

**BOSKALIS SUBSEA SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# **BOSKALIS SUBSEA SERVICES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Stuart Cameron Jane McConnachie
<b>Company number</b>	04851172
<b>Registered office</b>	Westminster House Crompton Way Segensworth West Fareham Hampshire United Kingdom PO15 5SS
<b>Auditor</b>	Johnston Carmichael Bishop's Court 29 Albyn Place Aberdeen United Kingdom AB10 1YL

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# **BOSKALIS SUBSEA SERVICES LIMITED**

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# BOSKALIS SUBSEA SERVICES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Principal activities

The principal activities of Boskalis Subsea Services Limited are the project management and execution of offshore inspection, repair, maintenance and construction services to the offshore industry.

#### Review of the business

The Company is a fully owned subsidiary of Boskalis Subsea North Star Limited which in turn is a fully owned subsidiary of Boskalis Offshore Contracting BV. Boskalis Offshore Contracting BV is itself a wholly owned subsidiary of Royal Boskalis NV, ("Boskalis" or "Boskalis Group"). The ultimate parent company is HAL Trust a Company listed on Euronext Amsterdam.

The Company reported revenue of £221.9m (2021: £80.3m) and an operating profit before exceptional items of £17.8m (2021: loss £10.6m). Following acquisition by the Boskalis Group at the end of 2020 and a year of integration in 2021, all North Sea subsea services activity is now contracted through the Company having previously been reported in a number of entities. The consolidation of activity into one entity, along with increased vessel utilisation, rates and margins achieved on projects as well as efficiencies through economies of scale has accounted for the improved result being reported in the year compared to prior years. Overhead costs and headcount have increased to support the increase in activity. The Group management charge incurred by the Company in relation to its share of head office overheads has also increased as a result of activity. Finance costs have decreased due to a loan from the Company's immediate parent, Boskalis Subsea North Star Limited being repaid at the end of 2021.

Exceptional non-recurring costs of £2.1m were incurred in the prior year following the acquisition of the Company by the Boskalis Group, relating to redundancy and other restructuring and integration costs. Further details can be found at note 4 of these financial statements.

#### Market outlook

In 2022, the Company continued to secure new work, maintain service levels and ongoing trust from customers. Market intelligence suggests that demand in the diving market will remain steady in 2023 and 2024. In the year to date in 2023 the Company has seen early season market activity, increased confirmed backlog levels and ongoing stability in vessel rates. As at the date of signing the vessel utilisation target for the year had been contracted at current market rates. The directors remain confident that the Company will have the strength and flexibility to capitalise on the growing market and new opportunities.

#### Principal risks and uncertainties

During the year ended 31 December 2022, the Company's governance framework was incorporated within that of the wider Boskalis Group. The Boskalis governance framework includes clear and delegated authorities on business performance monitoring and ensuring appropriate insurance for a wide range of potential risks. The framework for risk management governance is defined by the Board with input from support functions including finance, QHSE, IT and HR.

Risk was monitored and reported through regular board meetings and weekly leadership team meetings. Operational, finance, QHSE, IT and HR matters are discussed by the leadership team at these meetings.

The tables below set out how the key risks within the business are linked to business strategy, how we have rated the risks and the key performance indicators used to monitor the risks. There are several other risks that are managed but are not considered to be key risks.

# BOSKALIS SUBSEA SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risk and uncertainties	Mitigation	Performance indicators
<b>Competition</b> The Company faces competition to win work to maintain utilisation for its vessels. This results in both pricing and contractual pressures, where terms can be more onerous and impact the financial performance of projects.	<ul style="list-style-type: none"> <li>• We have a strong customer focus, differentiating ourselves with the quality of service provided to clients.</li> </ul>	Client feedback Order backlog
<b>Vessels may have to be taken out of service for unexpected lengths of time or require extensive repairs or modifications.</b> The delay in the provision of services to clients may have a material adverse effect on our business, results of operations, financial condition and prospects.  A delay in vessel maintenance could affect our contracted project schedule and have a material adverse effect on our business and results of operations.	<ul style="list-style-type: none"> <li>• We adopt a robust asset management programme integrating asset integrity and assurance programmes, condition based monitoring and the adoption of a reliability centred maintenance approach; and</li> <li>• We use market intelligence to understand the availability of charter vessels.</li> </ul>	Offshore days Idle time
<b>Climate change risks</b> Rising sea levels and extreme weather conditions impact the business in timing of project delivery and pricing on projects customers.	<ul style="list-style-type: none"> <li>• Waiting on weather clauses included in project contracts.</li> </ul>	Project margins Vessel utilisation Offshore days
<b>Financial risks</b> The Company's activities expose it to several financial risks including credit risk, market risk and liquidity risk and is operating in a challenging economic environment.	<ul style="list-style-type: none"> <li>• The Group has robust internal procedures to monitor cash and liquidity. Regular trading and cash flow forecasts are prepared and appropriate mitigation steps taken where necessary. Detailed reviews will be undertaken by the Boskalis Group Treasury function;</li> <li>• Exchange rate exposure is managed as far as is possible through contractual terms or matching costs in the same currencies;</li> <li>• The Group enters forward contracts or hedges as considered appropriate;</li> <li>• The Company monitors the credit risk with customers. Receivables stated in the balance sheet are net of allowances for expected credit losses;</li> <li>• The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with recognised credit ratings assigned by international credit-rating agencies; and</li> <li>• Derivatives are not entered on a speculative basis.</li> </ul>	Cash flow Foreign exchange gains or losses Expected credit losses Trade receivable days

# BOSKALIS SUBSEA SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risk and uncertainties	Mitigation	Performance indicators
<p><b>Reduced service delivery onshore and offshore.</b></p> <p>The award of work is dependent on being able to offer new and existing customers the correct level of service delivery. Service delivery includes the quality of work delivered, the level of contractual risk retained and the price of services delivered.</p> <p>Failure to offer the correct service delivery may result in the Company failing to secure budgeted utilisation. Failure to build the correct pricing and risk profile in our projects at tendering stage may result in operational losses.</p>	<ul style="list-style-type: none"><li>• We focus on building the correct risk profile at tendering stage;</li><li>• We have high quality resource planning, scheduling and delivery through the implementation of robust process and procedure and defined roles and responsibilities;</li><li>• Customer focused approach utilising stakeholder feedback and continuous improvement through monitoring, audit and review;</li><li>• We utilise Project Delivery lessons learned data; and</li><li>• We have rigorous supply chain management policies to reduce expenditure and enhance efficiencies.</li></ul>	<p>Tendering win rate</p> <p>Percentage of repeat clients</p> <p>Client feedback</p>
<p><b>Unable to attract and retain sufficient skilled personnel to meet our operational requirements</b></p> <p>The inability to attract or retain highly skilled personnel for operations could have a material adverse effect on our business, financial condition and results of operations. The cost of living crises could impact staff retention as employees seek higher salaries elsewhere.</p>	<ul style="list-style-type: none"><li>• We use market intelligence to assist in resource and contingency planning;</li><li>• We realise the talent of our people through dedicated learning and development programmes;</li><li>• We have developed offices across the UK to access new talent pools; and</li><li>• We carry out salary benchmarking exercises, an annual pay review process as well as cost of living payments for lower earners.</li></ul>	<p>Staff retention rates</p>
<p><b>Fluctuating oil price</b></p> <p>The fluctuating oil price impacts upon expenditures by our clients as they look to cut costs, cease operations on some oil and gas assets and defer work on others. Any reduction in activity could lead to a decline in the demand for our services and impact both utilisation as well as day rates. A prolonged downturn could materially and adversely impact our strategic intent and results.</p>	<ul style="list-style-type: none"><li>• Maximise backlog and plan assets and resources appropriately;</li><li>• Focus on customer services and new products and services so that clients see us best in the field;</li><li>• Focus on cost control; and</li><li>• Regular two-way dialogue with key clients to understand their activity plans in order to understand any risk of cancellation or deferral at the earliest opportunity and to communicate asset schedule availability to obtain optimum asset utilisation.</li></ul>	<p>Client feedback</p> <p>Project cost reviews</p> <p>Rolling cash and performance planning</p>

# BOSKALIS SUBSEA SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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Principal risk and uncertainties	Mitigation	Performance indicators
<b>COVID-19</b> An outbreak of COVID-19 onboard our vessels would have disrupted operations whilst action was taken remove infected personnel from the vessel. This would have been especially difficult if the impacted personnel were divers in saturation.	<ul style="list-style-type: none"><li>• Restrict access to personnel to essential staff only;</li><li>• PCR testing for offshore personnel as well as a requirement for offshore personnel to be fully vaccinated against COVID-19.</li></ul>	Offshore days
<b>Inflationary pressures</b> The Company has been impacted by stress on the global supply chain resulting in increased prices as well as commodity availability (such as dive gas).	<ul style="list-style-type: none"><li>• Negotiate supplier frame agreements to mitigate price fluctuations;</li><li>• Buy stock in advance to ensure uninterrupted supply; and</li><li>• Share risk with clients.</li></ul>	Project cost reviews

### Key performance indicators

The directors managed the business of the Company on a wider UK business basis and therefore certain key performance indicators are not deemed relevant for the Company on a standalone basis. All relevant key performance indicators have been included in review of the business as above.

### Section 172(1) Statement

Section 172(1) of the Companies Act 2006 ("section 172") provides that a director of a company must act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests - below are the six key factors:

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

In order to ensure good corporate governance, including the necessity to meet the requirements of section 172, the Company's directors met on a frequent basis. These meetings occurred at least weekly, and more often where required, particularly whilst working in the COVID-19 environment. In order to ensure that all pertinent matters were addressed, these meetings often included the directors of the Company as well as other members of the leadership team who had more detailed responsibility delegated to them in relation to the day to day running of the business.

A key stakeholder in the Company is the Board and management team of the wider Boskalis Group. Boskalis Group operates a fixed monthly cycle of reporting whereby local management present financial results and key issues to the Offshore Energy Divisional management team. There is also a structured quarterly reporting cycle to the Boskalis Board of Management. This process provides the directors with the information that they require to ensure that the Company is aligned to the long term strategy of the wider Group.

Other key stakeholders and how the directors engage with them to protect their interests are detailed below.

# BOSKALIS SUBSEA SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### i Employees

The employees are fundamental to the business. As further detailed in the principal risks and uncertainties section of the strategic report, the Company has a requirement for highly skilled personnel across all disciplines for the smooth running of operations. The inability to retain and motivate employees would have a detrimental impact on the business, financial results and relationships with key clients. Salary benchmarking exercises are carried out with actions taken where required. Training, learning and development programmes are offered to staff. Employees are encouraged to feed back to management through mediums such as town hall meetings and employee surveys. Communication with employees is vital, news and announcements are posted within Bokanet and Yourizon (Group wide business management system and information sharing tools) and employee surveys are issued regularly. *To remain engaged with the offshore workforce, the directors and members of the leadership team commit to a timetable of vessel visits throughout the year. Townhall meetings are held by the Managing Director to act as a forum to provide updates on Company performance as well as provide opportunities for questions.*

### ii Contractors and suppliers

Delays in the provision of services to clients may have a material adverse impact on the Company's business, results and reputation. As referred to in the principal risks and uncertainties section of the strategic report, it is of the utmost importance to ensure that vessels are not taken out of service for unexpected lengths of time. It is also critical to ensure access to chemicals and gases required for the provision of manned diving services. The commercial department collaborates with contractors, suppliers and the full supply chain, including providers of charter vessels to ensure uninterrupted supply of vessels to clients, to share best practice and improve performance. Regular supplier audits are also carried out, following a standardised checklist to allow consistent comparison between suppliers. Feedback is provided to the directors, and where necessary, the directors will also engage with key suppliers and contractors to ensure that good working relationships are maintained.

### iii Customers

As detailed in the principal risks and uncertainties section of the strategic report, the award of tenders from clients is dependent on being able to offer both new and existing customers exceptional levels of service delivery which includes the quality of the work for a fair price. Project managers lead the day to day delivery of service to the client, utilising a customer focused approach, obtaining feedback from clients through monitoring, audit and review whilst ensuring any lessons learned are actioned. The project managers provide feedback to the directors, and the directors will also regularly meet with key customers to ensure that the Company's reputation is upheld.

### iv Industry bodies

The company is a member of IMCA (International Marine Contractors Association), Offshore Energies UK and Decom North Sea. The company is a member of Global Underwater Hub. The Company's management system is certified as an integrated system to ISO 9001, 14001 and 45001.

Environmental performance is reviewed through an Environmental Committee which reports to the leadership team. This committee is responsible for setting the environmental agenda and areas for improvement as well as reporting on key environmental key performance indicators including vessel fuel usage.

This report was approved by the Board and signed on its behalf.



**Jane McConnachie**

**Director**

Date: .....29./09./2023.....



# **BOSKALIS SUBSEA SERVICES LIMITED**

## **DIRECTORS' REPORT**

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

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

#### **Results**

The profit for the year, after taxation, amounted to £20.7m (2021: loss £18.6m). The directors do not propose the payment of a final dividend.

#### **Dividends**

No dividends were declared or paid in the current or prior year.

#### **Directors**

The directors, who served throughout the year and up to the date of signing, were as follows:

Stuart Cameron  
Jane McConnachie

#### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. The indemnity insurance covers the directors for their director roles in fellow Group companies.

#### **Going concern**

The Company's operating activities are set out in the strategic report. The Company forms part of Boskalis Subsea Services, a business unit within the Offshore Energy division of the Boskalis Group. During the year, the company operated four Diving Support Vessels ("DSVs") owned by the Company's immediate parent, Boskalis Subsea North Star Limited along with another DSV chartered directly by the Company from a third party.

During the year, the Company has enjoyed continued success providing services to clients who are mostly major operators in the UKCS achieving good utilisation and rates. There is strong visibility as to the backlog in the next 12 months, and whilst, due to the nature of the Company's operations there is a trend of seasonable unpredictability as to the value and timing of short-term cash inflows from clients, this is largely mitigated by the high levels of secured work. The Company continues to have constructive and positive conversations with clients to assist in planning vessel utilisation with market intelligence suggesting demand will remain steady in 2023, 2024 and into 2025. Additional information on going concern is set out on note 1.3 of the financial statements.

The directors have formed the judgement that at the time of approving the financial statements, the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future based on the current operating climate. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

#### **Future outlook**

In 2022, the Company continued to secure new work, maintain service levels and ongoing trust from customers. Market intelligence suggests that demand in the diving market will remain steady in 2023 and 2024. In the year to date in 2023 the Company has seen early season market activity, increased confirmed backlog levels and ongoing stability in vessel rates. As at the date of signing the vessel utilisation target for the year had been contracted at current market rates. The directors remain confident that the Company will have the strength and flexibility to capitalise on the growing market and new opportunities.

#### **Financial risk management objectives and policies**

Details of the financial risk management objectives and policies are discussed in the Principal Risks and Uncertainties section of the strategic report on page 2.

# BOSKALIS SUBSEA SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### Energy and carbon reporting

Following new Streamline Energy and Carbon Reporting (SECR) Regulations the Company presents its consumption and carbon emission data looking at relevant business activities, mainly the fleet and equipment involved in operations.

	Emissions (*) (tCO <sub>2</sub> e) 2022	Emissions (*) (tCO <sub>2</sub> e) 2021
<b>Scope 1 – Direct activities</b>		
Emissions from transport fuel used in project fleet and equipment	57,294	23,909
<b>Scope 2 – Indirect activities</b>		
Emissions from gas consumption	21	27
Emissions from electricity consumption	157	157
<b>Emissions from total scope 1 and 2 activities</b>	<b>57,472</b>	<b>24,093</b>
<b>Total energy equivalent (kWh)</b>	<b>219,467,378</b>	<b>92,010,467</b>
<b>Intensity ratio – CO<sub>2</sub>e / £m turnover</b>	<b>0.26</b>	<b>0.30</b>

\* this information is unaudited

It is not practical for the Company to track scope 3 emissions and therefore these have not been reported.

The Company is aware of the environmental impacts of its activities and as a global business is committed to improving energy efficiency. The Company pursues emissions-reducing technology, work methods and behaviours to optimise its operational fuel efficiency. The wider Boskalis Group is exploring carbon offset and credits as well as focusing research and development for low carbon fuels and technologies that will power the fleet of vessels and equipment in the future, such as hydrogen, methanol, ethanol and ammonia as alternative fuels. The Boskalis Group has committed to become climate neutral by 2050.

The Company's approach follows the UK Government's Environmental Reporting Guidelines for streamlined energy and carbon reporting guidance and in calculating our emissions, we have used the 2020 UK Government conversion factors for greenhouse gas (GHG) reporting.

#### Existence of branches outside the UK

The Company has branches, as defined in S1046(3) of the Companies Act 2006, outside the UK as follows:

Trinidad and Tobago  
The Netherlands  
Ireland  
Denmark

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

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

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### **Auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The company has passed an elective resolution dispensing with the requirement to appoint an auditor annually. Johnston Carmichael LLP have expressed a willingness to continue as the Company's auditor for the year ended 31 December 2023.

This report was approved by the Board of directors and signed on its behalf



**Jane McConnachie**

**Director**

Date: 29 / 09 / 2023

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BOSKALIS SUBSEA SERVICES LIMITED**

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#### **Opinion**

We have audited the financial statements of Boskalis Subsea Services 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

#### **Basis for opinion**

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

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

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BOSKALIS SUBSEA SERVICES LIMITED (CONTINUED)**

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#### **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 our 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 and 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.

#### **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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### ***Extent to which an audit is considered capable of detecting irregularities, including fraud***

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.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# BOSKALIS SUBSEA SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BOSKALIS SUBSEA SERVICES LIMITED (CONTINUED)

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*Extent to which an audit is considered capable of detecting irregularities, including fraud (continued)*

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- Health and Safety legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and relevant correspondence with regulatory bodies.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to revenue recognition and management override of controls.

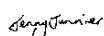
In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Review of internal Health & Safety register for evidence of incidents or potential and actual litigation;
- Reviewing level and reasoning behind the company's procurement of legal and professional services;
- Enquiry of management and those charged with governance around instances of actual and suspected fraud, actual and potential litigation and claims;
- Performing audit work procedures over revenue, including identifying material revenue streams, conducting appropriate cut-off testing at year end to ensure sales are recorded in the correct financial year;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

#### **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.



**Jenny Junnier (Senior Statutory Auditor)**  
**for and on behalf of Johnston Carmichael LLP**  
**Chartered Accountants**  
**Statutory Auditor**

29 / 09 / 2023

.....  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

# BOSKALIS SUBSEA SERVICES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£000	£000
<b>Revenue</b>	<b>5</b>	221,853	80,283
Cost of sales		(180,915)	(71,726)
<b>Gross profit</b>		40,938	8,557
Administrative expenses		(11,102)	(9,672)
Group management charge		(12,021)	(9,475)
<b>Operating profit / (loss) before exceptional items</b>		17,815	(10,590)
Loss on disposal of assets		(30)	-
Exceptional items	<b>4</b>	-	(2,139)
<b>Operating profit / (loss)</b>	<b>6</b>	17,785	(12,729)
Finance income	<b>9</b>	36	-
Finance costs	<b>10</b>	(1,459)	(5,897)
<b>Profit / (loss) before taxation</b>		16,362	(18,626)
Tax credit on profit / (loss)	<b>11</b>	4,395	-
<b>Profit / (loss) for the financial year</b>		20,757	(18,626)
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences		(70)	(23)
<b>Total items that may be reclassified to profit or loss</b>		(70)	(23)
<b>Total comprehensive income / (expense) for the year</b>		20,687	(18,649)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.



# BOSKALIS SUBSEA SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
<b>Non-current assets</b>			
Tangible assets	12	40,079	15,991
		<u>40,079</u>	<u>15,991</u>
<b>Current assets</b>			
Inventories	13	2,353	1,854
Trade and other receivables	14	57,764	27,389
Deferred tax asset		6,535	-
Cash and cash equivalents		4,463	2,080
		<u>71,115</u>	<u>31,323</u>
<b>Current liabilities</b>			
Trade and other payables	15	(49,860)	(31,069)
Current tax liabilities		(2,071)	-
Lease liabilities	16	(11,671)	(9,637)
		<u>(63,602)</u>	<u>(40,706)</u>
<b>Net current assets / (liabilities)</b>		<u>7,513</u>	<u>(9,383)</u>
<b>Total assets less current liabilities</b>		<u>47,592</u>	<u>6,608</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	(28,514)	(8,217)
<b>Net assets / (liabilities)</b>		<u>19,078</u>	<u>(1,609)</u>
<b>Capital and reserves</b>			
Called up share capital	17	82,000	82,000
Capital contribution	18	13,102	13,102
Retained earnings	19	(76,024)	(96,711)
<b>Total shareholders' equity / (deficit)</b>		<u>19,078</u>	<u>(1,609)</u>

The financial statements of Boskalis Subsea Services Limited were approved by the board of directors and authorised for issue on 29/09/2023 and are signed on its behalf by:



Jane McConnachie  
Director

Company Registration No. 04851172

# BOSKALIS SUBSEA SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Share capital £000	Capital contribution £000	Accum'd losses £000	Total £000
<b>Balance at 1 January 2021:</b>	17,000	13,102	(78,062)	(47,960)
<b>Year ended 31 December 2021:</b>				
Loss for the year	-	-	(18,626)	(18,626)
Other comprehensive expense:				
Currency translation differences	-	-	(23)	(23)
Total comprehensive expense for the year	-	-	(18,649)	(18,649)
Issue of shares (note 17)	65,000	-	-	65,000
<b>Balance at 31 December 2021:</b>	82,000	13,102	(96,711)	(1,609)
<b>Year ended 31 December 2022:</b>				
Profit for the year	-	-	20,757	20,757
Other comprehensive income:				
Currency translation differences	-	-	(70)	(70)
Total comprehensive income for the year	-	-	20,687	20,687
<b>Balance at 31 December 2022:</b>	82,000	13,102	(76,024)	19,078

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# **BOSKALIS SUBSEA SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Boskalis Subsea Services Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is Westminster House, Crompton Way, Segensworth West, Fareham, United Kingdom, PO15 5SS. The nature of the Company's operations and its principal activities are set out in the strategic report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **1.1 Accounting convention**

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company has chosen to adapt the formats of the statement of financial position and statement of comprehensive income and has applied the relevant presentation requirements of IAS 1 "Presentation of Financial Statements".

The financial statements are presented in Great British Pounds (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The financial statements have been prepared on the historical cost basis and in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006. The principal accounting policies adopted are set out below.

The Company meets the definition of a qualifying entity under FRS 101.

#### **1.2 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 "Property Plant and Equipment";
- the requirements of paragraphs 10(d), 16, 38A to 38D, 111 and 134-136 of IAS 1 "Presentation of Financial Statements";
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements of paragraphs 17 and 18(a) of IAS 24 "Related Party Disclosures";
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of IFRS 7 "Financial Instruments: Disclosures".

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies (continued)**

#### **1.3 Going concern**

The Company's operating activities, are set out in the strategic report. The Company has considered the current year's performance, the projected vessel utilisation and rates through to the end of 2023 and beyond and has carefully considered the level of cash reserves required to enable it to continue to operate for at least 12 months from the date of approval of the financial statements.

The base case forecast for the next 12 months assumes a normalised level of utilisation based on repeat business from key clients. The Company has a robust business development function that includes tracking market activity and liaising directly with clients on future requirements. Several long-term agreements are agreed with key clients contributing to stability when forecasting day rates for the next 12 months. The winter periods are expected to remain competitive however the Company has good visibility throughout the period, with utilisation targets secured through to the end of the year. Alongside performance to date and market conditions, the directors have fully considered risks to the forecast, and have concluded that in the unlikely event where all risks materialise there is sufficient cash resources to remain operational.

Accordingly, the directors have formed the judgement that at the time of approving the financial statements, the Company has access to adequate cash resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Consequently, the financial statements have been prepared on a going concern basis.

#### **1.4 Revenue**

Revenue is largely derived from the provision of project management and execution of offshore inspection, repair, maintenance and construction services to the oil and gas sector, recognised when provided to customers, and is stated net of discounts and sales taxes. The directors consider all activities of the Company to fall within the offshore sector within two distinct geographical regions. A segmental analysis can be found in note 5 below.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

See note 5 for detailed breakdown of revenue by contract.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.5 Tangible Fixed Assets

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis to its residual value over their expected useful economic lives, as follows:

Vessel equipment	5 to 20 years
Other:	
Plant and equipment	1 to 5 years
Leasehold improvements	Over the lease term
Right-of-use assets ("ROU assets")	Over the lease term

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

##### 1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

##### 1.7 Borrowings and finance costs

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance costs, including direct issue costs, are recognised in profit and loss account over the term of the related instruments.

##### 1.8 Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash-generating unit (CGU), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis.

##### 1.9 Inventories

Inventories comprise consumables and are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Cost is calculated using weighted average method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### **Financial assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost using the effective interest method:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Company's financial assets comprise only those measured at amortised cost.

##### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

##### **Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

##### **Classification as debt or equity**

###### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

###### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company only has financial liabilities subsequently measured at amortised cost.

###### **Financial liabilities measured subsequently at amortised cost**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

###### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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### **1 Accounting policies (continued)**

#### **1.11 Taxation**

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

##### **Current tax**

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits -from which the future reversal of the timing differences can be deducted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.12 Leases

###### *The Company as a lessee*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

*The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.*

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

*The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.*

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

# **BOSKALIS SUBSEA SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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#### **1 Accounting policies (continued)**

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Cost of sales' or 'Administrative expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

#### **1.13 Foreign exchange**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The assets and liabilities of overseas branches denominated in currencies other than GBP are translated into GBP at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates prevailing in the month of the transactions. The exchange differences arising on translation of overseas branches are recognised in other comprehensive income.

#### **1.14 Pension costs**

The Company participates in various defined contribution schemes for employees. 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 statement of financial position.

#### **1.15 Exceptional items**

Items that are considered material either because of their size or their nature are shown as exceptional items to assist the understanding of the Company's underlying performance within their relevant profit and loss category and are explained in the notes to the financial statements.

#### **2 Adoption of new and revised standards and changes in accounting policies**

The Company has adopted all the standards and amendments to existing standards which are mandatory for accounting periods beginning on 1 January 2022. There are no amendments to accounting standards, or IFRS interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the financial statements. Furthermore, there are no amendments to accounting standards or IFRS interpretations commencing 1 January 2023 that the directors of the Company expect to have a material impact on the financial statements.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3 Critical accounting estimates and judgements

In applying the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Critical judgements

The following are the critical judgements, apart from those involving estimations (the directors have not identified any key sources of estimation uncertainty impact these financial statements), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Revenue and margin recognition on long term contracts*

Revenue on unfulfilled contracts is recognised based on the estimated stage of completion and only when the outcome of the contract can be estimated reliably. At 31 December 2022 there was one contract (2021: nil) in the course of completion which required an assessment of the stage of completion and expected profitability. The stage of completion is reviewed on a contract by contract basis. For wholly lump sum projects margin is only recognised once at least 25% of the offshore phase of a long-term contract has been completed. If a loss is forecast this is recognised immediately.

In the current year management have concluded that the most reliable measure of completion against performance obligations is based on the proportion of the total contract costs incurred to date.

#### *Trinidad & Tobago indirect taxes*

The Company continues to have an open Value Added Tax (VAT) assessment from the Trinidad and Tobago tax authorities (Board of Inland Revenue, "BIR"). The assessment relates to output VAT assessed by the BIR in respect of a customer project completed in 2008 in the amount of £3.4m (TT \$31.5m). The Company is exploring options to have the assessment reversed emphasising that the BIR suffered no loss with the VAT under assessment being fully reclaimable by the Company's client. The outcome of these options is unknown at this stage.

Further, the BIR exercised statutory power to offset a £1.3m (TT \$8m) receivable by the Company against the open assessment. The VAT receivable relates to input VAT on purchases in Trinidad and Tobago as well as output VAT previously paid over to the BIR in relation to a customer which subsequently entered into Chapter 11 bankruptcy proceedings receivable under bad debt relief provisions. The Company has written off this VAT refund receivable as at the present time it is unlikely that this will be repaid given the period of time the VAT assessment matter has been open with no resolution.

#### *Carrying value of tangible fixed assets*

In determining whether assets are impaired, consideration has been given to evidence of value. Management considered the future cash flows expected to arise from the assets with a suitable discount rate applied in order to calculate the net present value. As a result of this assessment, management have concluded that there is no current risk which would cause rise to a material adjustment to the carrying value of its assets.

**BOSKALIS SUBSEA SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**4 Exceptional items**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Redundancy and restructuring costs	-	2,139

During the year ended 31 December 2021, the Company incurred £2.1m of non-recurring redundancy, restructuring and other integration costs in relation to the acquisition of the Company by the Boskalis Group. As a result of a restructuring exercise that took place following the acquisition, the Company incurred costs of £1.6m in relation to redundancy. The leased vessel was rebranded from Rever Topaz to Boka Topaz resulting in costs of £0.2m. A detailed IT integration plan was also implemented at a cost of £0.4m.

**5 Revenue from contracts with customers**

**5.1 Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Type of service</b>		
Revenue from vessel contracts	159,375	55,698
Revenue from project management and engineering	12,594	6,065
Procurement revenue	41,695	14,753
Fuel revenue	7,020	2,493
Other revenue	1,169	1,274
<b>Total revenue with contracts with customers</b>	<b>221,853</b>	<b>80,283</b>
<b>Geographical markets</b>		
Europe (including United Kingdom)	200,989	80,283
Africa	20,864	-
	<b>221,853</b>	<b>80,283</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	41,695	14,753
Services transferred over a period of time	180,158	65,530
<b>Total revenue with contracts with customers</b>	<b>221,853</b>	<b>80,283</b>

**BOSKALIS SUBSEA SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5 Revenue from contracts with customers (continued)**

All revenue generated in the current and prior years is with external customers.

**5.2 Contract balances**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	28,270	3,717
Contract assets	7,608	5,073
Contract liabilities	5,228	288

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

**5.3 Performance obligations**

The transaction price is determined by reference to the contract with each customer. On a contract by contract basis the Company determines whether it has a single or multiple performance obligation(s). An estimate of progress towards complete satisfaction of the performance obligation(s) for contracts that qualify for revenue recognition over time is selected and applied to the overall transaction price. Where multiple performance obligations are identified these comprise:

**Vessel revenue**

This represents the day rate of the vessel (including any equipment spreads specifically included within the day rate) plus any mobilisation and demobilisation fees. It is not possible to debundle this revenue any further per the terms of IFRS 15.

Performance obligations in relation to the vessel revenue are recognised on a continuous basis usually based on days worked by the project. The timings regarding the performance obligation will be specified in the terms of the contract or the call off order from a master contract.

**Project management and engineering**

This relates to the provision of the onshore personnel supporting the project contractually rechargeable the client. Personnel rates are specified within the contract. Performance obligations are recognised on a continuous basis based on time charged to the project.

**Procurement**

Procurement relates to third party services and/or procurement required for project execution that can be contractually recharged to the client. The contract specifies the mark up to be applied. Performance obligations are recognised on a continuous basis when the goods or service has been received.

**Fuel**

Fuel relates to the cost of fuel utilised during the course of vessel operations that can be contractually recharged to the client. The contract specifies the calculation for the cost of fuel and mark up to be applied. Performance obligations are recognised on a continuous basis as fuel is consumed by the vessel.

**Unsatisfied contracts**

At the year end, the Company has contracts with which there are remaining performance obligations either partially or fully unsatisfied of £5.2m (2021: £0.3m). These obligations are expected to be satisfied within 12 months of the year end date.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 6 Operating profit / (loss)

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Operating profit / (loss) for the year is stated after charging / (crediting):		
Foreign exchange gain	(395)	(59)
Depreciation of owned assets	278	391
Depreciation of right-of-use assets	8,443	8,413
Lease expenses for low value assets and short term leases	8,916	1,920
Impairment of owned assets	-	57
Loss / (gain) on disposal of fixed assets	30	(13)
Auditors' remuneration - audit fees	100	85
Auditors' remuneration - audit related services	25	20
Auditors' remuneration - corporate tax services	20	-

The Company incurred non-audit fees of £20k (2021: nil) in relation to corporation tax services.

The group management charge incurred by the Company was in relation to its share of Head Office overheads. The prior year also included a charge to incorporate the trading results of projects and vessel exploitation costs undertaken by other entities on behalf of the Company.

#### 7 Employees

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Management	5	12
Operations	144	130
Administration	27	22
	<u>176</u>	<u>164</u>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	13,801	12,897
Social security costs	1,715	1,461
Pension costs	822	781
	<u>16,338</u>	<u>15,139</u>

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Directors' remuneration

During the year, the directors were paid emoluments totalling £711k (2021: £811k) in relation to their services to the Company and other subsidiaries in the Boskalis Group. It is not practical to apportion directors' services to specific companies across the Group.

One (2021: two) director(s) are members of money purchase pension schemes and company contributions in the year were £10k (2021: £21k).

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

	2022	2021
	£000	£000
Total amount of emoluments	517	333

Contributions of £nil (2021: £nil) have been made to a money purchase scheme on behalf of the highest paid director.

#### 9 Finance income

	2022	2021
	£000	£000
Interest receivable from group undertakings	24	-
Interest on bank deposits	12	-
	36	-

#### 10 Finance costs

	2022	2021
	£000	£000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	-	3,843
Other interest	27	15
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	1,432	2,039
	1,459	5,897

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Income tax expense

	2022 £000	2021 £000
<b>Current tax</b>		
UK corporation tax on profit / (loss) for the period	1,275	-
Foreign taxes and reliefs	865	-
Total current tax charge	2,140	-
<b>Deferred tax</b>		
Recognition of losses in prior periods	(6,535)	-
Total Deferred taxation	(6,535)	-
Total tax credit on profit / (loss) on ordinary activities	(4,395)	-

The (credit) / charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	2022 £000	2021 £000
Profit / (loss) before taxation	16,362	(18,626)
Expected tax charge / (credit) based on a corporation tax rate of 19% (2021: 19%)	3,109	(3,539)
Effect of expenses not deductible in determining taxable profit	18	3
Group relief claimed	(366)	-
Foreign taxes and reliefs	865	-
Movement in deferred tax not recognised	(7,986)	3,598
Capital allowances in advance of depreciation	(35)	(62)
Taxation (credit) / charge for the year	(4,395)	-

The current tax charge for the year resulted in a current tax payable of £2.1m at the year end (2021: £nil).

Deferred tax asset for the taxable losses in the Company amount to £66.9m (2021: £72.1m). After reviewing the companies result for the year and looking at forecast for the next two years the Director's have taken the decision to recognise an asset in the financial statements. As a result of this recognition £6.5m (2021: nil) is shown in the financial statements and in note 14 to the accounts.

The UK government announce in the Budget on 3 March 2021 an intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change will impact the value of our deferred tax balance as well as the tax charged on profits from the effective date. Legislation increasing the rate to 25% was substantively enacted on 24 May 2021.

In 2012 the Trinidad and Tobago tax authorities ("BIR") reopened the corporate tax assessments relating to 2008 and 2009. The Company received a notice of assessment on which penalties and interest were levied. The enquiry was subsequently extended to 2010 and 2011 resulting in a further notice of assessment with penalties and interest. The Company contested these assessments and had initially provided £0.7m in relation to this. During the year to 31 December 2019, the Company entered further settlement negotiations. As a result of these negotiations, agreement has been reached to settle all outstanding Trinidad and Tobago tax matters at £1.65m. This agreement was lodged in court in July 2020. During the year ended 31 December 2020, a payment of £29k was made in order to settle part of this liability following a request for payment from the BIR. During the year ended 31 December 2021, the remaining balance of £1.62m was settled.



# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Tangible fixed assets

	ROU Land and buildings £000	ROU Vessel Fleet £000	ROU Plant and equipment £000	Vessel equipment £000	Other £000	Total £000
<b>Cost</b>						
At 1 January 2022	11,082	29,460	-	1,627	5,780	47,949
Additions	270	31,707	73	355	434	32,839
Disposals	(43)	-	-	(132)	(432)	(607)
At 31 December 2022	11,309	61,167	73	1,850	5,782	80,181
<b>Accumulated depreciation and impairment</b>						
At 1 January 2022	3,400	22,204	-	1,398	4,956	31,958
Charge for the year	1,172	7,256	15	88	190	8,721
Disposals	(43)	-	-	(118)	(416)	(577)
At 31 December 2022	4,529	29,460	15	1,368	4,730	40,102
<b>Carrying amount</b>						
At 31 December 2022	6,780	31,707	58	482	1,052	40,079
At 31 December 2021	7,682	7,256	-	229	824	15,991

The right-of-use assets ("ROU") are held under lease arrangements. Further details relating to these leasing arrangements are included in note 16.

### 13 Inventories

	2022 £000	2021 £000
Spares and consumables	2,353	1,854

There is no material difference between the balance sheet value of stocks and their replacement cost as at 31 December 2022 (2021: nil).

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Trade and other receivables

	2022	2021
	£000	£000
Trade receivables	28,270	3,717
Other receivables	1,355	304
VAT recoverable	1,931	832
Amounts owed by fellow group undertakings – loan	17,324	16,777
Amounts owed by fellow group undertakings – trading	761	255
Prepayments and accrued income	8,123	5,504
	<u>57,764</u>	<u>27,389</u>

The intercompany balances attract interest as follows:

Amounts owed by fellow group undertakings – trading

nil%

Amounts owed by fellow group undertakings – loan

12 month synthetic LIBOR -0.5%

Due to the cessation of publication of LIBOR interest rate benchmarks, from 1 January 2023 the interest rate benchmarks has been changed from LIBOR to SONIA (Sterling Overnight Index Average) plus a margin.

Intercompany trading balances are repayable on demand.

Trade and other receivables include a deferred tax asset of £6.5m (2021: nil). This relates to a recognition of tax losses expected to be utilised within 12 months.

#### 15 Trade and other payables

	2022	2021
	£000	£000
Trade payables	15,342	3,496
Amounts owed to immediate parent undertaking – trading	1,142	3,833
Amounts owed to fellow group undertakings – trading	21,778	19,801
Accruals and deferred income	10,285	3,038
Other taxes and social security	619	503
Other payables	694	398
	<u>49,860</u>	<u>31,069</u>

The intercompany balances attract interest as follows:

Amounts owed to immediate parent undertaking – trading

nil%

Amounts owed to fellow group undertakings – trading

nil%

Intercompany balances are repayable on demand.

# BOSKALIS SUBSEA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Lease liabilities

The company has lease contracts for offices, warehouses, equipment and vessels for use in operations. The amounts recognised in the financial statements in relation to leases are as follows:

	2022 £000	2021 £000
<b>Right-of use assets</b>		
Buildings	6,780	7,682
Vessels fleet	31,707	7,256
Plant and equipment	58	-
	<u>38,545</u>	<u>14,938</u>
<b>Lease liabilities</b>		
Current liabilities	11,671	9,637
Non-current liabilities	28,514	8,217
	<u>40,185</u>	<u>17,854</u>

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored in line with the Company's ongoing monitoring of trading and cash flow.

The Company leases several assets, including buildings, equipment and vessels. The average lease terms is 3 years for vessel fleet and 6 years for property.

The Company's obligations are secured by the lessors' title to the leased assets for such leases.

The Company extended the vessel charter in 2022 for a one year non-cancellable period ending 31 December 2023 with further one-year extension options ending on 31 December 2025. As the Company is more likely than not to exercise these options, these are included from the lease term. Further, the charter contains variable lease payment terms that are linked to the utilisation of the vessel, with a higher rate being charged if the vessel is operational than if it is on standby. The breakdown of lease payments for the vessel is as follows:

	2022 £000	2021 £000
Fixed payments	9,055	8,071
Variable payments	234	12
	<u>9,289</u>	<u>8,083</u>
<b>Amounts recognised in profit and loss:</b>		
Depreciation expense on right-of-use assets	8,444	8,413
Interest expense on lease liabilities	1,432	2,039
Expense related to short-term leases	8,885	1,872
Expense related to leases of low value assets	31	48
Expense related to variable lease payments not included in the measurement of the lease liability	234	12

Overall the variable payments constitute less than 1% (2021: 1%) of the Company's total lease payment for the vessel. The variable payments depend on the operational status of the vessel during the period following the fixed operational term.

The total cash outflow for leases amount to £19.9m (2021: £11.6m).

**BOSKALIS SUBSEA SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**17 Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Ordinary share capital</b>		
<b><i>Issued and fully paid</i></b>		
2022: 82,000,150 (2021: 82,000,150) Ordinary shares of £1 each	<u>82,000</u>	<u>82,000</u>

The share capital account records the nominal value of shares issued. The company has one class of ordinary shares carry no right to fixed income.

During the prior year, the company issued 65 million Ordinary shares of £1 each to its immediate parent company. This capital injection was utilised to repay a loan held with its immediate parent Company.

**18 Capital contribution reserve**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Capital contribution reserve	<u>13,102</u>	<u>13,102</u>

In 2020, as part of a pre-disposal restructuring, intercompany balances were reviewed with balances due between legacy entities and target entities being capitalised, settled or forgiven. As a result the Company recognised a capital contribution of £13.1m.

**19 Retained earnings**

Accumulated losses represents accumulated profits and losses net of dividends and other distributions.

**20 Financial commitments**

The Company had capital commitments of £554k at 31 December 2022 (2021: £187k).

Total future minimum lease payments under non-cancellable short-term lease commitments are as follows:

	<b>Other leases</b>	
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Within one year	56	58
In the second to fifth years inclusive	<u>113</u>	<u>109</u>
	<u>169</u>	<u>167</u>

**21 Employee benefits - defined contribution scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £822k (2021: £781k). There were outstanding pension contributions of £128k at 31 December 2022 (2021: £71k).

# **BOSKALIS SUBSEA SERVICES LIMITED**

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

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

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#### **22 Contingent liabilities**

The Company continues to have an open Value Added Tax (VAT) assessment from the Trinidad and Tobago tax authorities (Board of Inland Revenue, "BIR"). The assessment relates to output VAT assessed by the BIR in respect of a customer project completed in 2008 in the amount of £3.4m (TT \$31.5m). The Company is exploring options to have the assessment reversed emphasising that the BIR suffered no loss with the VAT under assessment being fully reclaimable by the Company's client. The outcome of these options is unknown at this stage. The Director's hold the view that any potential liability is deemed unlikely and not included within these financial statements.

Further, in 2019, the BIR exercised statutory power to offset a £1.3m (TT \$8m) receivable by the Company against the open assessment. The VAT receivable relates to input VAT on purchases in Trinidad and Tobago as well as output VAT previously paid over to the BIR in relation to a customer which subsequently entered into Chapter 11 bankruptcy proceedings receivable under bad debt relief provisions. The Company wrote off this VAT refund receivable in the year ended 31 December 2019 as at the present time it is unlikely that this will be repaid given the period of time the output VAT assessment matter has been open with no resolution.

#### **23 Related party transactions**

The Company has taken advantage of the disclosure exemption under FRS 101 which exempts them from disclosing related party transactions with fellow group undertakings as outlined in IAS 24, as 100% of the voting rights are controlled by the ultimate parent undertaking. The ultimate parent company is HAL Trust.

#### **24 Ultimate parent company and controlling party**

The immediate parent company is Boskalis Subsea North Star Limited, a company registered in the United Kingdom. The ultimate parent company is HAL Trust, a trust formed in Bermuda and listed on Euronext Amsterdam.

During the year HAL Holding N.V purchased 100% of Royal Boskalis N.V (formally known as Royal Boskalis Westminster N.V). HAL Holding N.V's ultimate parent company is HAL Trust whose address is c/o Conyers, Dill & Pearman Clarendon House, 2 Church Street Hamilton, Pembroke, HM 11 Bermuda. HAL Trust is the largest parent company preparing Group financial statements which include Boskalis Subsea Services Limited.

Royal Boskalis N.V is the smallest parent company preparing Group financial statements which include Boskalis Subsea Services Limited. A copy of its financial statements may be obtained from Rosmolenweg 20, 3356LK, Papendrecht, The Netherlands.

The ultimate parent company is not considered to have a single controlling party.