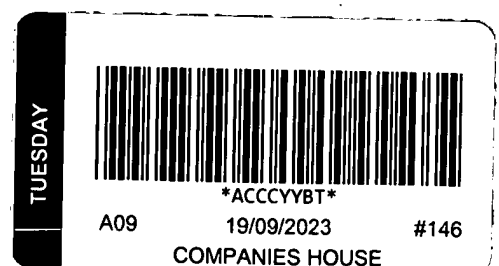


Registered number: 01708481

**GLOBAL MARINE SYSTEMS LIMITED**

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



# GLOBAL MARINE SYSTEMS LIMITED

## CONTENTS

	Page
Company Information.....	1
Group Strategic Report.....	2
Directors' Report.....	7
Independent Auditor's Report to the Members of Global Marine Systems Limited.....	13
Consolidated Statement of Comprehensive Income.....	18
Consolidated Balance Sheet.....	20
Company Balance Sheet.....	21
Consolidated Statement of Changes in Equity.....	22
Company Statement of Changes in Equity.....	24
Consolidated Statement of Cash Flows.....	26
Consolidated Analysis of Net Debt.....	27
Notes to the Financial Statements.....	28

# **GLOBAL MARINE SYSTEMS LIMITED**

## **COMPANY INFORMATION**

### **Directors**

D H Fagerstal  
W J Hanenberg Jr.  
B Neilson-Watts  
D L Rattner  
M R C Shaha  
L M Thomson

### **Company secretary**

J V Cable

### **Registered number**

01708481

### **Registered office**

Ocean House 1, Winsford Way  
Boreham Interchange  
Chelmsford  
Essex  
CM2 5PD

### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Priory Place  
New London Road  
Chelmsford  
Essex  
CM2 0PP

# **GLOBAL MARINE SYSTEMS LIMITED**

## **GROUP STRATEGIC REPORT**

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

The directors present their Strategic Report for Global Marine Systems Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2022.

#### **Review of business and future developments**

The Group generated revenue of \$248.7m against the prior year of \$292.1m.

The Global Marine telecommunications business has remained stable and grown revenues thanks to the ongoing fulfilment of a mixture of long term maintenance and installation agreements. The business is a leading independent provider of engineering and underwater services, responding to the subsea cable installation, maintenance and burial requirements of its customers around the world.

The OceaniQ business has performed well and has secured workload into 2022 and beyond. The business delivers route engineering consultancy services and a range of subsea cable data products that leverages off our wealth of knowledge and unique data sets built over many decades by the organisation.

The CWind business has seen revenue decline during the year following a decision to focus on balance of plant opportunities with operational windfarms and move away from the cable pull-in market. The directors of CWind Ltd are currently undertaking a process to divest the operations of the CWind business through a sale of the entire issued share capital or through a sale of the trade and assets of CWind Ltd. As part of the strategic decision to refocus the Group, on 30 June 2023 the Group divested its entire 51% shareholding in its subsidiary, CWind Taiwan Co., Ltd.

During the year, the Group successfully divested its Global Offshore business, comprising of the Global Symphony vessel and related subsea assets, as part of its wider strategic objectives to focus on its core activities. Correspondingly, the Global Offshore business has been classified as a discontinued operation within these financial statements and the prior year restated accordingly.

The operating loss for the financial year was \$8.8m (2021: \$20.5m) before exceptional costs of \$9.2m (2021: \$43.3m). On a continuing operations basis, operating profit for the year was \$4.0m (2021: \$12.2m loss) which reflects the business turnaround and restructuring activities carried out during the year.

#### **Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)**

Adjusted EBITDA has been calculated as normalised loss on ordinary activities before interest, tax, depreciation, amortisation and exchange movements. It is measured after adjusting for exceptional and non-recurring items, including gain/loss on disposal of assets and investments.

On a continuing operations basis the adjusted EBITDA for the year was \$37.3m (2021: \$19.6m).

**GLOBAL MARINE SYSTEMS LIMITED**  
**GROUP STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Key performance indicators ("KPIs")**

	2022	2021
<b>Financial KPIs</b>		
Adjusted EBITDA – continuing operations	<b>\$37.3 million</b>	\$19.6 million
Movement in cash and cash equivalents	<b>\$1.3 million</b>	\$6.5 million
<b>Non-financial KPIs</b>		
Lost time injury frequency rate (LTIFR)	<b>0.00</b>	1.56

***Movement in cash and cash equivalents***

In 2022, the cash balance has increased by \$1.3 million (2021: \$6.5 million), the details of which shown in the Consolidated Statement of Cash Flows.

**Non-financial KPIs**

***Lost time injury frequency rate (LTIFR)***

Health and safety is paramount to the Group's business. Not only is it vitally important to provide employees with a safe place to work, but also any accident is disruptive to the running of the business. The Group continually reviews and reports all accidents and injuries and, in order to benchmark its safety performance against other companies in the industry, the Group reports safety statistics as adopted by the International Marine Contractors Association ("IMCA"), of which the Group is a member.

The LTIFR is measured as;

$$\frac{\text{Lost time injuries x 1,000,000}}{\text{Hours Worked}}$$

Lost time injuries are defined as, "A lost work day case is any work-related accidental injury other than a fatal injury which results in a person being unfit for work on the next shift/day". The LTIFR was 0.00 in 2022 (1.56 in 2021) which remains as one of the key indicators of the Safety Performance System.

**Principal risks and uncertainties**

The principal business risk acknowledged by the Group is the impact of any reduced demand in the global market for subsea related services. However, Global Marine Systems Limited is well positioned in the subsea telecoms market with six of its vessels committed to long term contracts which will offset any potential volatility in the subsea telecoms market.

A number of challenging contracts were completed during the year within the Global Offshore business and, going forward, the Group will reduce the risk profile of major projects that it undertakes.

The directors have worked closely with the shareholders to ensure the best structure moving forward for the Group, along with increasing liquidity by additional investment.

Due to the global nature of trade they have not identified any significant risks other than those noted in the foreign exchange rate risk section of this report.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **GROUP STRATEGIC REPORT (continued)**

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

#### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include foreign exchange rate risk, liquidity risk, credit risk, and interest rate risk. The Group has in place a risk management process that seeks to limit the adverse effects of these risks on the financial performance of the Group.

#### ***Foreign exchange rate risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The exposures discussed thereafter relate primarily to the GB pound, the Euro and the Singapore Dollar.

The Group manages these risks in a number of ways but primarily by attempting to match assets and liabilities and income and costs denominated in the relevant foreign currencies. As and when surplus funds are generated in foreign currencies they are sold in the spot market. The Group monitors this risk on a regular basis.

#### ***Liquidity risk***

As with all businesses a key risk to the business is liquidity. The Group maintains medium term debt finance secured on a number of its cable-ships other vessels and submersibles which, together with cash generated from operations, provide sufficient available funds for future expansion and investment.

#### ***Credit risk***

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfil their obligations as and when these obligations fall due. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. All cash and deposits are placed with reputable "High street" financial institutions. The Group has no significant concentration of credit risk.

#### ***Interest rate risk***

The Group's exposure to the risk for changes in market interest rates relate primarily to the credit facilities denominated in USD, GBP and EUR. The Group has no significant concentration of interest rate risk. Interest rate risks are monitored regularly for commercial sense and the Group would seek alternative arrangements where necessary.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **GROUP STRATEGIC REPORT (continued)**

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

#### **Directors' statement of compliance with duty to promote the success of the Group**

Section 172 of the Companies Act 2006 requires a Director of a group to act in the way he or she considers, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole. In doing this the directors must have regard to the:

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Group.

In discharging our section 172 duties we have regard to the factors set out above.

We review at regular board meetings the financial and operating performance of the Group (including dedicated attention to health and safety performance). We also review key risks and opportunities including investments in new assets or acquisitions via meetings, presentations, proposals and business cases.

#### ***Our stakeholders***

The Company's key stakeholders are:

- The Company's ultimate beneficial owner JFL Equity Investors V, L.P.
- Employees.
- Customers across all markets that we operate in: Telecoms, Offshore Renewables and Oil & Gas. These are identified through the existing contracts in place for project work, key account management reviews which take place bi-annually to highlight future target accounts, the use of Membrain as a sales pipeline tool and monitoring quality portals including Achilles which filter through potential tenders for scopes of work.

Other stakeholders are:

- Our contractor/agency workforce including those employed by GMSG offshore.
- Suppliers.
- Strategic partner organisations including joint venture partners and invested partners.
- Government Agencies including the Department for Digital, Culture, Media & Sport, the Department for Business, Energy & Industrial Strategy, the Ministry of Defence and the National Cyber Security Centre.
- Accreditation and health & safety bodies such as Achilles, British Standards Institution (BSI) and Global Wind Organisation (GWO).
- Charitable partners including the Ninos Pag Asa Centre in the Philippines as well as local charities which could include Brainwave and the Jubilee Sailing Trust.
- Communities close to where we work across the world who may be impacted economically or environmentally by our operations.
- STEM organisations and related partners.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **GROUP STRATEGIC REPORT (continued)**

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

**Directors' statement of compliance with duty to promote the success of the Group (continued)**

#### ***Stakeholder engagement (including employee engagement)***

The Board recognises the important role that Global Marine Group has to play in society and is committed to health and safety, public collaboration and stakeholder engagement. The Board believes that Global Marine Group will only succeed by working with customers, governments, business partners, investors and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces issues as complex and challenging as climate change.

We engage with our stakeholders via various channels including:

- Our CEO, CFO, Business Unit Managing Directors and Senior Management engage regularly with the ultimate beneficial owner via monthly management information reports and monthly meetings that cover the overall health and aspirations of the business, regular board meetings, as well as specific presentations when exceptional projects arise that require input from them to proceed.
- Customer and site visits to understand ongoing project requirements and future needs of the industries that we work in.
- Formal tendering processes via electronic portals or directly with customers.
- Direct contact with counterparts in customer organisations throughout the project lifecycle.
- Networking with the wider industry through memberships to industry bodies and engagement with events, working groups studies and board meetings for these.
- Sharing of information via digital channels including the Company websites and social media accounts.
- Two-way internal communication across our employee base including regular newsletters, ask me anything sessions, presentations, discussion forums, video conferencing, working groups, internal social media, questionnaires and other feedback opportunities.

#### **Principal decisions**

We define principal decisions taken by the Board as those decisions that are of a strategic nature and that are significant to any of our key stakeholder groups.

An example of principal decisions for Global Marine Group is as follows:

- Full strategic review, in conjunction with shareholders, to review all operations and focus on those markets in which the Group can excel.

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



**B Neilson-Watts**

Director

Date: 4/8/2023

# **GLOBAL MARINE SYSTEMS LIMITED**

## **DIRECTORS' REPORT**

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

The directors present their annual report and the audited financial statements for Global Marine Systems Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2022.

#### **Principal activities**

The Group's principal subsidiary, Global Marine Systems Limited ("GMSL") is a leading provider of engineering and underwater services, responding to the subsea cable installation, maintenance and burial requirements of its customers around the world. With a fleet of vessels and specialised subsea trenching and burial equipment, the Group brings a 160 year legacy in deep and shallow water operations. GMSL's subsidiary CWind Limited ("CWind") supplies services, technical resource and vessels for the construction and maintenance of offshore wind farms.

Global Marine Holdings Limited ("GMHL"), its subsidiaries and other investments (together the "Group") offers cost effective solutions with consistently high service and quality standards to all of its customers in the markets in which it operates. The Group is headquartered in the United Kingdom, with resources throughout Europe, Asia Pacific and the Americas.

#### **Results and dividends**

The operating loss for the financial year was \$8.8m (2021: \$20.5m) before exceptional costs of \$9.2m (2021: 43.3m). On a continuing operations basis, operating profit for the year was \$4.0m (2021: \$12.2m loss).

Interim dividends of \$Nil were recommended and paid in the financial year (2021: \$Nil).

The directors do not recommend a final dividend for 2022 (2021: \$Nil).

#### **Directors**

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

I D Douglas	(resigned 19 March 2023)
D H Fagerstal	
W J Hanenberg Jr.	
N C Johansen-Allison	(resigned 25 November 2022)
B Neilson-Watts	
D L Rattner	
J J Taylor	(resigned 31 January 2022)
M A Gillespie	(resigned 13 May 2022)
M R C Shaha	(appointed 10 October 2022)
L M Thomson	(appointed 1 December 2022)

# **GLOBAL MARINE SYSTEMS LIMITED**

## **DIRECTORS' REPORT (continued)**

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

#### **Going Concern**

The directors have reviewed the historical trading performance of the Group and its revenue and cash flow projections for the 12 months following the date of signing of the financial statements. The directors are confident that the Group, with support of its shareholders, has adequate resources to meet the requirements of the business for the foreseeable future, and have therefore prepared these consolidated financial statements on a going concern basis.

The banking facilities were successfully amended in 2022 resulting in further covenant headroom, combined with a revolving credit facility to provide additional funding as required.

#### **Quality systems and environment responsibilities**

The Group continues to demonstrate its commitment to quality management and the environment by gaining recertification to OHSAS18001 in 2017 and ISO9001 and ISO14001 in 2015. We also retained the RoSPA Order of Distinction for the 20th consecutive year.

#### **Research and development activities**

Technical development is an important part of upgrading and improving techniques for cable laying, cable jointing, cable protection and most recently the efficient transmission of Subsea telecommunication data. The Group remains committed to these principles in all that it does and is continually developing new technology in-house and with its partners.

#### **Business review**

A review of the business and a summary of the Group's principal activities, risks and uncertainties are set out in the Strategic Report on pages 2 to 6 of these financial statements.

#### **Future developments**

The future developments are set out in the Strategic Report on pages 2 to 6 of these financial statements.

#### **Financial risk management**

Financial risk management is set out in the Strategic Report on pages 2 to 6 of these financial statements.

#### **Stakeholder engagement**

Stakeholder engagement is set out in the Strategic Report on pages 2 to 6 of these financial statements.

#### **Post balance sheet events**

Global Marine Group successfully completed a refinancing in July 2023 through Trafalgar AcquisitionCo, Ltd, which involved \$37m of J.F Lehman & Company shareholder debt being replaced with an additional bridging facility from the Group's bankers. There was no change on a like for like basis to Group debt.

As part of the strategic decision to refocus the Group, on 30 June 2023 the Group divested its entire 51% shareholding in its subsidiary, CWind Taiwan Co., Ltd.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **DIRECTORS' REPORT (continued)**

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

#### **Employees**

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

Applications for employment by disabled persons are always considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. The Group encourages the involvement of employees by means of regular updates issued by the board on key company issues, financial information and other statistics. Quarterly surveys are also coordinated by the Group to obtain employee feedback on issues within the Group.

#### **Directors' indemnities**

Qualifying third party indemnity provisions (as defined by Section 236 Companies Act 2006) for the benefit of the directors were maintained throughout the year and remain in force as at the date of approving the Directors' Report.

#### **Streamlined energy and carbon reporting ('SECR')**

##### ***Inventory summary***

This inventory has been prepared in accordance with the requirements of the measure-step of the Toitu carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

GHG emissions and energy use for period 1 January 2022 to 31 December 2022 and comparative year from 1 January 2021 to 31 December 2021.

**GLOBAL MARINE SYSTEMS LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Streamlined energy and carbon reporting ('SECR') (continued)**

	<b>Current reporting year 01 January 2022 to 31 December 2022</b>	<b>Prior reporting year 01 January 2021 to 31 December 2021</b>
Energy consumption used to calculate emissions (kWh)	<b>281,030,390.36</b>	14,793,281.72
Gas (kWh)	<b>168,640.80</b>	355,623.82
Electricity (kWh)	<b>1,447,817.27</b>	14,437,657.90
Transport fuels (kWh)	<b>279,413,932.29</b>	N/A
Other energy sources (Scope 1 & 2) kWh	<b>N/A</b>	N/A
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	<b>30.78</b>	65.14
Emissions from combustion of fuel for transport purposes tCO <sub>2</sub> e (Scope 1)	<b>77,986.50</b>	N/A
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing of the fuel tCO <sub>2</sub> e (Scope 3)	<b>44.51</b>	N/A
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location-based)	<b>279.98</b>	3,065.55
Total gross emissions tCO <sub>2</sub> e based on the above	<b>78,341.78</b>	3,130.69
Total gross emissions from above by unit turnover/revenue (tCO <sub>2</sub> e/£M)	<b>391.71</b>	10.72
Methodology	<b>ISO14064 Part 1 2018 and Carbon Reduce</b>	ISO14064 Part 1 2018 and Carbon Reduce
Emissions from other activities which the Company owns or controls including operation of facilities tCO <sub>2</sub> e (Scope 1)	<b>N/A</b>	93,150.18
Emissions from heat, steam and cooling purchased for own use tCO <sub>2</sub> e (Scope 2)	<b>N/A</b>	719.04
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Waste	<b>N/A</b>	175.52
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Water & Wastewater	<b>N/A</b>	0.31
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Transport - other	<b>N/A</b>	5,832.23
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Electricity	<b>N/A</b>	40.99
Total other emissions tCO <sub>2</sub> e	<b>N/A</b>	99,918.27
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO <sub>2</sub> e	<b>N/A</b>	103,048.95
Total gross GHG emissions per unit turnover/revenue (tCO <sub>2</sub> e/£M)	<b>N/A</b>	352.84
Third Party verification	<b>Verified to ISO14064 Part 1 2018 and Carbon Reduce</b>	Verified to ISO14064 Part 1 2018 and Carbon Reduce

1. Toitu carbon marks refers to the Toitu carbonreduce and Toitu carbonzero programmes.
2. Throughout this document 'GHG Protocol' means the GHG Protocol Corporate Accounting and Reporting Standard and 'ISO 14064-1:2006' means the international standard Specification with Guidance at the Organisational Level for Qualification and Reporting of Greenhouse Gas Emissions and Removals.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **DIRECTORS' REPORT (continued)**

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

#### **Streamlined energy and carbon reporting ('SECR') (continued)**

##### ***Energy Efficiency Action***

1. Reviewing greener fuel options for marine fleet.
2. Replacing all fluorescent lighting for LED lighting in all UK offices.
3. We are reducing employee commute by providing flexible remote working for all.
4. We are exploring longer commission lengths for seafarers to reduce air travel throughout the year.

##### **Directors responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

##### **Disclosure of information to auditor**

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

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

**GLOBAL MARINE SYSTEMS LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Independent auditor**

The auditor, Grant Thornton UK LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

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

*Bruce Neilson-Watts*

**B Neilson-Watts**  
Director

Date: 4/8/2023

## **GLOBAL MARINE SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS LIMITED**

#### **Qualified opinion**

We have audited the financial statements of Global Marine Systems Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and 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, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

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

#### **Basis for qualified opinion**

The Parent Company's investment in Sino-British Submarine Systems Co., Ltd, a foreign associate accounted for by the equity accounting method, is carried at \$21.3m (2021: \$39.2m) on the Consolidated Balance Sheet as at 31 December 2022, and the Group's share of Sino-British Submarine Systems Co., Ltd's net income of \$1m (2021: \$2.1m) is included in the Consolidated Statement of Comprehensive Income for the year then ended. Whilst we received Group reporting confirmations and discussed the findings with the component auditor, we were not permitted access to review and evaluate the audit working papers of the component auditors of Sino-British Submarine Systems Co., Ltd due to a restriction imposed by a shareholder in the associate and consequently we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in Sino-British Submarine Systems Co., Ltd as at 31 December 2021 and 31 December 2022 and the Group's share of Sino-British Submarine Systems Co., Ltd's net income for the years then ended. Our audit opinion on the financial statement for the year ended 31 December 2021 was modified accordingly. In both years, we were unable to determine whether any adjustments to these amounts were necessary. Our opinion on the current year's financial statements is also modified because of the absence of sufficient appropriate audit evidence in this regard.

The Parent Company's investment in International Cables Pte Ltd, a foreign joint venture accounted for by the equity accounting method, is carried at \$0.1m (2021: \$6.6m) on the Consolidated Balance Sheet as at 31 December 2022, and the Group's share of International Cables Pte Ltd's net income of \$3.1m (2021: \$3.2m) is included in the Consolidated Statement of Comprehensive Income for the year then ended. We did not receive group reporting confirmations from the component auditor of International Cables Pte Ltd in respect of the years ended 31 December 2021 or 31 December 2022 and therefore were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in International Cables Pte Ltd as at 31 December 2021 and 31 December 2022 and the Group's share of International Cables Pte Ltd's net income for the years then ended. Our audit opinion on the financial statement for the year ended 31 December 2021 was modified accordingly. In both years we were unable to determine whether any adjustments to these amounts were necessary. Our opinion on the current year's financial statements is also modified because of the absence of sufficient appropriate audit evidence in this regard.

## **GLOBAL MARINE SYSTEMS LIMITED**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS LIMITED (continued)**

### **Basis for qualified opinion (continued)**

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

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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties such as Covid-19 and the effects of the crisis in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

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

## **GLOBAL MARINE SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS LIMITED (continued)**

#### **Other information (continued)**

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the Parent Company's investment in the foreign associate Sino-British Submarine Systems Co., Ltd and the joint venture International Cables Ship Pte Ltd. We have concluded that where the other information refers to these investments or related balances, it may be materially misstated for the same reason.

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the 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.

#### **Matter on which we are required to report under the Companies Act 2006**

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

Arising solely from the limitation on the scope of our work relating to the Parent Company's investment in the foreign associate (Sino-British Submarine Systems Co., Ltd.) and joint venture (International Cables Ship Pte Ltd.) referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- adequate accounting records have not been kept by the Parent Company; or
- 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, 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 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.

## **GLOBAL MARINE SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS LIMITED (continued)**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the Parent Company and the industry in which they operate, including relevant tax compliance regulations. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. In addition, we concluded that laws and regulations in respect of bribery and corruption, health and safety, employment and environmental matters may have an effect in the determination of the amounts and disclosure in the financial statements;
- We obtained an understanding of how the group and parent company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance matters into whether there were any risks of fraud arising from the Group and Parent Company's day to day operations and whether there were any instances of non-compliance or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, with a focus on material journals as well as those posted at the end of the reporting period.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team, included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the Group and the Parent Company operates; and
  - understanding of the legal and regulatory requirements specific to the Group and the Parent Company.

**GLOBAL MARINE SYSTEMS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL**  
**MARINE SYSTEMS LIMITED (continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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.

*Timothy Taylor*

**Timothy Taylor**  
(Senior Statutory Auditor)  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Chelmsford

Date: 4/8/2023

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		Continued	Discontinued	Total	Continued	Discontinued	As restated Total
	Note	2022 \$000	2022 \$000	2022 \$000	2021 \$000	2021 \$000	2021 \$000
Turnover	4	211,256	37,399	248,655	187,086	104,968	292,054
Other operating costs		(207,284)	(50,127)	(257,411)	(199,326)	(113,239)	(312,565)
<b>Operating profit/ (loss) before exceptional items</b>	5	<b>3,972</b>	<b>(12,728)</b>	<b>(8,756)</b>	<b>(12,240)</b>	<b>(8,271)</b>	<b>(20,511)</b>
Exceptional items	9	(5,370)	(3,787)	(9,157)	(5,433)	(37,875)	(43,308)
<b>Operating loss</b>	5	<b>(1,398)</b>	<b>(16,515)</b>	<b>(17,913)</b>	<b>(17,673)</b>	<b>(46,146)</b>	<b>(63,819)</b>
Loss on sale of tangible assets		(10,436)	(10,527)	(20,963)	(378)	–	(378)
Income from participating interests		3,230	–	3,230	5,568	–	5,568
Interest receivable and similar income	10	69	–	69	399	115	514
Interest payable and similar expenses	11	(7,227)	(229)	(7,456)	(1,206)	–	(1,206)
Other finance income	12	360	–	360	194	–	194
<b>Loss before taxation</b>		<b>(15,402)</b>	<b>(27,271)</b>	<b>(42,673)</b>	<b>(13,096)</b>	<b>(46,031)</b>	<b>(59,127)</b>
Tax on loss	13	(283)	–	(283)	179	–	179
<b>Loss for the financial year</b>		<b>(15,685)</b>	<b>(27,271)</b>	<b>(42,956)</b>	<b>(12,917)</b>	<b>(46,031)</b>	<b>(58,948)</b>
<b>Other comprehensive (expense)/income for the financial year</b>							
Currency translation differences		(2,403)	–	(2,403)	1,665	–	1,665
Actuarial (loss)/gain on defined benefit pension scheme	26	(10,897)	–	(10,897)	11,336	–	11,336
<b>Other comprehensive (expense)/income for the financial year</b>		<b>(13,300)</b>	<b>–</b>	<b>(13,300)</b>	<b>13,001</b>	<b>–</b>	<b>13,001</b>
<b>Total comprehensive expense for the financial year</b>		<b>(28,985)</b>	<b>(27,271)</b>	<b>(56,256)</b>	<b>84</b>	<b>(46,031)</b>	<b>(45,947)</b>

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

						As restated
	<b>Continued</b>	<b>Discontinued</b>	<b>Total</b>	<b>Continued</b>	<b>Discontinued</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Note</b>						
<b>Loss for the financial year attributable to:</b>						
Non-controlling interests	789	–	789	(281)	–	(281)
Owners of the Parent Company	(16,474)	(27,271)	(43,745)	(12,636)	(46,031)	(58,667)
	<b>(15,685)</b>	<b>(27,271)</b>	<b>(42,956)</b>	<b>(12,917)</b>	<b>(46,031)</b>	<b>(58,948)</b>
<b>Total comprehensive expense for the financial year attributable to:</b>						
Non-controlling interest	706	–	706	240	–	240
Owners of the Parent Company	(29,691)	(27,271)	(56,962)	(156)	(46,031)	(46,187)
	<b>(28,985)</b>	<b>(27,271)</b>	<b>(56,256)</b>	<b>84</b>	<b>(46,031)</b>	<b>(45,947)</b>

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**REGISTERED NUMBER: 01708481**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

		2022	As restated 2021
	Note	\$000	\$000
<b>Fixed assets</b>			
Intangible assets	14	24	8,091
Tangible assets	15	164,509	221,665
Investments	16	44,927	48,697
		<b>209,460</b>	<b>278,453</b>
<b>Current assets</b>			
Stock	17	13,412	12,073
Debtors	18	65,566	68,866
Cash at bank and in hand	19	20,253	18,977
		<b>99,231</b>	<b>99,916</b>
Creditors: amounts falling due within one year	20	<b>(181,012)</b>	<b>(209,454)</b>
<b>Net current liabilities</b>		<b>(81,781)</b>	<b>(109,538)</b>
<b>Total assets less current liabilities</b>		<b>127,679</b>	<b>168,915</b>
Creditors: amounts falling due after more than one year	21	<b>(29,996)</b>	<b>(27,496)</b>
<b>Provisions for liabilities</b>			
Deferred taxation	23	—	(246)
Pension asset	26	12,508	25,274
<b>Net assets</b>		<b>110,191</b>	<b>166,447</b>
<b>Capital and reserves</b>			
Called up share capital	24	40,018	40,018
Share premium account	25	5,000	5,000
Revaluation reserve	25	13,973	16,278
Capital contribution reserve	25	111,218	111,218
Profit and loss account	25	(61,370)	(6,713)
<b>Equity attributable to owners of the Parent Company</b>		<b>108,839</b>	<b>165,801</b>
Non-controlling interests		1,352	646
<b>Total equity</b>		<b>110,191</b>	<b>166,447</b>

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

*Bruce Neilson-Watts*

**B Neilson-Watts**  
Director

Date: 4/8/2023

The notes on pages 28 to 65 form part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**REGISTERED NUMBER: 01708481**  
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

		2022	As restated 2021
	Note	\$000	\$000
<b>Fixed assets</b>			
Intangible assets	14	—	8,047
Tangible assets	15	117,657	164,683
Investments	16	22,951	46,682
		<b>140,608</b>	<b>219,412</b>
<b>Current assets</b>			
Stocks	17	11,827	9,488
Debtors	18	82,287	102,281
Cash at bank and in hand	19	16,660	15,100
		<b>110,774</b>	<b>126,869</b>
Creditors: amounts falling due within one year	20	<b>(182,909)</b>	<b>(212,033)</b>
<b>Net current liabilities</b>		<b>(72,135)</b>	<b>(85,164)</b>
<b>Total assets less current liabilities</b>		<b>68,473</b>	<b>134,248</b>
Creditors: amounts falling due after more than one year	21	<b>(29,996)</b>	<b>(27,496)</b>
Pension asset	26	12,508	25,274
<b>Net assets</b>		<b>50,985</b>	<b>132,026</b>
<b>Capital and reserves</b>			
Called up share capital	24	40,018	40,018
Share premium account	25	5,000	5,000
Revaluation reserve	25	195	2,583
Capital contribution reserve	25	111,218	111,218
Profit and loss account	25	<b>(105,446)</b>	<b>(26,793)</b>
<b>Total shareholders' funds</b>		<b>50,985</b>	<b>132,026</b>

In accordance with section 408 of Companies Act 2006 the entity has taken exemption from presenting its unconsolidated income statement. Parent Company loss the year was \$79,518,000 (2021: \$50,113,000).

The financial statements on pages 18 to 65 were approved by the board of directors and were signed on its behalf by:

*Bruce Neilson-Watts*

**B Neilson-Watts**  
Director

Date: 4/8/2023

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Revaluation reserve \$000	Profit and loss account \$000	Equity attributable to owners of parent Company \$000	Non-controlling interests \$000	Total equity \$000
<b>At 1 January 2022 (as restated)</b>	40,018	5,000	111,218	16,278	(6,713)	165,801	646	166,447
<b>Comprehensive expense for the financial year</b>								
Loss for the financial year	-	-	-	-	(43,745)	(43,745)	789	(42,956)
Currency translation differences	-	-	-	-	(2,320)	(2,320)	(83)	(2,403)
Actuarial loss on pension schemes	-	-	-	-	(10,897)	(10,897)	-	(10,897)
<b>Other comprehensive expense for the financial year</b>	-	-	-	-	(13,217)	(13,217)	(83)	(13,300)
<b>Total comprehensive expense for the financial year</b>	-	-	-	-	(56,962)	(56,962)	706	(56,256)
<b>Contributions by and distributions to owners</b>								
Depreciation of revalued assets	-	-	-	(2,305)	2,305	-	-	-
<b>Total transactions with owners</b>	-	-	-	(2,305)	2,305	-	-	-
<b>At 31 December 2022</b>	<b>40,018</b>	<b>5,000</b>	<b>111,218</b>	<b>13,973</b>	<b>(61,370)</b>	<b>108,839</b>	<b>1,352</b>	<b>110,191</b>

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Revaluation reserve \$000	Profit and loss account \$000	Equity attributable to owners of parent Company \$000	Non-controlling interests \$000	Total equity \$000
<b>At 1 January 2021 (as previously stated)</b>	40,018	–	111,218	20,209	29,381	200,826	406	201,232
Prior period adjustments (see note 30)	–	–	–	–	6,162	6,162	–	6,162
<b>At 1 January 2021 (as restated)</b>	40,018	–	111,218	20,209	35,543	206,988	406	207,394
<b>Comprehensive expense for the financial year</b>								
Loss for the financial year (as restated)	–	–	–	–	(58,667)	(58,667)	(281)	(58,948)
Currency translation differences	–	–	–	–	1,144	1,144	521	1,665
Actuarial gain on pension schemes	–	–	–	–	11,336	11,336	–	11,336
<b>Other comprehensive income for the financial year</b>	–	–	–	–	12,480	12,480	521	13,001
<b>Total comprehensive expense for the financial year</b>	–	–	–	–	(46,187)	(46,187)	240	(45,947)
<b>Contributions by and distributions to owners</b>								
Shares issued during the financial year	–	5,000	–	–	–	5,000	–	5,000
Depreciation of revalued assets	–	–	–	(3,931)	3,931	–	–	–
<b>Total transactions with owners</b>	–	5,000	–	(3,931)	3,931	5,000	–	5,000
<b>At 31 December 2021</b>	40,018	5,000	111,218	16,278	(6,713)	165,801	646	166,447

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Revaluation reserve \$000	Profit and loss account \$000	Total equity \$000
<b>At 1 January 2022 (as restated)</b>	<b>40,018</b>	<b>5,000</b>	<b>111,218</b>	<b>2,583</b>	<b>(26,793)</b>	<b>132,026</b>
<b>Comprehensive expense for the financial year</b>						
Loss for the financial year	–	–	–	–	(79,518)	(79,518)
Currency translation differences	–	–	–	–	9,374	9,374
Actuarial loss on pension schemes	–	–	–	–	(10,897)	(10,897)
<b>Other comprehensive expense for the financial year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,523)</b>	<b>(1,523)</b>
<b>Total comprehensive expense for the financial year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(81,041)</b>	<b>(81,041)</b>
<b>Contributions by and distributions to owners</b>						
Depreciation of revalued assets	–	–	–	(2,388)	2,388	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,388)</b>	<b>2,388</b>	<b>–</b>
<b>At 31 December 2022</b>	<b>40,018</b>	<b>5,000</b>	<b>111,218</b>	<b>195</b>	<b>(105,446)</b>	<b>50,985</b>

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital \$000	Share premium account	Capital contribution reserve \$000	Revaluation reserve \$000	Profit and loss account \$000	Total equity \$000
<b>At 1 January 2021</b>	40,018	–	111,218	4,968	10,626	166,830
<b>Comprehensive expense for the financial year</b>						
Loss for the financial year (as restated)	–	–	–	–	(50,113)	(50,113)
Currency translation differences	–	–	–	–	(1,027)	(1,027)
Actuarial gain on pension schemes	–	–	–	–	11,336	11,336
<b>Other comprehensive income for the financial year</b>	–	–	–	–	10,309	10,309
<b>Total comprehensive expense for the financial year</b>	–	–	–	–	(39,804)	(39,804)
<b>Contributions by and distributions to owners</b>						
Shares issued during the financial year	–	5,000	–	–	–	5,000
Depreciation of revalued assets	–	–	–	(2,385)	2,385	–
<b>Total transactions with owners</b>	–	5,000	–	(2,385)	2,385	5,000
<b>At 31 December 2021</b>	40,018	5,000	111,218	2,583	(26,793)	132,026

The notes on pages 28 to 65 are an integral part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	As restated 2021
	\$000	\$000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(42,956)	(58,948)
<b>Adjustments for:</b>		
Depreciation, impairment & amortisation of fixed assets	32,052	26,527
Share of profit for the year of equity accounted investments	(3,230)	(5,568)
Net interest payable/(receivable)	2,625	(166)
Taxation charge/(credit)	283	(179)
Difference between pension expense and cash contribution	–	1
Provision for doubtful accounts receivable	(82)	150
Decrease in debtors	3,300	35,464
Increase in stocks	(1,339)	(1,328)
(Decrease)/increase in creditors	(6,797)	20,464
Loss on disposal of tangible assets	14,049	378
Loss on disposal of intangible assets	6,914	–
Foreign exchange	4,763	861
Non cash PPA adjustment	407	–
<b>Net cash generated from operating activities</b>	<b>9,989</b>	<b>17,656</b>
<b>Cash flows from investing activities</b>		
Sale of tangible assets	60,370	815
Purchase of tangible assets	(36,788)	(35,482)
Dividends received	4,661	2,237
<b>Net cash generated from/(used in) investment activities</b>	<b>28,243</b>	<b>(32,430)</b>
<b>Cash flows from financing activities</b>		
Capital contributions	–	5,000
Short term loans repaid	(63,800)	–
Other new loans	38,000	26,500
Capital element of loan and lease repaid	(13,982)	(9,202)
HP interest paid	(1,917)	(158)
<b>Net cash (used in)/generated from financing activities</b>	<b>(41,699)</b>	<b>22,140</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,467)</b>	<b>7,366</b>
Cash and cash equivalents at beginning of financial year	18,977	12,472
Effect of exchange rate changes	4,743	(861)
<b>Cash and cash equivalents at the end of financial year</b>	<b>20,253</b>	<b>18,977</b>
<b>Cash and cash equivalents at the end of financial year comprise:</b>		
Cash at bank and in hand	20,253	18,977

The notes on pages 28 to 65 form part of these financial statements.

**GLOBAL MARINE SYSTEMS LIMITED**  
**CONSOLIDATED ANALYSIS OF NET DEBT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2021 \$000	Cash flows \$000	New finance leases \$000	Foreign exchange \$000	At 31 December 2022 \$000
Cash at bank and in hand	18,977	(3,467)	–	4,743	20,253
Amounts owed to group undertakings	(90,300)	25,800	–	–	(64,500)
Debt due within 1 year	(446)	–	–	(601)	(1,047)
Finance leases	(36,813)	13,982	(17,500)	113	(40,218)
	<b>(108,582)</b>	<b>36,315</b>	<b>(17,500)</b>	<b>4,255</b>	<b>(85,512)</b>

The notes on pages 28 to 65 form part of these financial statements.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **1 General information**

Global Marine Systems Limited (the "Company") together with its subsidiaries (the "Group") is a private company limited by shares, incorporated in England under the Companies Act. The address of the registered office is Ocean House 1, Winsford Way, Boreham Interchange, Chelmsford, Essex, CM2 5PD.

The Company is a leading provider of engineering and underwater services, responding to the subsea cable installation, maintenance and burial requirements of its customers around the world. With a fleet of vessels and specialised subsea trenching and burial equipment, the Company brings a 160 year legacy in deep and shallow water operations. GMSL's subsidiary CWind Limited ("CWind") supplies services, technical resource and vessels for the construction and maintenance of offshore wind farms.

The Company, its subsidiaries and other investments (together the "Group") offers cost effective solutions with consistently high service and quality standards to all of its customers in the markets in which it operates. The Company is headquartered in the United Kingdom, with resources throughout Europe, Asia Pacific and the Americas.

#### **2 Accounting policies**

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

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

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

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

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

##### **2.2 Parent Company disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.3 Basis of consolidation**

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

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

##### **2.4 Associates and joint ventures**

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

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

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

##### **2.5 Going concern**

The directors have reviewed the historical trading performance of the Group and its revenue and cash flow projections for the 12 months following the date of signing of the financial statements. The directors are confident that the Group, with support of its shareholders, has adequate resources to meet the requirements of the business for the foreseeable future, and have therefore prepared these consolidated financial statements on a going concern basis.

The banking facilities were successfully amended in 2022 resulting in further covenant headroom, combined with a revolving credit facility to provide additional funding as required.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.6 Foreign currency translation**

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in US Dollars which is the Company's functional and the Group's presentation currency.

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

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

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'interest payable and similar charges'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating costs'.

##### **2.7 Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover of the business for each market is treated consistently without any differentiation between market sectors, and apart from long-term contracts, turnover is recognised on an accruals basis.

Turnover and profit on long-term contracts are recognised in the financial statements according to the overall state of completion of the contract reached during the period. Amounts recoverable on long term contracts, which are included in accrued income, are stated at the sales net value of the work done less amounts received as progress payments on the account. Excess progress payments are included in deferred income as payments on account. Cumulative costs incurred net of amounts transferred to other operating costs, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock and work in progress.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.8 Leased assets – lessee**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of their useful lives or the lease period. The capital elements of future asset lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

##### **2.9 Pensions**

The Group operates various pension schemes comprising both defined benefit schemes and defined contribution schemes.

For the defined benefit schemes and the MNOPF scheme the amounts charged to operating profit are the current service costs and the gains and losses on settlements and curtailments. These are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until the vesting occurs. The interest cost and the expected return of assets are shown as a net amount of other finance cost or income adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted to present value. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The resulting defined benefit asset or liability is presented separately after net assets on the face of the Balance Sheet.

For the defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

##### **2.10 Research and development**

Research and development expenditure is written off to the profit and loss account as incurred.

##### **2.11 Interest income**

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

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.12 Finance costs**

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

##### **2.13 Borrowing costs**

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

##### **2.14 Current and deferred taxation**

Global Marine Systems Limited renewed its election into the UK tonnage tax regime on 24 December 2020 for a period of ten years. Under the tonnage tax regime the current year tax charge arising on qualifying activities is calculated by reference to net tonnage of the qualifying ships owned by the Group.

This method replaces both the tax-adjusted commercial profit/loss on qualifying shipping trade and chargeable gains/losses made on disposal of tonnage tax assets as calculated in previous periods. To the extent that the Company generates profits/losses, which do not qualify for inclusion under the above regime, they will be taxable under general UK corporation tax principles.

Deferred taxation should not generally arise in respect of profits/losses within the tonnage tax regime. However, where the Group generates profits/losses which do not qualify for inclusion under the above regime, deferred taxation will be provided on income and expenditure dealt with for taxation purposes in periods different from those for accounting purposes, to the extent that it is probable that a liability or asset will crystallise. Deferred tax balances are not discounted.

Deferred tax balances are recognised on timing differences that relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

##### **2.15 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Accounting policies (continued)

##### 2.16 Intangible assets

###### Goodwill

Goodwill arising on an acquisition of a trade/subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, being 10 years. Impairment tests of the carrying value of goodwill are undertaken:

- at the end of the full financial year following acquisition; or
- in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the fair value of the assets and liabilities acquired exceeds the fair value of the consideration, the difference is treated as negative goodwill, and is capitalised and amortised through the profit and loss account over the period over which the non-monetary assets acquired are consumed. In the case of fixed assets this is the period over which they are depreciated.

###### Other intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Trade name	-	10 years
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If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Accounting policies (continued)

##### 2.17 Tangible assets

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

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight line basis over its estimated useful life as follows:

Cable-ships and submersibles	– up to 35 years
Plant and motor vehicles	– 3 to 20 years
Leasehold land and buildings	– over the period of the lease

Plant includes equipment on the cable-ships that is portable and can be moved around the fleet. Plant also includes computer equipment. The expected useful lives of the assets of the business are reassessed periodically.

Assets under construction are not depreciated until they are complete and available for use; when they are reclassified to an asset class and subject to the depreciation rates set out above.

As at 1 January 2015, the Company applied the transitional arrangements of section 35 of FRS 102 and used a previous valuation as deemed cost for cable-ships and submersibles. The cable-ships and submersibles are being depreciated from their most recent valuation date being 31 December 2012.

##### 2.18 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### 2.19 Revaluation of tangible assets

As permitted by the transitional provisions of Financial Reporting Standard 102, the Company has elected to use a previous revaluation at 31 December 2012 of cable-ships and submersibles as deemed cost.

Revaluation gains and losses are recognised in the Statement of Consolidated Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Consolidated Statement of Comprehensive Income.

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.20 Investments**

###### **Company**

Investments in subsidiary undertakings, associate undertakings and joint ventures are stated at cost less any provision for impairment. Impairment reviews are carried out by management should any events occur or business circumstances change which indicate that recoverable amount is below carrying value. Any impairment provisions are charged to the Company profit and loss account.

###### **Group**

The Group has certain contractual agreements with other participants in unincorporated entities that create an entity carrying on a trade or business of its own (joint arrangements - non entity). The Group include the results of these entities within its own results.

The Group's investments in joint ventures and associate undertakings are accounted for using the Equity method.

The Group's other investments are stated at cost less any provision for impairment.

##### **2.21 Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value on a first in first out basis. Provisions for deterioration and obsolescence are made where appropriate and are charged to the profit and loss account in operating expenses.

Short term work in progress on contracts is stated at cost less foreseeable losses. These costs include only direct labour and expenses incurred to date and exclude any allocation of overheads. The policy for long term work in progress contracts is disclosed within the turnover accounting policy.

##### **2.22 Debtors**

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

##### **2.23 Cash and cash equivalents**

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### **2.24 Creditors**

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

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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

##### **2.25 Termination benefits**

A liability is recognised when the entity is demonstrably committed to terminate the employment contract.

##### **2.26 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **2.27 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### **2.28 Financial assets**

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

##### **2.29 Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the investments, tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit;
- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;
- Determine whether the Group has control, joint control, or significant influence in certain holdings depending on the contractual and legal power to govern, jointly govern, or participate in the financial and operating policies of an entity so as to obtain benefits from its activities.

#### Other key sources of estimation uncertainty:

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 26.

The valuation of assets and liabilities acquired in the Fugro (later "Global Offshore") business combination were determined by the directors in conjunction with a professional valuation. The consideration consisted of shares and loan notes. In assessing this consideration, a positive goodwill value has been recognised. The trade and assets and related goodwill of the Global Offshore business were divested in November 2022.

Revenue is recognised for certain long-term complex projects based on the stage of completion of the contract activity. This is measured by comparing the proportion of costs incurred, against the estimated whole-life contract costs. Particular judgement is required in evaluating the operational and financial business plans for these contracts to forecast the expected whole-life contract billings, costs and margin and to assess the recoverability of any resulting accrued income through the life of the contract. In forming the judgement around expected whole-life contract billings, account is taken of potential deductions from and increments to revenue that may arise from the application of performance related measures under contracts.

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

*Provisions and contingencies*

Provisions are made for doubtful debts and contingencies in respect of legal disputes the Group is involved in. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

**4 Turnover**

Turnover, results and net assets are principally derived from telecoms, power and offshore installation. Contracts within telecoms include long term agreements for the provision of maintenance of submarine telecommunications cables as well as associated services for the installation either directly with cable owners or indirectly by providing charter services, including transactions with Group companies and joint ventures. Turnover from oil and gas and offshore power is service based and includes the installation and associated services in connection with the laying of marine power cables to wind farms and oil and gas pipelines.

An analysis of turnover by class of business is as follows:

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Telecoms	<b>160,006</b>	148,904
Power	<b>35,869</b>	46,910
Offshore Installation	<b>37,399</b>	93,204
OceaniQ	<b>15,381</b>	3,036
	<b>248,655</b>	292,054

Analysis of turnover by country of destination:

	<b>2022</b>	2021
	<b>\$000</b>	\$000
United Kingdom	<b>91,731</b>	137,827
EMEA	<b>59,073</b>	81,742
Asia Pacific	<b>77,035</b>	46,715
Americans	<b>20,816</b>	25,770
	<b>248,655</b>	292,054

Part of the Group's success has been based on the substitutability of services between market sectors. Cable-ships by nature are also mobile and easily transit between regions as required. Business is contracted to optimise the combination of available business and asset mix and fit at the time of contracting. For this reason, the directors consider that the disclosure of assets and profitability against any particular geographical segments and turnover by market sector would be misleading and seriously prejudicial to the interests of the Group.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**5 Operating loss**

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

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Depreciation of tangible assets (note 15)	<b>30,907</b>	25,149
Amortisation of intangible assets (note 14)	<b>1,145</b>	1,378
Operating lease rentals	<b>24,999</b>	35,073
(Gain)/loss on foreign exchange	<b>(419)</b>	259

**6 Auditor's remuneration**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	<b>238</b>	195
<b>Fees payable to the Group's auditor in respect of:</b>		
The audit of the Company's subsidiaries, pursuant to legislation	<b>48</b>	74
All other services	<b>14</b>	–
	<b>62</b>	74

**7 Employees**

Staff costs were as follows:

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Wages and salaries	<b>53,625</b>	53,286	<b>45,852</b>	45,556
Social security costs	<b>2,737</b>	2,595	<b>2,102</b>	1,850
Other pension costs - defined contribution pension schemes	<b>2,457</b>	2,824	<b>2,220</b>	2,519
	<b>58,819</b>	58,705	<b>50,174</b>	49,925

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

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>Number</b>	Number	<b>Number</b>	Number
Marine	<b>235</b>	225	<b>235</b>	225
Operation support	<b>263</b>	267	<b>174</b>	169
Sales and administration	<b>56</b>	70	<b>46</b>	56
	<b>554</b>	562	<b>455</b>	450

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**8 Directors' remuneration**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Aggregate directors' remuneration	<b>1,046</b>	1,712
Company contributions to money purchase schemes	<b>65</b>	66
Amounts paid to third parties in respect of directors' services	<b>774</b>	607
	<b>1,885</b>	2,385

The highest paid director received remuneration of \$500,000 (2021: \$650,901) during the year.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$45,000 (2021: \$50,595).

During the year retirement benefits were accruing to one director (2021: five directors) in respect of money purchase schemes.

Costs relating to two directors are borne by a parent company.

**9 Exceptional items**

Exceptional items incurred during 2022 were strategic project related. Exceptional items during 2021 were incurred due to Covid-19.

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Exceptional items	<b>9,157</b>	43,308

**10 Interest receivable and similar income**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Other interest receivable	<b>69</b>	514

**11 Interest payable and similar expenses**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Finance charges in respect of finance leases and hire purchase	<b>1,917</b>	158
Other interest payable	<b>776</b>	187
Exchange loss	<b>4,763</b>	861
	<b>7,456</b>	1,206

**12 Other finance income**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Net interest on net defined benefit assets	<b>360</b>	194

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**13 Tax on loss**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
<b>Corporation tax</b>		
Current tax on losses for the financial year	14	17
Adjustments in respect of prior years	(59)	–
	<b>(45)</b>	17
<b>Foreign tax</b>		
Overseas current taxation	1,165	106
<b>Total current tax</b>	<b>1,120</b>	123
<b>Deferred tax</b>		
Overseas deferred taxation	(837)	(302)
<b>Total deferred tax</b>	<b>(837)</b>	(302)
<b>Total tax</b>	<b>283</b>	(179)

On 24 December 2020, the Group renewed its election into the UK Tonnage Tax regime for a period of 10 years. This regime calculates tax payable on qualifying shipping activities in accordance with the net tonnage of qualifying ships, rather than the adjustment of commercial profits.

**Factors affecting the tax charge/(credit) for the year**

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

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Loss before taxation	<b>(42,673)</b>	(59,127)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>(8,108)</b>	(11,234)
<b>Effects of:</b>		
Share of JV & Associate profit already subject to tax	<b>(287)</b>	(1,105)
Gains under tonnage tax scheme	<b>3,341</b>	3,759
Deferred tax charge on undistributed overseas profits	<b>(57)</b>	(302)
Losses arising in the year not relievable against current tax or recognisable as a deferred asset	<b>5,453</b>	8,703
Adjustments in respect of prior years	<b>(59)</b>	–
<b>Total tax charge/(credit) for the financial year</b>	<b>283</b>	(179)

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**13 Tax on loss (continued)**

**Factors that may affect future tax charges**

The Group's overseas tax rates are higher than those in the UK primarily because profits earned in Germany are taxed at a rate in excess of 20%. There is no indication that these rates are likely to change in the near future.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2022, with royal assent received on 10 June 2022). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

**14 Intangible assets**

**Group**

	Trade name \$000	Goodwill \$000	Negative goodwill \$000	Total \$000
<b>Cost</b>				
At 1 January 2022	690	13,841	(932)	13,599
Disposals	–	(13,597)	–	(13,597)
<b>At 31 December 2022</b>	<b>690</b>	<b>244</b>	<b>(932)</b>	<b>2</b>
<b>Accumulated amortisation</b>				
At 1 January 2022	414	5,695	(601)	5,508
Charge for the year	69	1,157	(81)	1,145
Disposals	–	(6,686)	–	(6,686)
Exchange revaluation	–	11	–	11
<b>At 31 December 2022</b>	<b>483</b>	<b>177</b>	<b>(682)</b>	<b>(22)</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>207</b>	<b>67</b>	<b>(250)</b>	<b>24</b>
At 31 December 2021	276	8,146	(331)	8,091

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**14 Intangible assets (continued)**

**Company**

	<b>Goodwill</b>
	<b>\$000</b>
<b>Cost</b>	
At 1 January 2022	13,597
Disposals	(13,597)
<b>At 31 December 2022</b>	<b>–</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	5,550
Charge for the year	1,136
Disposals	(6,686)
<b>At 31 December 2022</b>	<b>–</b>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>–</b>
At 31 December 2021	8,047

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**15 Tangible assets**

**Group**

	Land and buildings short leasehold \$000	Plant and motor vehicles \$000	Cable-ships and submersibles \$000	Assets under construction \$000	Total \$000
<b>Cost</b>					
At 1 January 2022	17,462	22,084	408,145	12,694	460,385
Additions	12	73	17,928	36,275	54,288
Disposals	–	(3,742)	(107,739)	(231)	(111,712)
Reclassification assets under construction	27	7,952	33,629	(41,608)	–
Exchange revaluation	49	(3,019)	(5,019)	237	(7,752)
Other adjustments	–	–	(407)	–	(407)
<b>At 31 December 2022</b>	<b>17,550</b>	<b>23,348</b>	<b>346,537</b>	<b>7,367</b>	<b>394,802</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	12,379	11,267	215,074	–	238,720
Charge for the year	735	2,036	28,136	–	30,907
Disposals	–	(291)	(36,573)	–	(36,864)
Exchange revaluation	(4)	(2,366)	(100)	–	(2,470)
<b>At 31 December 2022</b>	<b>13,110</b>	<b>10,646</b>	<b>206,537</b>	<b>–</b>	<b>230,293</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>4,440</b>	<b>12,702</b>	<b>140,000</b>	<b>7,367</b>	<b>164,509</b>
At 31 December 2021	5,083	10,817	193,071	12,694	221,665

Included in the total net book value of cable-ships and submersibles of the Group is \$50,683,000 (2021: \$43,307,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the Group for the year on these assets was \$7,857,000 (2021: \$3,801,000).

Depreciation relating to the re-valued part of the asset is transferred from the revaluation reserve to the profit and loss account as a realised movement on reserves. In 2022 the depreciation realised on re-valued assets for the Group was \$2,305,000 (2021: \$3,931,000).

The Group revaluation reserve balance at the end of the year is \$13,973,000 (2021: \$16,278,000).

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**15 Tangible assets (continued)**

**Company**

	Land and buildings short leasehold \$000	Plant and motor vehicles \$000	Cable-ships and submersibles \$000	Assets under construction \$000	Total \$000
<b>Cost</b>					
At 1 January 2022	17,374	21,356	243,939	12,522	295,191
Additions	–	–	17,500	33,332	50,832
Disposals	–	(3,742)	(102,185)	(231)	(106,158)
Reclassification assets under construction	27	7,952	31,341	(39,320)	–
<b>At 31 December 2022</b>	<b>17,401</b>	<b>25,566</b>	<b>190,595</b>	<b>6,303</b>	<b>239,865</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	12,332	10,290	107,886	–	130,508
Charge for the year	702	1,875	19,868	–	22,445
Disposals	–	(291)	(30,454)	–	(30,745)
<b>At 31 December 2022</b>	<b>13,034</b>	<b>11,874</b>	<b>97,300</b>	<b>–</b>	<b>122,208</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>4,367</b>	<b>13,692</b>	<b>93,295</b>	<b>6,303</b>	<b>117,657</b>
At 31 December 2021	5,042	11,066	136,053	12,522	164,683

Included in the total net book value of cable-ships and submersibles of the Company is \$50,683,000 (2021: \$43,307,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the Company for the year on these assets was \$7,857,000 (2021: \$3,801,000).

Depreciation relating to the re-valued part of the asset is transferred from the revaluation reserve to the profit and loss account as a realised movement on reserves. In 2022 the depreciation realised on re-valued assets for the Company was \$2,388,000 (2021: \$2,385,000).

The Company revaluation reserve balance at the end of the year is \$195,000 (2021: \$2,583,000).

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**16 Investments**

**Group**

	Investments in joint ventures \$000	Investments in associates \$000	Other investments \$000	Total \$000
<b>Cost or valuation</b>				
At 1 January 2022	7,073	40,457	1,167	48,697
Exchange revaluation	1,501	(3,439)	–	(1,938)
Dividends received	(3,761)	(900)	–	(4,661)
Share of profit	2,204	1,026	–	3,230
Disposal	(401)	–	–	(401)
<b>At 31 December 2022</b>	<b>6,616</b>	<b>37,144</b>	<b>1,167</b>	<b>44,927</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>6,616</b>	<b>37,144</b>	<b>1,167</b>	<b>44,927</b>
At 31 December 2021	7,073	40,457	1,167	48,697

Other investments are stated at cost less any provision for impairment.

**Company**

	Investments in subsidiary companies \$000	Investments in joint ventures \$000	Investments in associates \$000	Loans to subsidiaries \$000	Other investments \$000	Total \$000
<b>Cost</b>						
At 1 January 2022	21,750	495	21,535	36,767	1,167	81,714
Transfers	–	–	–	1,508	–	1,508
<b>At 31 December 2022</b>	<b>21,750</b>	<b>495</b>	<b>21,535</b>	<b>38,275</b>	<b>1,167</b>	<b>83,222</b>
<b>Accumulated impairment</b>						
At 1 January 2022	21,678	345	–	13,009	–	35,032
Charge for the year	–	–	–	25,239	–	25,239
<b>At 31 December 2022</b>	<b>21,678</b>	<b>345</b>	<b>–</b>	<b>38,248</b>	<b>–</b>	<b>60,271</b>
<b>Net book value</b>						
<b>At 31 December 2022</b>	<b>72</b>	<b>150</b>	<b>21,535</b>	<b>27</b>	<b>1,167</b>	<b>22,951</b>
At 31 December 2021	72	150	21,535	23,758	1,167	46,682

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**16 Investments (continued)**

In the opinion of the directors the investments in, and amounts due from, the Company's subsidiary undertakings, associates and joint ventures are of a value of at least the amounts at which they are stated in the Balance Sheet.

Other investments are stated at cost less any provision for impairment.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Global Marine Systems (Americas) Inc	425 Boylston Street, 3111 Floor, Boston, MA 02116, USA	Dormant holding company	Ordinary	100 %
Global Marine Cable Systems Pte Limited*	80 Raffles Place, 32-01 UOB Plaza, Singapore. 048624	Submarine telecommunications	Ordinary	100 %
Vibro-Einspultechnik Duker und Wasserbau GmbH	c/o Avocado, Rechtsanwälte, Schillerstraße 20, 60313 Frankfurt am Main, Germany	Holding company	Ordinary	100 %
Global Marine Systems (Depots) Limited	Suite 2600, Three Bentall Centre, PO Box 49314, 595 Burrard St. Vancouver, British Columbia, V7X 1L3, Canada	Cable storage	Ordinary	100 %
Global Marine Systems (Guernsey) Limited	Frances House, Sir William Place, ST Peter Port, Guernsey, GY1 4EA	Fleet manning	Ordinary	100 %
Global Marine Systems Pension Trustee Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD, England	Pension	Ordinary	100 %
Global Marine Systems (Bermuda) Limited	Canons Court, 22 Victoria Street, Hamilton HM12, Bermuda	Depot services	Ordinary	100 %
Global Marine Systems (Investments) Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Dormant holding company	Ordinary	100 %
Global Marine Systems (Vessels II) Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Dormant	Ordinary	100 %
Red Sky Subsea Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Dormant	Ordinary	100 %

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**16 Investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Global Marine Systems (Vessels) Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD, England	Barecon charter agreements	Ordinary	100 %
Global Marine Search Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD, England	Dormant	Ordinary	100 %
CWind Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD, England	Offshore wind and energy services	Ordinary	100 %
CWind 247 GmbH*	c/o Avocado, Rechtsanwälte, Schillerstraße 20, 60313 Frankfurt am Main, Germany	Offshore wind and energy services	Ordinary	100 %
CWind Taiwan Co., Ltd*	17F No 270 Sec. 4, Zhongxiao E. Rd, Da An Dist, Taipei City, 10694, Taiwan	Offshore wind farm training	Ordinary	51 %
Global Marine Systems (Netherlands) BV	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Dormant	Ordinary	100 %
Global Marine Systems Oil & Gas Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Dormant	Ordinary	100 %
GMSL Employee Benefit Trust Limited	Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, CM2 5PD,	Trust	Ordinary	100 %

\* Indirectly held

On 30 June 2023, the Group divested its entire investment in CWind Taiwan Co., Ltd.

All subsidiaries companies are included in the consolidated group numbers.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**16 Investments (continued)**

**Joint venture**

The following were associates of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Sembawang Cable Depot Pte limited	375 Tanjong Katong Road Tanjong Katong Telephone Exchange, Singapore 437132	Cable storage	Ordinary	40 %
International Cables Pte Limited	375 Tanjong Katong Road Tanjong Katong Telephone Exchange, Singapore 437132	Ship operator	Ordinary	30 %

**Associates**

The following were joint ventures of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
Sino British Submarine Systems Co Ltd	295 Tonghai Road, Minhang District, Shanghai Legal, China	Submarine telecommunications	49 %
Shanghai Jian Long*	Room 0278, Building 2, No. 1500, LongWu Road, Shanghai, China	Submarine telecommunications	39.2 %
Taiwan International Windpower Training Corporation**	100 Zhugang Road, Wuqi District, Taichung, 45341, Taiwan	Offshore wind farm training	10.2 %
Flexservice Offshore	295 Tonghai Road, Minhang District, Shanghai Legal, China	Submarine telecommunications	49 %

Class of shares for all the associates is ordinary.

\*Shanghai Jian Long is 80% owned by Sino British Submarine Systems Co Ltd; therefore the Company effectively owns 39.2% of Shanghai Jian Long.

\*\*Taiwan International Windpower Training Corporation is 20% owned by Cwind Taiwan; therefore the Company effectively owns 10.2% of Taiwan International Windpower Training Corporation.

All shares that are held by the Group are held by the parent Company unless otherwise stated. There are no special rights or constraints attached to these shares.

**17 Stocks**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Raw materials and consumables	13,211	11,935	11,626	9,350
Work in progress	201	138	201	138
	<b>13,412</b>	<b>12,073</b>	<b>11,827</b>	<b>9,488</b>

An impairment loss of \$Nil (2021: \$Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**18 Debtors**

	<b>Group</b>	As restated Group	<b>Company</b>	As restated Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Trade debtors	39,432	30,447	34,695	26,714
Amounts owed by group undertakings				
Subsidiary undertakings	3,983	–	30,058	41,992
Amounts owed by joint ventures and associated undertakings	266	–	–	–
Value added tax	–	1,185	–	1,027
Other debtors	1,676	5,063	209	4,684
Tax recoverable	–	701	6	–
Deferred taxation (see note 23)	591	–	302	302
Prepayments and accrued income	19,618	31,470	17,017	27,562
	<b>65,566</b>	68,866	<b>82,287</b>	102,281

The amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

The impairment loss included in the Consolidated Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was \$241,000 (2021: \$150,000) and Company Statement of Comprehensive Income was \$203,000 (2021: \$186,000).

The balance of Group bad and doubtful trade debtors at 31 December 2022 was \$254,000 (2021: \$1,207,000) and Company bad and doubtful trade debtors was \$218,000 (2021: \$1,129,000).

**19 Cash at bank and in hand**

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Cash at bank and in hand	20,253	18,977	16,660	15,100

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**20 Creditors: amounts falling due within one year**

	As restated		As restated	
	Group	Group	Company	Company
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Obligations under loans	1,047	446	–	–
Trade creditors	37,165	54,015	35,045	47,480
Amounts owed to group undertakings				
- Subsidiary undertakings	–	–	10,377	10,199
- Parent company	64,500	86,992	67,770	94,826
- Immediate parent company	665	665	665	665
Corporation tax	50	–	–	81
Other taxation and social security	3,723	3,262	2,414	1,158
Net obligations under finance leases and hire purchase contracts (see note 22)	10,222	9,317	10,222	9,317
Accruals	51,016	43,873	43,792	37,430
Deferred income	12,624	10,884	12,624	10,877
	<b>181,012</b>	<b>209,454</b>	<b>182,909</b>	<b>212,033</b>

The amounts owed to parent undertakings are unsecured, non-interest bearing and are repayable on demand.

**21 Creditors: amounts falling due after more than one year**

	Group		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Net obligations under finance leases and hire purchase contracts (see note 22)	29,996	27,496	29,996	27,496

**22 Hire purchase and finance leases**

	Group		Company	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Within one year	10,222	9,317	10,222	9,317
Between 1 - 5 years	26,886	23,749	26,886	23,749
Over 5 years	3,110	3,747	3,110	3,747
	<b>40,218</b>	<b>36,813</b>	<b>40,218</b>	<b>36,813</b>

The finance leases and hire purchase contracts are secured on the assets to which they relate and bear a weighted average interest rate of approximately 5.8% (2021: 5.8%).

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**23 Deferred taxation**

Since January 2001, the Group has reported under the UK Tonnage Tax regime. This regime calculates tax payable on qualifying shipping activities in accordance with the net tonnage of qualifying ships, rather than the adjustment of commercial profits.

**Group**

	<b>2022</b>
	<b>\$000</b>
At beginning of year	(246)
Credited to profit or loss	837
At end of year	<b>591</b>

**Company**

	<b>2022</b>
	<b>\$000</b>
At beginning of year	302
Credited to profit or loss	–
At end of year	<b>302</b>

The deferred taxation balance is made up as follows:

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Foreign tax on undistributed reserves of group foreign entities	<b>591</b>	(246)	<b>302</b>	302

Unrecognised deferred tax assets/(liabilities) during the year is as follows:

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Re-valued assets	(196)	(646)	(196)	(646)
Pension liability	(3,017)	(4,802)	(3,017)	(4,802)
Tax losses available	<b>71,064</b>	66,350	<b>66,804</b>	60,504
	<b>67,851</b>	60,902	<b>63,591</b>	55,056

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**23 Deferred taxation (continued)**

The majority of the Group's assets are tonnage tax assets, which do not qualify for capital allowances or capital gains allowable in the periods in which the Group is within the tonnage tax regime. Deferred tax liabilities in respect of these assets have not been provided on the basis that the Group intends to remain in the tonnage tax regime for the foreseeable future and has no current plans to make further disposals of tonnage tax assets. The next renewal date to elect to remain in the UK Tonnage tax regime is 27 November 2030.

An unrecognised deferred tax asset arises in relation to tax losses on the non-tonnage tax business and the CWind entity. These deferred tax assets have not been recognised on the basis that there is insufficient evidence of taxable profits arising in the future. The deferred tax asset will be recognised if sufficient profits are generated in the future to enable the asset to become recoverable.

**24 Called up share capital**

	2022	2021
	\$000	\$000
<b>Allotted, called up and fully paid</b>		
27,000,001 (2021: 27,000,000) A Ordinary shares of £1(2021: £1) each	39,974	39,974
2,999,999 (2021: 2,999,999) B Ordinary shares of £0.01(2021: £0.01) each	44	44
	<b>40,018</b>	<b>40,018</b>

The A and B ordinary shares rank equally for any dividend declared. On a return of assets (whether in a winding-up, reduction of capital or otherwise) the remaining assets will be distributed amongst the A and B shares in proportion to the number of shares held, without reference to the nominal value or amount paid up on the shares. Ordinary class B shares do not convey any voting rights.

**25 Reserves**

**Share premium account**

The share premium account represents amounts raised on the initial allotment of share capital in excess of the nominal value of shares issued, less any costs directly attributable to the issue of that share capital.

**Revaluation reserve**

The revaluation reserve represents the historic revaluations upward on vessels and submersibles above their net book value.

**Capital contribution reserve**

The capital contribution reserve relates to assets assumed by the Global Marine Systems Limited following contributions by a parent company.

**Profit and loss account**

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 26 Pension commitments

##### Group

The Group has established a number of pension schemes and contribute to other pension schemes around the world covering many of its employees. The principal funds are those in the UK comprising The Global Marine Systems Pension Plan, The Global Marine Personal Pension Plan (established in 2008), and Global Marine Systems (Guernsey) Pension Plan. A number of employees are members of the Merchant Navy Officers Pension Fund, a centralised defined benefit scheme to which the Group contributes.

The Global Marine Systems Pension Plan, the Global Marine Systems (Guernsey) Pension Plan and the Merchant Navy Officers Pension Fund are funded schemes of the defined benefit type with assets held in separate trustee administered funds. However as the Global Marine Systems (Guernsey) Pension Plan, which operates both a Career Average Re-valued Earnings ("CARE") defined benefit section and a defined contribution section is small with few members, the scheme is accounted for as defined contribution type scheme. The Global Marine Personal Pension Plan is predominantly of the money purchase type.

The Global Marine Systems Pension Plan was a hybrid, exempt approved, occupation pension scheme for the majority of staff, which provides pension and death in service benefits. The defined benefit section of the Plan provided final salary benefits up to 31 December 2003 and CARE benefits from 1 January 2004. In 2008 the defined contribution section was closed to new contribution members were transferred to a Contracted in Money Purchase Scheme ("CIMP") set up by the Group. These funds were held on behalf of the defined contribution members and were all transferred to the Global Marine Personal Pension plan of each member on or before 30 June 2009. From 31 August 2006 the defined benefit section of the Scheme closed to future accrual and active members were offered membership of the existing defined contribution section (with some enhanced benefits).

##### **Pension scheme valuations and contributions payable**

##### Global Marine Systems Pension Plan - Defined Benefit Section

The Company participates in a defined benefit pension scheme called the Global Marine Systems Pension Plan (the Plan). The Plan is a multi-employer plan and the Company is responsible for the majority of the liabilities and the details provided below are in respect of the whole Plan.

The level of benefits provided by the Plan depends on a member's length of service and their salary while they were earning benefits. The Plan closed to future accrual of benefits on 31 August 2006. The assets of the Plan are held separately to the Company in a trustee-administered fund. The funding policy is for the Plan to hold assets equal to the present value of the benefits due from the Plan, based on a set of assumptions used for funding the Plan, which are agreed between the Company and the Trustee of the Plan. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding policy, then the Company and Trustee agree deficit contributions to meet this deficit over an agreed period.

The results of the formal actuarial valuation of the Plan as at 31 December 2019 were updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made, and changes in market conditions.

Deficit contributions to the Plan over 2023 are expected to be \$Nil.

There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover any deficit that arises.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 26 Pension commitments (continued)

##### Global Marine Personal Pension Plan

This is a defined contribution pension scheme and is contributory from the employee; the rate of contributions is split as follows:

- ex CARE employees contributing between 2.5% and 7.5% and the employer contributing at a matching rate plus an additional 5% fixed contributions; and
- defined contribution employees contributing between 2% and 7.5% and the employer contributing at a matching rate.

##### Merchant Navy Officers Pension Fund

The Company participates in a defined benefit pension scheme called the Merchant Navy Officers Pension Fund ("the Fund"). The Fund is a multi-employer fund and the Company is responsible for a specified proportion of the liabilities and the details provided below are in respect of the that proportion of the Fund.

The level of benefits provided by the Fund depends on a member's length of service and their salary while they were earning benefits. The assets of the Fund are held separately to the Company in a trustee administered fund. The funding policy is for the Fund to hold assets equal to the present value of the benefits due from the Fund, based on a set of assumptions used for funding the Fund, which are agreed with the Trustee of the Fund. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding policy, then deficit contributions are agreed to meet this deficit over an agreed period.

The results of the formal actuarial valuation of the Fund as at 31 March 2021 were approximately updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made, and changes in market conditions.

Deficit contributions to the Fund over 2023 are expected to be \$Nil.

There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover any deficit that arises.

##### Global Marine Systems (Guernsey) Pension Plan

The defined benefit section of the Guernsey Scheme is contributory, with employees contributing between 5% and 8% (depending on their age), the employer ceased contributing after July 2004. The defined contribution section is also contributory, with employees contributing between 2% and 7.5% (depending on their age and individual choice) and the employer contributing at a matching rate.

The defined benefit section of the Guernsey Scheme is funded by the payment of contributions determined with the advice of qualified independent actuaries on the basis of triennial valuations using the projected unit method.

An actuarial valuation was conducted as of December 31 2019. The principal actuarial assumptions used by the actuary were - inflation linked to the "break-even" RPI curve, pension increases consistent with inflation assumptions and investment returns of the gilt yield curve plus 2.0% from 31 December 2019, then 1.0% p.a. for the next 5 years and then 0.5% p.a. thereafter.

# GLOBAL MARINE SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 26 Pension commitments (continued)

At the valuation date the market value of the assets amounted to £2,383,000. The results show a past service shortfall of £756,000 corresponding to a funding level of 76%.

Following the actuarial valuation as at December 31, 2019, contributions were as follows:

- £121,000 by 31 December 2020.
- £121,000 by 31 December 2021.
- £268,000 by 31 December 2023.
- £134,000 by 31 December 2024.
- A final payment of £122,833 is due by 30 November 2025.

Collectively hereafter, the defined benefit plans will be referred to as the "Plans".

#### Global Marine Systems Pension Plan - Defined Benefit Section

The Group sponsors a funded defined benefit pension plan, the Global Marine Systems Pension Plan ('the Plan'). The Plan is a multi-employer scheme and the Group is responsible for the Plan liabilities. The disclosures below are in respect of the whole Plan.

The level of benefits provided by the Plan depends on a member's length of service and their salary. The Plan closed to future accrual (but members retain their entitlement to death-in-service and ill-health benefits) on 31 August 2006.

During 2018, a further agreement was reached between the Company and the Trustees documented in a "Side Letter" whereby the regular deficit repair contributions that were deferred to December 2017, would be deferred and paid over three years in instalments from 2019 as detailed above. This deferral is on the basis that the Company required cash for further investing and has provided security over assets for this deferment period. The deferral was supported by an independent report documenting the forecast improvement from acquiring the Fugro trenching business unit. The Company has commenced regular contributions from January 2018.

The last funding valuation of the Plan was carried out by a qualified actuary as at 31 December 2019. Additional amounts might also be payable in respect of any profits or dividend distributions made by the Company as per the Recovery Plan, however this (if any) amount is not yet known.

The results of the latest funding valuation at 31 December 2019 have been adjusted to the Statement of Financial Position date taking account of experience over the period, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2022</b>	2021
	%	%
Discount rate	<b>4.80</b>	1.90 %
Rate of increase in salaries*	<b>N/A</b>	N/A
Rate of increase in pensions in payment**	<b>3.20</b>	3.30 %
Rate of increase in deferred pensions**	–	2.60 %
Inflation assumption - RPI	<b>3.30</b>	3.40 %
Inflation assumption - CPI	<b>2.60</b>	2.60 %
Mortality assumption***	<b>See below</b>	See below

\* it is not necessary to make an assumption about salary increases as the Plan changed to a CARE arrangement with effect from 1 January 2004.

\*\* The pension increase assumption is that for benefits increasing with RPI limited to 5% per annum, to which the majority of the Plan's liabilities relate.

\*\*\* The mortality assumptions are based on standard mortality tables for onshore members and heavy tables for offshore members both of which allow for expected future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26.2 years if they are male, and for a further 27.5 years if they are female. For a member who retires in 2037 at age 60 the assumptions are that they will live on average for a further 27.0 years after retirement if they are male and for a further 29.5 years after retirement if they are female.

Reconciliation of present value of plan liabilities:

	<b>2022</b>	2021
	\$000	\$000
At the beginning of the year	<b>(218,257)</b>	(231,321)
Interest cost	<b>(3,663)</b>	(3,214)
Actuarial (losses)/gains	<b>(5,368)</b>	5,835
Benefits paid	<b>5,994</b>	7,949
Exchange adjustment	<b>23,835</b>	2,494
Changes in financial assumptions gain	<b>67,416</b>	–
Changes in demographic assumptions loss	<b>(1,310)</b>	–
<b>At the end of the year</b>	<b>(131,353)</b>	(218,257)

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

Reconciliation of present value of plan assets:

	<b>2022</b>	2021
	<b>\$000</b>	\$000
At the beginning of the year	<b>243,043</b>	244,599
Interest income	<b>4,085</b>	3,402
Actuarial (losses)/gains	<b>(71,361)</b>	5,450
Benefits paid	<b>(5,994)</b>	(7,949)
Exchange adjustment	<b>(26,075)</b>	(2,459)
<b>At the end of the year</b>	<b>143,698</b>	243,043

Composition of plan assets:

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Equities	<b>9,944</b>	38,396
Liability hedging assets	<b>56,265</b>	91,884
Hedge funds	<b>6,928</b>	51,124
Corporate Bonds	<b>50,840</b>	39,400
Property	<b>15,847</b>	20,025
Other	<b>3,874</b>	2,214
<b>Total plan assets</b>	<b>143,698</b>	243,043

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Fair value of plan assets	<b>143,698</b>	243,043
Present value of plan liabilities	<b>(131,353)</b>	(218,257)
<b>Net pension scheme assets</b>	<b>12,345</b>	24,786

None of the plan assets are invested in the Company's financial instruments or in property occupied by, or other assets used by, the Company.

As a result of the Company operating the Tonnage Tax regime corporation tax is not related to the movement in profit or losses. Consequently, no deferred tax asset arises on the pension scheme asset.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

Amounts recognised in Income Statement.

	2022	2021
	\$000	\$000
<i>Financing cost/(income):</i>		
Interest on net defined benefit asset	368	(188)
<b>Pension expense/(income) recognised in profit and loss</b>	<b>368</b>	<b>(188)</b>

Amounts recognised in Other Comprehensive Income (OCI).

	2022	2021
	\$000	\$000
Asset (losses)/gains arising during the year	(71,361)	5,450
Liability (losses)/gains arising during the year	(5,368)	5,835
Changes in financial assumptions gain	67,416	–
Changes in demographic assumptions loss	(1,310)	–
<b>Total amount recognised in OCI</b>	<b>(10,623)</b>	<b>11,285</b>

	2022	2021
	\$000	\$000
Interest income on plan assets	4,085	3,402
(Loss)/gain on plan assets	(71,361)	5,450
<b>Actual return on plan assets</b>	<b>(67,276)</b>	<b>8,852</b>

Merchant Navy Officers Pension Fund

The Company sponsors a funded defined benefit pension plan, the Merchant Navy Officers Pension Fund ('the Plan'). The Plan is a multi-employer scheme and the Company is responsible for only a small part of the overall liabilities. The disclosures below are in respect of the Company's share of the Plan.

The level of benefits provided by the Plan depends on a member's length of service and their average revalued salary.

The last funding valuation of the Plan was carried out by a qualified actuary as at 31 March 2018. Since the plan is now closed to future accrual and no deficit contributions are required to be paid under the current recovery plan, there are no contributions expected in 2020.

The results of the latest funding valuation at 31 March 2018 have been adjusted to the Statement of Financial Position date taking account of experience over the period, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

The principal assumptions used by the independence qualified actuaries to calculate the liabilities under FRS 102 are set out below.

	<b>2022</b>	2021
	%	%
Discount rate	<b>4.80</b>	1.90
Rate of increase in salaries	<b>N/A</b>	N/A
Rate of increase in pensions in payment*	<b>3.20</b>	3.30
Inflation assumption - RPI	<b>3.30</b>	3.40
Inflation assumption - CPI	<b>2.60</b>	2.60
Mortality assumption***	<b>See below</b>	See below

\*The pension increase assumption is that for benefits increasing with RPI limited to 5% per annum, to which the majority of the plan's liabilities relate.

\*\*The mortality assumptions are based on heavy mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26.2 years if they are male, and for a further 27.5 years if they are female. For a member who retires in 2037 at age 60 the assumptions are that they will live on average for a further 27.0 years after retirement if they are male and for a further 29.5 years after retirement if they are female.

Composition of plan assets:

	<b>2022</b>	2021
	\$000	\$000
Equities	<b>168</b>	269
Liability hedging assets	<b>236</b>	2,011
Hedge funds	<b>1,259</b>	339
Corporate Bonds	<b>327</b>	707
Property	<b>92</b>	312
<b>Total plan assets</b>	<b>2,082</b>	3,638

	<b>2022</b>	2021
	\$000	\$000
Fair value of plan assets	<b>2,082</b>	3,638
Present value of plan liabilities	<b>(1,919)</b>	(3,150)
<b>Net pension asset</b>	<b>163</b>	488

None of the plan assets are invested in the Company's financial instruments or in property occupied by, or other assets used by, the Company.

As a result of the Company operating the Tonnage Tax regime corporation tax is not related to the movement in profit or losses. Consequently, no deferred tax asset arises on the pension scheme asset.

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

Amounts recognised in Income Statement.

	<b>2022</b>	2021
	<b>\$000</b>	\$000
<i>Operating cost:</i>		
Administration expenses	6	7
<i>Financing income:</i>		
Interest on net defined benefit asset	(8)	(6)
<b>Pension (income)/expense recognised in profit and loss</b>	<b>(2)</b>	<b>1</b>

Amounts recognised in Other Comprehensive Income (OCI).

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Asset losses arising during the year	(1,062)	(53)
Liability gains arising during the year	–	104
Changes in financial assumptions gain	784	–
Changes in demographic assumptions gain	4	–
<b>Total amount recognised in OCI</b>	<b>(274)</b>	<b>51</b>

Changes to the present value of the defined benefit obligations during the year.

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Opening defined benefit obligation (DBO)	(3,150)	(3,425)
Interest expense on DBO	(52)	(47)
Actuarial gains on liabilities	–	104
Net benefits paid out	157	180
Exchange adjustment	338	38
Changes in financial assumptions gain	784	–
Changes in demographic assumptions gain	4	–
<b>Closing defined benefit obligation</b>	<b>(1,919)</b>	<b>(3,150)</b>

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**26 Pension commitments (continued)**

**Changes to the fair value of plan assets during the year**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Opening fair value of plan assets	<b>3,638</b>	3,867
Interest income on plan assets	<b>60</b>	53
Losses on plan assets	<b>(1,062)</b>	(53)
Net benefits paid out	<b>(157)</b>	(180)
Administration costs incurred	<b>(6)</b>	(7)
Exchange adjustment	<b>(391)</b>	(42)
<b>Closing fair value of plan assets</b>	<b>2,082</b>	3,638

**Actual return on plan assets**

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Interest income on plan assets	<b>60</b>	53
Losses on plan assets	<b>(1,062)</b>	(53)
<b>Actual return on plan assets</b>	<b>(1,002)</b>	–

**Defined contribution pension scheme costs**

Group contributions to the defined contribution type pension schemes including overseas pension arrangements are:

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Global Marine Personal Pension Plan	<b>731</b>	1,396
Global Marine Systems (Guernsey) Pension Plan	<b>882</b>	1,123
CWind Personal Pension Plan	<b>169</b>	289
Offshore Personal Pension Plan	<b>8</b>	16
	<b>1,790</b>	2,824

At 31 December 2022 contributions of \$229,000 were due to be payable to the pension schemes (2021: \$226,000).

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**27 Commitments under operating leases**

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

	Group 2022 \$000	Group 2021 \$000	Company 2022 \$000	Company 2021 \$000
Not later than 1 year	2,197	13,396	1,540	12,788
Later than 1 year and not later than 5 years	5,700	8,889	5,022	7,294
Later than 5 years	3,552	3,627	3,552	3,627
	<b>11,449</b>	<b>25,912</b>	<b>10,114</b>	<b>23,709</b>

Commitments under operating leases includes commitment for land and buildings and others.

**28 Related party transactions**

Detail of transactions with the Group during the year and balances outstanding at the year-end are given in respect of the associated undertakings and joint ventures.

Year end 31 December 2022	International Cables Pte Limited \$000	Sino British Submarine Systems Co Ltd \$000	Semba- wang Cable Depot Pte Limited \$000	Flex-service Offshore (HK) \$000	Total \$000
<b>Profit and loss account</b>					
Turnover	–	832	–	–	832
Operating costs	–	(2,599)	–	(1,749)	(4,348)
Dividend received	(3,478)	(900)	(283)	–	(4,661)
<b>Balance Sheet</b>					
<b>Debtors</b>					
Amount owed by joint venture and associate undertakings	–	472	–	–	472
<b>Creditors: amount falling due within one year</b>					
Obligations under finance leases	(14,485)	–	–	–	(14,485)
Amount owed to joint venture and associate undertakings	–	(413)	–	(611)	(1,024)

**GLOBAL MARINE SYSTEMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**28 Related party transactions (continued)**

Year end 31 December 2021	International Cables Pte Limited	Sino British Submarine Systems Co Ltd	Semba- wang Cable Depot Pte Limited	Flex-service Offshore (HK)	Total
	\$000	\$000	\$000	\$000	\$000
<b>Profit and loss account</b>					
Turnover	–	1,570	–	–	1,570
Operating costs	–	(2,006)	–	(3,449)	(5,455)
Dividend received	(2,228)	(380)	(421)	–	(3,029)
<b>Balance Sheet</b>					
<b>Debtors</b>					
Amount owed by joint venture and associate undertakings	–	1,547	–	–	1,547
<b>Creditors: amount falling due within one year</b>					
Obligations under finance leases	(21,141)	–	–	–	(21,141)
Amount owed to joint venture and associate undertakings	–	(2,129)	–	(526)	(2,655)

Key management personnel include a number of directors and senior managers across the Group who form part of the internal leadership team. Together they have the authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was \$3,168,000 (2021: \$4,891,000).

During the year the Group made contributions of \$Nil (2021: \$Nil) to the Group post employment benefit plan.

The CWind Phantom was chartered during the year to International Ocean Consultant Co. Ltd, a Joint venture partner of CWind Taiwan. Amounts receivable in the year amounted to \$73,000 (2021: \$125,000). The amount receivable at the Balance Sheet date was \$7,000 (2021: \$10,000).

The balance owed by CWind Taiwan Ltd at the Balance Sheet date was \$230,000 (2021: \$253,000).

# **GLOBAL MARINE SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

#### **29 Ultimate parent undertaking and controlling party**

The Company's immediate parent company is Global Marine Holdings Limited, incorporated in England and Wales.

At the Balance Sheet date the ultimate controlling party was JFL Equity investors V, L.P., registered in the United States of America.

JFL-GMG Holdings, Ltd, a company incorporated in the England and Wales, was the parent of the largest group to consolidate these financial statements as at 31 December 2022. The smallest group in which the results of the Company are consolidated is Global Marine Holdings Limited.

Copies of the consolidated financial statements of Global Marine Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Copies of the consolidated financial statements of JFL-GMG Holdings, Ltd, are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

#### **30 Prior year restatement**

During the year, the Group successfully divested its Global Offshore business, comprising of the Global Symphony vessel and related subsea assets, as part of its wider strategic objectives to focus on its core activities. Correspondingly, the Global Offshore business has been classified as a discontinued operation within these financial statements and the prior year restated accordingly.

In preparing the financial statements for the year ended 31 December 2022, a provision for contractual adjustments made on projects in 2021 within the Global Offshore business was settled in 2022. This has been adjusted by way of a prior year restatement. The impact on the Group's reported loss for the year ended 31 December 2021 is a reduction in loss of \$5.2m, shown in discontinued operations. The impact on Group net assets at 31 December 2021 is an increase of \$5.2m. There is no impact upon opening reserves as at 1 January 2021.

A prior year adjustment was also required in respect of goods received not invoiced accruals that were subsequently reversed in subsequent periods. The impact on Group as at 1 January 2021 is an increase to opening reserves of \$6.2m and an increase in net assets of \$3.8m. The impact on the Group's reported loss for the year ended 31 December 2021 is to increase the loss by \$2.4m, of which \$2.7m is shown in discontinued operations and (\$0.3m) is shown in continuing operations.

#### **31 Post balance sheet events**

Global Marine Group successfully completed a refinancing in July 2023 through Trafalgar AcquisitionCo, Ltd, which involved \$37m of J.F Lehman & Company shareholder debt being replaced with an additional bridging facility from the Group's bankers. There was no change on a like for like basis to Group debt.

As part of the strategic decision to refocus the Group, on 30 June 2023 the Group divested its entire 51% shareholding in its subsidiary, CWind Taiwan Co., Ltd.