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COMPANY REGISTRATION NUMBER: 04589821

Gardline Limited
Financial statements
31 December 2022



Gardline Limited

Financial statements

Year ended 31 December 2022

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Gardline Limited

Officers and professional advisers

The board of directors

C A Vermeijden
R S Coward
Gardline Shipping Limited

Registered office

Endeavour House
Admiralty Road
Great Yarmouth
Norfolk
NR30 3NG

Auditor

Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Gardline Limited

Strategic report

Year ended 31 December 2022

Business review

The profit after tax for the financial period amounted to £32,192,179 (2021: Loss of £7,660,769).

The company and group continue to focus on core activities and market their services in Northwest Europe and the US. During 2021 the business added additional tonnage to the fleet, including that arising on the transfer of trade from Horizon Geosciences Limited on the 1st January 2021. The 2021 profit was impacted by the loss reported on a major contract. The business returned to profitability in 2022, benefiting from the additional tonnage and improved market conditions.

Key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non financial and the most significant of these are the key performance indicators (KPI's).

The key financial performance indicators are turnover, gross profit, gross margin percentage, EBITA and average profit (EBITA) per employee. These KPI's indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered. The key non financial performance indicator is the number of staff employed by the company.

The key financial and non financial performance indicators for the year ended 31 December 2022, with comparatives for the prior 12 month period, are set out below:

	2022	2021
	£000	£000
Turnover	139,112	95,158
Gross Profit	54,842	9,961
Gross margin %	39	10
EBITA	33,407	(7,779)
Average number of employees	389	373
Average EBITA per employee	86	(21)

Turnover increased during the year as a result of improved contract price points on similar vessel utilisation, in part arising from the non-repeat of contract losses on a major project in 2021. The rise in Gross Margin and EBITA reflects the rise in turnover on stable activity levels.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are those linked to:

- operating vessels carrying out survey work offshore in a variety of locations;
- the ability of the business to recruit and retain the staff necessary to develop the business;
- the ability to continue developing the business in different market sectors and geographical locations;
- the financial risks identified later in this report.
- economic uncertainties in relation to the on-going conflict in Ukraine and particularly the impact of this on oil prices.

Gardline Limited

Strategic report *(continued)*

Year ended 31 December 2022

Financial risk management objectives and policies

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debts are actively chased by the credit control department. As part of a larger group the exchange risk is managed centrally, with currency exposure managed through a mixture of internal financial controls.

Future developments

The directors anticipate that the group will continue to keep abreast of developments within the industry in order to consolidate and expand its position in the marketplace as a marine contractor.

Section 172 statement

This section serves as our section 172 statement. Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. All strategic decisions are considered to be in the complete interest of the shareholder, employees, suppliers and customers of the group.

The group operates with a high degree of integrity in its dealings with customers and suppliers. Customers are placed at the heart of the group's proposition and significant resource is invested in compliance and quality assurance functions across the group to ensure that robust monitoring processes are in place. The importance of supplier relationships is also recognised, as evidenced by the low number of average creditor days.

The fundamental overriding principles in the governance of the group is that of ensuring transparent conduct which reflects fairness in all dealings with the shareholder, employees, clients and suppliers. We conduct our operations in accordance with our policies, procedures and management systems, ensuring that we uphold the highest standards for our staff and clients when it comes to health, safety, security and environmental management. A testament to this is reflected in the significantly long length of service by most of our senior employees and the several long-standing relationships with customers and suppliers.

Gardline Limited

Strategic report *(continued)*

Year ended 31 December 2022

SECR reporting

The Companies Act 2006 Regulations 2018 introduced requirements on streamlined energy and carbon reporting (SECR) for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information.

Greenhouse Gas (GHG) Emissions

Gardline Limited currently maintains scope 1 and 2 emissions, which are generated from the use of our offices, use of vessels for the group's principal activities and from transport through use of company vehicles and personal cars used for business purposes.

Our calculated carbon footprint for our current financial year is 34,323 tCO₂e (2021: 36,062 tCO₂e), whilst energy consumption was 1,062,502 kWh (2021: 1,040,245 kWh) for the electricity and gas scopes.

Methodology:

We have reported all of our emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022.

The reporting period is the financial year 2022, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary. Emissions for previous years are retrospectively adjusted as and when more accurate data is provided.

2022 Emissions:

- Scope 1 (gas) - 83 Tonnes CO₂ equivalent (tCO₂e)(2021: 82 tCO₂e)
- Scope 2 (electricity) - 139 tCO₂e (2021: 134 tCO₂e)
- Scope 1 (transport - owned vehicles) - 24 tCO₂e (2021: 13 tCO₂e)
- Scope 1 (transport - vessels) - 34,077 tCO₂e (2021: 35,833 tCO₂e)
- Total - 34,323 tCO₂e (2021: 36,062 tCO₂e)

The intensity ratio is 246.7 Tonnes of CO₂e per £m sales revenue (2021: 379.0).

Efficiency Measures Taken:

Gardline Limited is a member of the Boskalis Group. Boskalis publish annually a Sustainability Report which provides an overview of the sustainability strategy and performance that is applied across the Boskalis group. The sustainability report can be found on the Boskalis website.

Gardline Limited will report on progress within our next set of financial statements.

Gardline Limited

Strategic report *(continued)*

Year ended 31 December 2022

This report was approved by the board of directors on 07/09/23..... and signed on behalf of the board by:



C A Vermeijden
Director

Registered office:
Endeavour House
Admiralty Road
Great Yarmouth
Norfolk
NR30 3NG

Gardline Limited

Directors' report

Year ended 31 December 2022

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

Principal activities

The principal activities of the company are:

- offshore surveying and marine contracting
- offshore geotechnical services
- offshore engineering services
- the provision of environmental and oceanographic services and monitoring

Directors

The directors who served the company during the year were as follows:

C A Vermeijden
R S Coward
Gardline Shipping Limited
N M Bayfield (Resigned 31 March 2022)

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The company treats applications for employment from disabled persons in the same way as other persons, provided that they are able to meet the requirements of the job. Subject to this provision, training, career developments and promotion will also be available. Where employees become disabled the company continues to employ them provided that they are still able to meet their responsibilities and carry out the duties of their employment.

Employee involvement

The company endeavours to consult with or otherwise keep its employees informed of all factors affecting the company that it considers relevant to employees or departments.

Other matters

The following sections which have previously been included within the Directors' Report are now included within the Strategic Report;

- Business review;
- Key performance indicators;
- Principal risks and uncertainties;
- Financial risk management objectives and policies;
- Future developments.

Gardline Limited

Directors' report *(continued)*

Year ended 31 December 2022

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 07/09/23..... and signed on behalf of the board by:


C A Vermeijden
Director

Registered office:
Endeavour House
Admiralty Road
Great Yarmouth
Norfolk
NR30 3NG

Gardline Limited

Independent auditor's report to the members of Gardline Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Gardline Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Gardline Limited

Independent auditor's report to the members of Gardline Limited *(continued)*

Year ended 31 December 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Gardline Limited

Independent auditor's report to the members of Gardline Limited *(continued)*

Year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the principal laws and regulations applicable to the company through discussions with management and our wider knowledge and experience;
- identified laws and regulations were considered in our planning of the audit and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify material unusual transactions; and
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias.

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

- agreeing material financial statement disclosures to underlying supporting documentation; and
- enquiring of management and directors as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Gardline Limited

Independent auditor's report to the members of Gardline Limited *(continued)*

Year ended 31 December 2022

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

Stephen Eagling

Stephen Eagling BSc ACA (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

8 September 2023

Gardline Limited

Statement of comprehensive income

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	139,111,707	95,157,677
Cost of sales		<u>(84,269,459)</u>	<u>(85,196,489)</u>
Gross profit		54,842,248	9,961,188
Administrative expenses		(21,435,402)	(17,741,476)
Other operating income	5	<u>—</u>	<u>873</u>
Operating profit/(loss)	6	33,406,846	(7,779,415)
Other interest receivable and similar income		—	31,446
Interest payable and similar expenses	10	<u>(278,933)</u>	<u>(20,403)</u>
Profit/(loss) before taxation		33,127,913	(7,768,372)
Tax on profit/(loss)	11	<u>(935,734)</u>	<u>107,603</u>
Profit/(loss) for the financial year and total comprehensive income		<u>32,192,179</u>	<u>(7,660,769)</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 26 form part of these financial statements.

Gardline Limited

Statement of financial position

31 December 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	12		544,308		230,079
Investments	13		<u>23,575</u>		<u>35,546</u>
			567,883		265,625
Current assets					
Stocks	14	4,071,771		4,090,199	
Debtors	15	61,813,294		45,276,299	
Cash at bank and in hand		<u>7,331,473</u>		<u>4,308,736</u>	
		73,216,538		53,675,234	
Creditors: Amounts falling due within one year	16	<u>(41,884,640)</u>		<u>(44,233,257)</u>	
Net current assets			31,331,898		9,441,977
Total assets less current liabilities			<u>31,899,781</u>		<u>9,707,602</u>
Net assets			<u>31,899,781</u>		<u>9,707,602</u>
Capital and reserves					
Called up share capital	20		14,020,000		24,020,000
Profit and loss account	21		<u>17,879,781</u>		<u>(14,312,398)</u>
Shareholders funds			<u>31,899,781</u>		<u>9,707,602</u>

These financial statements were approved by the board of directors and authorised for issue on 07/09/23, and are signed on behalf of the board by:


C A Vermeijde
Director


R S Coward
Director

Company registration number: 04589821

The notes on pages 15 to 26 form part of these financial statements.

Gardline Limited

Statement of changes in equity

Year ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021	16,020,000	(6,651,629)	9,368,371
Loss for the year	—	(7,660,769)	(7,660,769)
Total comprehensive income for the year	—	(7,660,769)	(7,660,769)
Issue of shares	8,000,000	—	8,000,000
Total investments by and distributions to owners	8,000,000	—	8,000,000
At 31 December 2021	24,020,000	(14,312,398)	9,707,602
Profit for the year	—	32,192,179	32,192,179
Total comprehensive income for the year	—	32,192,179	32,192,179
Cancellation of subscribed capital	(10,000,000)	—	(10,000,000)
Total investments by and distributions to owners	(10,000,000)	—	(10,000,000)
At 31 December 2022	<u>14,020,000</u>	<u>17,879,781</u>	<u>31,899,781</u>

The notes on pages 15 to 26 form part of these financial statements.

Gardline Limited

Notes to the financial statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Endeavour House, Admiralty Road, Great Yarmouth, Norfolk, NR30 3NG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The company is exempt from the requirement to prepare group accounts in accordance with section 401 of the Companies Act 2006 by virtue of the fact that it is a wholly owned subsidiary of its ultimate parent undertaking, HAL Trust, a trust registered in Bermuda. The results of Gardline Limited are included in the financial statements of HAL Trust. Consequently, these financial statements present information about the company only and not about its group.

The following principal accounting policies have been applied:

Going concern

The company has made a significant profit during the year under review and has continued to trade profitably during the 2023 financial year. The directors have prepared forecasts for the overall Gardline group for a period of at least 12 months from the signing of the financial statements. These forecasts indicate that the Gardline Group is expected to achieve a positive EBITDA and operating cash flow over that period. Furthermore, the company is not reliant on any external funding with any required funding being provided by loan facilities with Koninklijke Boskalis N.V ('Boskalis'). As part of the wider Boskalis Group, Gardline benefits from the financial strength of Boskalis and also the wider HAL Trust group.

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

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of HAL Trust, a trust based in Bermuda. Consolidated financial statements for HAL Trust are available from www.halholding.com

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors which are condensed to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are outlined below;

- Debtors for which an estimated provision is made against them deemed to be at risk of being irrecoverable. Bad debt provisions are detailed in note 15 to the accounts.
- Stocks, against which an estimated provision is made for obsolescence. The carrying amount of stock is included in note 14.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of comprehensive income.

Functional and presentation currency

The company's functional and presentational currency is GBP.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Dry docking costs

The company routinely incurs dry docking costs on ships which it operates. To the extent that these costs represent planned maintenance and repair activities, they are immediately written off to the statement of comprehensive income. Any capital expenditure incurred during a dry docking is transferred to the group company which owns the vessel, where it is capitalised as ship improvements on a component basis and depreciated in accordance with the group accounting policy for such assets.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles	-	25% per annum
Equipment	-	16.67%-25% per annum

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Defined contribution plans

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

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

The company is also a participating employer in the Merchant Navy Officers Pension Fund, a defined benefit scheme. The company is unable to identify its share of the underlying assets and liabilities and its interest in the scheme is accounted for as if it were a defined contribution scheme. Further details of this scheme are provided in note 18 to the financial statements.

Gardline Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

3. Accounting policies (continued)

Financial instruments

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

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

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

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

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

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

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Rendering of services	139,111,707	95,157,677

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	53,887,189	14,391,272
Europe	84,660,958	41,627,680
Other	563,560	39,138,725
	<u>139,111,707</u>	<u>95,157,677</u>

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

4. Turnover *(continued)*

The company considers the geographical analysis of turnover to be commercially sensitive and hence has taken advantage of Companies Act provisions and not provided any further disclosure of amounts included above as 'other'.

5. Other operating income

	2022	2021
	£	£
Government grant income	—	<u>873</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	164,576	172,141
Loss/(gains) on disposal of tangible assets	675	(7,667)
Impairment of trade debtors	110,107	—
Foreign exchange differences	<u>(571,357)</u>	<u>13,051</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>44,070</u>	<u>35,285</u>
Fees payable to the company's auditor and its associates for other services: Other assurance services	<u>2,200</u>	<u>2,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Surveying	<u>389</u>	<u>373</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	16,574,134	15,401,442
Social security costs	1,784,072	1,691,583
Other pension costs	649,284	614,035
	<u>19,007,490</u>	<u>17,707,060</u>

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	208,646	266,000
Company contributions to defined contribution pension plans	13,735	11,714
Compensation for loss of office	136,400	–
	<u>358,781</u>	<u>277,714</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	178,869	141,091
Company contributions to defined contribution pension plans	7,838	6,716
	<u>186,707</u>	<u>147,807</u>

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

10. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	23,032	20,403
Interest due to group undertakings	255,901	–
	<u>278,933</u>	<u>20,403</u>

11. Tax on profit/(loss)

Major components of tax expense/(income)

	2022	2021
	£	£
Current tax:		
UK current tax expense	3,143	–
Adjustments in respect of prior periods	–	(949)
Total UK current tax	3,143	(949)
Foreign current tax expense	872,006	183,327
Adjustments in respect of prior periods	51,870	(103,625)
Total foreign tax	<u>923,876</u>	<u>79,702</u>
Total current tax	<u>927,019</u>	<u>78,753</u>

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

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

	2022 £	2021 £
Deferred tax:		
Origination and reversal of timing differences	6,035	(180,177)
Adjustments in respect of prior periods	2,680	(6,179)
Total deferred tax	<u>8,715</u>	<u>(186,356)</u>
Tax on profit/(loss)	<u>935,734</u>	<u>(107,603)</u>

The company has tax losses carried forward of £500,000 (2021: £5,400,000), for which no deferred tax asset has been recognised.

Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:-

	2022 £	2021 £
Profit/(loss) on ordinary activities before taxation	33,127,913	(7,768,372)
Profit/(loss) on ordinary activities by rate of tax	6,294,303	(1,475,991)
Adjustment to tax charge in respect of prior periods	54,550	(110,753)
Effect of expenses not deductible for tax purposes	28,452	-
Effect of different UK tax rates on some earnings	1,448	-
Utilisation of tax losses	(857,113)	-
Unused tax losses	-	234,357
Tonnage tax adjustments	(5,385,029)	1,153,542
Overseas tax not recoverable through double tax relief	799,123	183,327
Other differences	-	(92,085)
Tax on profit/(loss)	<u>935,734</u>	<u>(107,603)</u>

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

12. Tangible assets

	Motor vehicles £	Equipment £	Total £
Cost			
At 1 January 2022	329,467	3,944,990	4,274,457
Additions	52,809	425,997	478,806
Disposals	(33,260)	(27,465)	(60,725)
At 31 December 2022	<u>349,016</u>	<u>4,343,522</u>	<u>4,692,538</u>
Depreciation			
At 1 January 2022	329,467	3,714,911	4,044,378
Charge for the year	10,510	154,066	164,576
Disposals	(33,260)	(27,464)	(60,724)
At 31 December 2022	<u>306,717</u>	<u>3,841,513</u>	<u>4,148,230</u>
Carrying amount			
At 31 December 2022	<u>42,299</u>	<u>502,009</u>	<u>544,308</u>
At 31 December 2021	<u>–</u>	<u>230,079</u>	<u>230,079</u>

13. Investments

	Shares in group undertakings £
Cost	
At 1 January 2022	35,546
Disposals	(11,971)
At 31 December 2022	<u>23,575</u>
Impairment	
At 1 January 2022 and 31 December 2022	<u>–</u>
Carrying amount	
At 31 December 2022	<u>23,575</u>
At 31 December 2021	<u>35,546</u>

Investments comprise a holding of 9% of the ordinary share capital of Gardline Marine Services (Egypt) SAE, a non-trading company incorporated in Egypt, and 4% of the ordinary share capital of Gardline Geosurvey (Norway) Limited, a non-trading company incorporated in the United Kingdom.

14. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>4,071,771</u>	<u>4,090,199</u>

Gardline Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

15. Debtors

	2022	2021
	£	£
Trade debtors	18,525,733	4,390,449
Amounts owed by group undertakings	22,502,249	34,437,481
Deferred tax asset	364,629	373,344
Prepayments and accrued income	19,715,746	5,449,103
Other debtors	704,937	625,922
	<u>61,813,294</u>	<u>45,276,299</u>

A bad debt provision of £147,374 (2021: £2,906,153) was included against debtors at the period end. An impairment charge of £110,107 (2021: £nil) was recognised in the period.

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	3,938,048	2,420,737
Amounts owed to group undertakings	24,977,825	17,110,518
Accruals and deferred income	8,811,013	9,447,999
Corporation tax	927,019	113,721
Social security and other taxes	1,483,606	496,825
Other creditors	1,747,129	14,643,457
	<u>41,884,640</u>	<u>44,233,257</u>

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in debtors (note 15)	<u>364,629</u>	<u>373,344</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£	£
Accelerated capital allowances	175,609	212,433
Other timing differences	189,020	160,911
	<u>364,629</u>	<u>373,344</u>

	2022	2021
	£	£
At the beginning of the year	(373,344)	(186,988)
(Credited)/charged to the profit or loss	<u>8,715</u>	<u>(186,356)</u>
	<u>(364,629)</u>	<u>(373,344)</u>

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £649,284 (2021: £614,035).

The company is also a participating employer in the Merchant Navy Officers Pension Fund ("MNOFF"), an industry wide scheme of which a number of the company's current and former seagoing personnel are members. This is a defined benefit pension scheme and is divided into two sections, the Old Section and the New Section. For the New Section the MNOFF's independent actuary carried out the most recent full valuation as at 31 March 2021. The next full actuarial valuation for the New section of the MNOFF is due as at 31 March 2024.

MNOFF Old Section:

In 2015 the Trustee of the MNOFF concluded a buy out covering £1.3 billion of members' pension benefits in the MNOFF's Old Section. Accordingly, the company is no longer exposed to any risks in relation to the Old Section.

MNOFF New Section:

The last five actuarial valuations (to 31 March 2018) of the New Section showed a deficit in the scheme. A court judgment in March 2005 clarified the responsibility of employers who have participated in the fund for such deficits, and in particular how these deficits should be allocated between these employers. Following this judgment the company has been able to establish its share of the deficits in the New Section, but because the Section's underlying assets and liabilities are not allocated between employers, the company is exposed to actuarial risks associated with current and former employees of other entities. Furthermore, if any employers, or former employers, fail to make their share of the deficit payments and the trustees are unable to recover such sums, they have the power to increase all the other employers' respective share of the overall deficit on a proportionate basis.

The company has considered the guidance provided by the ICAEW in Audit 1/02 relating to "Group schemes treated as defined contribution schemes" and concluded that it is unable to identify its share of the underlying assets and liabilities within the section on a consistent and reasonable basis. As a result it has accounted for its interest in the New Section as if it were a defined contribution scheme. The charge included in the profit and loss account therefore represents the contributions payable for the year.

The New Section closed to future accrual from 31 March 2016, and future service contributions in respect of defined benefit accrual ceased from that date. The most recent actuarial valuation as at 31 March 2021 showed the market value of the New Section's assets was £3,250m, representing approximately 102% of the benefits accruing to members on the valuation basis. As a result of the scheme assets being in excess of liabilities no additional contributions are required from the participating employers based on the 2021 actuarial valuation.

19. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	—	873

Gardline Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

20. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>14,020,000</u>	<u>14,020,000</u>	<u>24,020,000</u>	<u>24,020,000</u>

During the year the company has reduced its share capital by £10m via a capital reduction exercise.

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Contingencies

Group VAT registration:

There is a joint and several liability under a group VAT registration. At the year end there was an outstanding debtor of £472,860 due from HMRC in respect of the VAT group (2021: debtor of £458,102).

Merchant Navy Officers Pension Fund:

As disclosed in note 18 the company is a participating employer in the Merchant Navy Officers Pension Fund. No provision has been made in these financial statements for any future contributions that may become payable to fund the deficit on this scheme, as these future contributions can not be reliably quantified.

23. Derivatives

Forward exchange contracts

At the period end the company had entered into forward exchange contracts with the Boskalis group finance company, Boskalis Finance B.V. to sell €41.7m (2021: €26.5m) and to buy \$14.4m (2021: sell \$0.3m) at pre-arranged exchange rates. The fair value of these forward currency contracts has not been recognised in the financial statements as it is immaterial.

24. Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard 102, Section 33, allowing it not to disclose transactions with wholly owned members of the group.

25. Controlling party

The immediate parent undertaking is Gardline Marine Sciences Limited.

The smallest group for which consolidated financial statements are prepared is headed by Koninklijke Boskalis N.V., a company incorporated in the Netherlands.

The largest group for which consolidated financial statements are prepared is headed by HAL Trust, a Bermuda trust. Consolidated financial statements for HAL Trust are available from www.halholding.com.

HAL Trust is the ultimate controlling party.