's profit for the financial year		<u>2,381,574</u>	<u>86,413</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 20th Dec 2019 and were signed on its behalf by:



 C J Partridge - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	99,995	88,873,812	88,973,807
Changes in equity			
Total comprehensive income	-	685,412	685,412
Balance at 31 March 2018	99,995	89,559,224	89,659,219
Changes in equity			
Total comprehensive income	-	2,792,045	2,792,045
Balance at 31 March 2019	99,995	92,351,269	92,451,264

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	99,995	40,612,730	40,712,725
Changes in equity			
Total comprehensive income	-	86,413	86,413
Balance at 31 March 2018	99,995	40,699,143	40,799,138
Changes in equity			
Total comprehensive income	-	2,381,574	2,381,574
Balance at 31 March 2019	99,995	43,080,717	43,180,712

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

		2019	2018 as restated £
	Notes	£	
Cash flows from operating activities			
Cash generated from operations	1	(2,131,931)	3,071,313
Interest paid		(1,151)	-
Tax paid		77,564	(745,488)
Net cash from operating activities		<u>(2,055,518)</u>	<u>2,325,825</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,692,472)	(1,107,785)
Purchase of fixed asset investments		-	(475,738)
Acquisition of subsidiary		(3,900,739)	-
Sale of tangible fixed assets		-	157,414
Purchase of shares in associate		-	(48,389)
Cash acquired with subsidiary		(87,255)	-
Interest received		431,166	268,516
Net cash from investing activities		<u>(5,249,300)</u>	<u>(1,205,982)</u>
(Decrease)/increase in cash and cash equivalents		<u>(7,304,818)</u>	<u>1,119,843</u>
Cash and cash equivalents at beginning of year	2	<u>72,501,908</u>	<u>71,382,065</u>
Cash and cash equivalents at end of year	2	<u><u>65,197,090</u></u>	<u><u>72,501,908</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018 as restated
	£	£
Profit before taxation	2,050,685	862,690
Depreciation charges	1,805,789	1,751,836
Loss/(profit) on disposal of fixed assets	29,117	(118,877)
Foreign exchange differences	837,457	69,684
Movement in provisions	(132,984)	38,136
Amortisation	247,859	338,684
Finance costs	1,151	-
Finance income	(414,577)	(223,569)
	<u>4,424,497</u>	<u>2,718,584</u>
Increase in stocks	(2,288,120)	(125,276)
(Increase)/decrease in trade and other debtors	(4,621,819)	969,078
Increase/(decrease) in trade and other creditors	<u>353,511</u>	<u>(491,073)</u>
Cash generated from operations	<u><u>(2,131,931)</u></u>	<u><u>3,071,313</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	<u>65,197,090</u>	<u>72,501,908</u>

Year ended 31 March 2018

	31.3.18 as restated £	1.4.17 £
Cash and cash equivalents	<u>72,501,908</u>	<u>71,382,065</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.18 £	Cash flow £	At 31.3.19 £
Net cash			
Cash at bank and in hand	72,501,908	(7,304,818)	65,197,090
	<u>72,501,908</u>	<u>(7,304,818)</u>	<u>65,197,090</u>
Total	<u><u>72,501,908</u></u>	<u><u>(7,304,818)</u></u>	<u><u>65,197,090</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. **STATUTORY INFORMATION**

Sonardyne Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling (£), which is also the functional currency for the company.

Going concern

After reviewing the Group's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The financial statements consolidate the accounts of Sonardyne Group Limited and all of its subsidiary undertakings ('subsidiaries') using the acquisition method of accounting.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover is recognised by the group in respect of goods and services supplied, exclusive of value added taxes, sales taxes and other trade discounts. Revenue in respect of equipment and systems sales is recognised when goods have been despatched to the customer in accordance with the sales agreement. Maintenance and repair services are invoiced at the completion of the servicing work carried out.

Rental revenue is recognised over the term of the rental agreement.

The group has a number of short term sales contracts. Sales are recognised on the delivery of a definable element of the contract. The income is treated as deferred until the corresponding goods or services are deemed to have been delivered in accordance with the contract. The income, costs and profit are then released to the statement of comprehensive income.

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the statement of comprehensive income over its estimated economic life, which is 10 years.

The carrying value of goodwill is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% straight line
Improvements to property	- over the period of the lease
Plant & machinery	- 15% and 25% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings & equipment	- 25% straight line
Integral features	- 15% straight line
Boats and instruments	- 25% straight line

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

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

Investments

Investments held as fixed assets are valued at cost less provision for permanent impairment.

Investments in associates are stated at the amount of the group's share of net assets. The statement of comprehensive income includes the group's share of the associated companies' profits/(losses) after taxation using the equity accounting basis.

Goodwill on associates represents the premium paid on shares acquired in the year. It is amortised over the directors' estimate of its useful life of 5 years.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Trade and other debtors

Trade and other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits.

Trade and other creditors

Trade and other creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation the results of the foreign subsidiaries are translated at the average rates of exchange ruling throughout that year. Exchange differences arising are dealt with through the other comprehensive income statement.

Derivative instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date at which a derivative contract is entered into and are subsequently measured at fair value through the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

Employee benefits

Short term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

Employee benefit trust

The balance sheet and financial result of the company's employee benefit trust are consolidated in these financial statements. The employee benefit trust is controlled by independent trustees and its assets are held separately from those of the group.

Contributions to the employees benefit trust are determined by the board. The contribution made in respect of the current year was £Nil (2018: £Nil).

At 31 March 2019 the net assets of the employee benefit trust amounted to £124,881 (2018: £124,382), all of which was held as cash at bank.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into consideration the risks and uncertainties surrounding the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued**Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Warranty provision

Warranties are offered on all products supplied. The repair costs, which include material and labour costs associated with warranty work are recognised as the repair work is undertaken. Provision is made at the year end for estimated warranty work required to be undertaken.

Stock provision

The provision for slow moving and obsolete stock is made based on the number of years' usage held, with the provision staggered across the years. Consignment stock is provided for based on the date of last use, with any item not used in the last 12 months being provided for in full. Obsolete stock is fully provided for.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2019	2018
		as restated
	£	£
Goods	33,422,293	27,555,323
Other	5,168,537	5,216,520
	<u>38,590,830</u>	<u>32,771,843</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2019	2018 as restated
	£	£
United Kingdom	7,770,862	4,727,683
European Union	4,324,165	5,258,731
Asia	8,823,027	7,238,250
Americas	10,012,453	6,806,526
Rest of the world	7,660,323	8,740,653
	<u>38,590,830</u>	<u>32,771,843</u>

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	15,603,400	13,788,043
Social security costs	1,631,499	1,425,349
Other pension costs	1,120,241	970,560
	<u>18,355,141</u>	<u>16,183,952</u>

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

	2019	2018
Technical	202	173
Administrative	127	102
	<u>329</u>	<u>275</u>

5. DIRECTORS' EMOLUMENTS

	2019	2018
	£	£
Directors' emoluments	<u>57,901</u>	<u>57,532</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**6. OPERATING PROFIT**

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

	2019	2018 as restated
	£	£
Hire of plant and machinery	1,155	1,403
Other operating leases	601,554	673,241
Depreciation - owned assets	1,805,789	1,776,266
Loss/(profit) on disposal of fixed assets	29,117	(118,877)
Goodwill amortisation	152,711	291,110
Auditors' remuneration	154,579	68,380
Auditors' remuneration for non audit work	32,454	43,121
Foreign exchange differences	551,930	879,122
Research & development	1,297,978	984,361
Government grants	357,310	136,896
Amortisation of goodwill on associate	95,148	47,574

Auditors' remuneration for non audit work is comprised as follows:

	2019 £	2018 £
Tax compliance & advice	21,984	33,471
General advisory	10,470	9,650
	<u>32,454</u>	<u>43,121</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018 as restated
	£	£
Deposit account interest	426,688	266,874
Movements on financial instruments	4,478	1,642
	<u>431,166</u>	<u>268,516</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018 as restated
	£	£
Bank loan interest	<u>1,151</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

9. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	137,022	157,254
UK corporation tax prior year	9,355	(46,440)
Foreign tax on income in year	83,832	(66,960)
Total current tax	230,209	43,854
Deferred tax	(206,982)	65,702
Tax on profit	23,227	109,556

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018 as restated
	£	£
Profit before tax	2,050,685	862,690
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	389,630	163,911
Effects of:		
Expenses not deductible for tax purposes	28,067	(7,352)
Income not taxable for tax purposes	(348,452)	-
Depreciation in excess of capital allowances	65,627	113,209
Adjustments to tax charge in respect of previous periods	9,355	(46,441)
Non-tax deductible amortisation of goodwill and impairment	47,093	64,350
R&D expenditure relief	(279,048)	(283,450)
Patent box relief	(4,141)	(1,036)
Other timing differences	(42,247)	(96,574)
Unrelieved losses	295,080	211,868
Earnings taxed at a higher rate	(14,586)	(7,671)
Deferred tax	(206,982)	65,703
Foreign taxes	83,831	(66,961)
Total tax charge	23,227	109,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Foreign exchange on consolidation	<u>764,587</u>	<u>-</u>	<u>764,587</u>
	Gross £	2018 Tax £	Net £
Foreign exchange on consolidation	<u>(67,722)</u>	<u>-</u>	<u>(67,722)</u>

As at 31 March 2019 the group had unrelieved tax losses of approximately £8,050,000 (2018: £4,258,000) to carry forward to future periods. The group recognised at year-end a deferred tax asset of £238,000 (2018: £nil) relating to tax losses expected to be relieved against profits accruing during the financial year ending 31 March 2020. The potential tax effect of the unrecognised deferred tax asset would be £2,360,000 (2018: £1,447,700), calculated at local tax rates.

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. PRIOR YEAR ADJUSTMENT

Tangible fixed assets at 31 March 2018 were restated to re-allocate a net amount of £122,152 from closing stock to boats and instruments and £1,158 from boats and instruments to fixtures, fittings and equipment. The effect on opening reserves was £nil.

12. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 April 2018	3,276,211
Additions	<u>3,054,213</u>
At 31 March 2019	<u>6,330,424</u>
AMORTISATION	
At 1 April 2018	3,276,211
Amortisation for year	<u>152,711</u>
At 31 March 2019	<u>3,428,922</u>
NET BOOK VALUE	
At 31 March 2019	<u>2,901,502</u>
At 31 March 2018	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

12. INTANGIBLE FIXED ASSETS - continued**Group**

Goodwill represents the goodwill generated on the acquisition on 15 October 2018 of 100% of the share capital of Chelsea Technologies Holdings Limited, as disclosed in note 14.

Goodwill arising on the acquisition of Sonardyne Wavefront Limited in prior years was fully amortised at 1 April 2018.

13. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Plant and machinery £	Fixtures, fittings & equipment £
COST			
At 1 April 2018	7,578,003	7,744,640	3,909,054
Additions	6,000	847,454	523,977
Disposals	-	(90,510)	(83,992)
Exchange differences	(35,259)	(56,833)	(7,392)
	<u>7,548,744</u>	<u>8,444,751</u>	<u>4,341,647</u>
At 31 March 2019	7,548,744	8,444,751	4,341,647
DEPRECIATION			
At 1 April 2018	1,506,874	5,087,008	3,488,679
Charge for year	170,563	1,044,190	286,034
Eliminated on disposal	-	(64,104)	(83,652)
Exchange differences	17,914	(36,990)	(6,701)
	<u>1,695,351</u>	<u>6,030,104</u>	<u>3,684,360</u>
At 31 March 2019	1,695,351	6,030,104	3,684,360
NET BOOK VALUE			
At 31 March 2019	<u>5,853,393</u>	<u>2,414,647</u>	<u>657,287</u>
At 31 March 2018	<u>6,071,129</u>	<u>2,657,632</u>	<u>420,375</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

13. TANGIBLE FIXED ASSETS - continued**Group**

	Motor vehicles £	Boats & instruments £	Totals £
COST			
At 1 April 2018	214,524	4,191,821	23,638,042
Additions	124,149	311,514	1,813,094
Disposals	(102,638)	(4,906)	(282,046)
Exchange differences	1,154	15,813	(82,517)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	237,189	4,514,242	25,086,573
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2018	209,673	3,758,599	14,050,833
Charge for year	26,920	278,082	1,805,789
Eliminated on disposal	(102,638)	(2,535)	(252,929)
Exchange differences	1,909	15,845	(8,023)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	135,864	4,049,991	15,595,670
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2019	101,325	464,251	9,490,903
	<hr/>	<hr/>	<hr/>
At 31 March 2018	4,851	433,222	9,587,209
	<hr/>	<hr/>	<hr/>

Included in cost of land and buildings is freehold land of £1,645,959 (2018 - £1,645,959) which is not depreciated.

On 15 October 2018, the group acquired fixed assets with a net book value of £120,622 on the purchase of the share capital of Chelsea Technologies Limited as disclosed in note 14.

Tangible fixed assets at 31 March 2018 were restated to re-allocate a net total of £122,152 from closing stock to boats and instruments and fixtures, fittings and equipment. The effect of this re-classification is an increase of £120,994 in the net book value of boats and instruments at 31 March 2018 and an increase of £1,158 in the net book value of fixtures, fittings and equipment at 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

14. FIXED ASSET INVESTMENTS

Group

	Interest in associate £	Goodwill £	Total £
COST			
At 1 April 2018	33,676	475,738	509,414
Share of loss retained by the associate	(16,589)	-	(16,589)
Additions	-	-	-
Exchange differences	1,624	-	1,624
At 31 March 2019	18,711	475,738	494,449
AMORTISATION			
At 1 April 2018	-	47,574	47,574
Amortisation for year	-	95,148	95,148
At 31 March 2019	-	142,721	142,721
NET BOOK VALUE			
At 31 March 2019	18,711	333,017	351,728
At 31 March 2018	33,676	428,164	461,840

Interest in associate

The group has a 30% interest in Lumasys Inc. (registered office: 97 Water Street, PO Box 613, Woods Hole, MA 02543 USA), a company whose principal activity is the design and development of subsea signal processing solutions.

The group has a 20% interest in Dynautics Limited (registered office: 28 Landport Terrace, Portsmouth, PO1 2RG), a company whose principal activity is the provision of intelligent marine technology and research and experimental development on natural sciences and engineering.

Both associates have been accounted for under the equity method of accounting within these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**Company**Shares in
group
undertaking
s
£**COST**

At 1 April 2018

3,868,237

Disposals

(3,276,217)

At 31 March 2019

592,020**NET BOOK VALUE**

At 31 March 2019

592,020

At 31 March 2018

3,868,237

On 21 November 2018, the company disposed of its 100% of the share capital of Sonardyne Wavefront Limited for £3,276,217 which was acquired by Sonardyne International Limited.

The group or the company's investments at the balance sheet date in the share capital of subsidiary companies include the following entities:

Company name	Registered office	Description
Sonardyne International Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire GU46 6GD	Manufacture of electronic and mechanical equipment
Sonardyne Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire GU46 6GD	Dormant
Sonardyne Overseas Holdings Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire GU46 6GD	Non-trading
Sonardyne Brazil Limited	Ocean House, Blackbushe Business Park, Yateley, Hampshire GU46 6GD	Non-trading
Sonardyne Wavefront Limited	Unit 5b, Coldhambour Business Park, Sherborne, Dorset DT9 4JW	Underwater systems consultancy services
Sonardyne Inc	8280 Willow Place Drive North, Suite 130, Houston, Texas 77070 USA	Retail of electronic and mechanical equipment
Sonardyne Asia Pte Limited	34 Loyang Crescent, Block B, Singapore 508993	Retail of electronic and mechanical equipment
Sonardyne Brasil Limitada	Av. Zen lotes 05 e 06, Quadra D, Zen, Rio das Ostras - RJ, CEP 28890-000, Brasil	Retail of electronic and mechanical equipment
Chelsea Technologies Holdings Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Holding company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

Chelsea Technologies Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Manufacture of electronic and mechanical equipment
Chelsea Technologies Group Limited	55 Central Avenue, West Molesey, Surrey, KT8 2QZ	Dormant

All of the above companies are 100% owned via ordinary shares and are included in these consolidated financial statements.

The shares of Sonardyne Overseas Holdings Limited, Sonardyne Inc, Sonardyne Asia Pte Ltd, Sonardyne Wavefront Limited and Chelsea Technologies Holdings Limited are held indirectly through Sonardyne International Limited.

The shares of Sonardyne Brazil Limited and Sonardyne Brasil Limitada are held indirectly through Sonardyne Overseas Holdings Limited.

The shares of Chelsea Technologies Group Limited and Chelsea Technologies Limited are held indirectly through Chelsea Technologies Holdings Limited.

On 15 October 2018, the group purchased 100% of the share capital of Chelsea Technologies Limited for £3,900,739. Chelsea Technologies Limited was the parent company of Chelsea Technologies Group Limited.

Chelsea Technologies Limited subsequently changed its name to Chelsea Technologies Holdings Limited and Chelsea Technologies Group Limited subsequently changed its name to Chelsea Technologies Limited.

Sonardyne Brasil Limitada's financial statements for the year ended 31 March 2019 and 31 March 2018 were unaudited.

15. STOCKS

	2019	Group 2018 as restated
	£	£
Raw materials	6,976,945	5,052,197
Work-in-progress	2,745,488	2,217,924
Finished goods	947,935	22,033
	<u>10,670,368</u>	<u>7,292,154</u>

Consignment stock of £940,658 (2018: £667,926) is held in the balance sheet at the year end. The items are held by sales partners both overseas and in the UK. No deposit is held in relation to the items and all risks and rewards of the stock remain with the company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

16. DEBTORS

	Group	
	2019	2018 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	8,052,917	4,425,050
Other debtors	1,577,613	492,958
Corporation tax recoverable	-	192,669
VAT	110,309	-
Deferred tax asset	239,035	50,805
Prepayments and accrued income	1,194,126	1,039,463
	<u>11,174,000</u>	<u>6,200,945</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>364,592</u>	<u>345,839</u>
Aggregate amounts	<u>11,538,592</u>	<u>6,546,784</u>

Deferred tax asset

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Deferred tax - current	239,035	50,805	-	-
Deferred tax - non-current	<u>364,592</u>	<u>345,839</u>	-	-
	<u>603,627</u>	<u>396,644</u>	-	-

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Trade creditors	2,671,167	1,969,323	-	-
Amounts owed to group undertakings	-	-	46,564	-
Corporation tax	13,336	105,213	22,465	20,228
Other taxes and social security	625,917	511,186	-	-
Other creditors	333,532	942,463	-	-
Accruals and deferred income	<u>3,641,966</u>	<u>2,863,491</u>	<u>4,200</u>	<u>5,255</u>
	<u>7,285,918</u>	<u>6,391,676</u>	<u>73,229</u>	<u>25,483</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Included in Other Creditors is a debit amount of £3,592 (2018: credit of £886) in relation to financial instruments. See note 19 for details.

Included in Trade Creditors is an amount of £966,056 (2018: £1,178,745) which relates to customer deposits.

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	2018
		as
	£	restated
	£	£
Within one year	557,897	480,088
Between one and five years	702,296	1,045,123
	<u>1,260,193</u>	<u>1,525,211</u>

19. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial liabilities at fair value through profit or loss	<u>3,592</u>	<u>(886)</u>

The company purchases forward foreign currency contracts to hedge currency exposure on future commitments. The fair value of the assets and liabilities held at fair value through the statement of comprehensive income at the balance sheet date are determined using quoted prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

20. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Other provisions	413,000	339,000
	Deferred tax	Other provision
	£	£
Balance at 1 April 2018	(396,643)	339,000
Unused amounts reversed during year	-	-
(Credit)/debit to Statement of Comprehensive Income during year	(206,984)	74,000
Balance at 31 March 2019	(603,627)	413,000

Warranty provision

A provision of £413,000 (2018: £339,000) has been recognised for anticipated warranty claims on products sold during the last financial year. It is expected that most of this expenditure will be incurred within the next financial year.

Deferred tax

The portion of the deferred taxation asset set out above which is not expected to reverse within 12 months relates to accelerated capital allowances of £281,923 (2018: £252,484) and other timing difference of £82,668 (2018: £93,355). Amounts which are expected to mature within 12 months relate to other timing differences of £1,036 (2018: £50,804) and losses of £238,000 (2018: £nil) expected to be relieved against profits accruing during the financial year ending 31 March 2020, as disclosed in note 9.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:		as restated
			£	£
4,670,100	Ordinary A Share	0.01	46,701	46,701
5,329,404	Ordinary B Share	0.01	53,294	53,294
			99,995	99,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

22. RESERVES**Group**

	Retained earnings £
At 1 April 2018	89,559,224
Profit for the year	2,027,458
Exchange difference on consolidation	764,587
At 31 March 2019	92,351,269

23. PENSION COMMITMENTS

The Sonardyne group operates a range of pension schemes all of which are similar to defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £1,168,241 (2018: £970,560). Contributions totalling £264,706 (2018: £275,806) were payable to these funds at the balance sheet date and are included in creditors.

24. CAPITAL COMMITMENTS

	2019	2018 as restated £
	£	£
Contracted but not provided for in the financial statements	98,939	30,502

25. OTHER FINANCIAL COMMITMENTS

At the year end the group has the following commitments for foreign currency:

-Sonardyne Inc - to sell USD 4,260,293 for £3,238,535 (2018: USD 1,144,720 for £829,000).

-Sonardyne International Limited- to buy USD 500,000 for £378,737 (2018: USD 240,000 for £171,722).

26. RELATED PARTY DISCLOSURES

During the year the group made purchases from Lumasys Inc, a 30% owned associate, of £184,936 (2018: £107,951). At the year end £nil was outstanding (2018: £nil).

During the year the company made purchases from Dynautics Limited, a 20% owned associate, of £nil (2018: £13,200). At the year end £nil was outstanding (2018: £nil).

27. POST BALANCE SHEET EVENTS

After the end of the financial year the group purchased 100% of the issued share capital of Eiva Holdings A/S for consideration of £25.9m. Eiva Holdings A/S is the parent company of Eiva A/S.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

28. ULTIMATE CONTROLLING PARTY

There is no single controlling party.