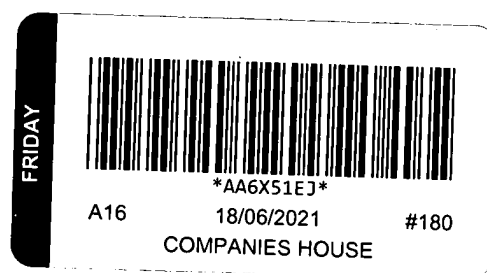


Registered number: 06057657

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

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GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

COMPANY INFORMATION

Directors I D Douglas
J J Taylor

Company secretary J V Cable

Registered number 06057657

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

Independent auditors Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and the audited financial statements of Global Marine Systems (Vessels) Limited (the "Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is that it operates under a Barecon Charter in which it charters out vessels to its parent company Global Marine Systems Limited.

Dividends

Interim dividends of \$36,834,000 were paid during the year (2019: \$Nil).

The directors do not recommend the payment of a final dividend for 2020 (2019: \$Nil).

Directors

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

I D Douglas
J J Taylor

Going Concern

The directors have reviewed the historical trading performance of the Company and the wider JFL-GMG Holdings Limited group (hereafter 'the Group') of which it is a part, and its revenue and cash flow projections for the 12 months following the date of signing of the financial statements. The directors are confident that the Group has adequate resources to meet the requirements of the business for the foreseeable future, and have therefore prepared these consolidated financial statements on a going concern basis. The Group will provide support to the Company to ensure that they continue as a going concern.

During 2020, the global pandemic severely impacted many local economies. In many countries, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Group has experienced operational issues as a result of the pandemic, as well as increased costs, but has continued to trade fully supporting global infrastructure, in both the telecoms and power arenas. Operations have been delayed and disrupted due to travel bans, quarantines, social distancing and disruptions to supply chain but no staff reductions have occurred or are expected as a result of COVID-19 and operations fully continue. The costs of these COVID 19 delays and disruptions have been accounted for as exceptional non recurring costs.

The directors constantly review and assess the risks posed by COVID-19 and adjust policies and procedures to ensure that the Group can operate safely and as efficiently as possible. The directors monitor closely key performance indicators and have regular communications with staff, supply chain and clients to ensure operations are as efficient as possible until covid restrictions are lifted.

Indemnity provisions

The parent company Global Marine Systems Limited maintains liability insurance for the Company's directors and officers.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

The directors 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.

Disclosure of information to auditors

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

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

Independent auditors

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

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Ian Douglas

I D Douglas
Director

Date: 14/6/2021

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS (VESSELS) LIMITED****Opinion**

We have audited the financial statements of Global Marine Systems (Vessels) Limited ("the Company") for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 'Auditors' 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

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID 19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS (VESSELS) LIMITED (CONTINUED)****Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditors' 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.

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

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

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

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS (VESSELS) LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 3, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS (VESSELS) LIMITED (CONTINUED)****Explanation as to what extent the audit was 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. In addition, we concluded that laws and regulations in respect of bribery and corruption, health and safety, employment and environmental standards may have an effect in the determination of the amounts and disclosure in the financial statements and those laws and regulations relating to employee matters;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing journal entries, with a focus on material journals as well as those posted at the end of the reporting period; and
 - Assessing the extent of compliance with relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements are free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team, included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory requirements specific to the Company.
- The Company's management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such material matters were identified by the engagement team.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL MARINE SYSTEMS (VESSELS) LIMITED (CONTINUED)

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 auditors' 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.

Grant Thornton UK LLP

Timothy Taylor (Senior Statutory Auditor)
for and on behalf of

Grant Thornton UK LLP,
Statutory Auditors, Chartered Accountants
Chelmsford

Date: 15/6/2021

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$000	2019 \$000
Turnover		12,198	10,220
Administrative expenses		(5,399)	(7,379)
Operating profit	4	6,799	2,841
Interest payable and similar expenses		(64)	-
Interest receivable and similar income		-	118
Profit before taxation		6,735	2,959
Tax on profit	7	(4)	(3)
Profit for the financial year		6,731	2,956
Total comprehensive income for the financial year		6,731	2,956

The notes on pages 12 to 20 form part of these financial statements.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED
REGISTERED NUMBER: 06057657

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Fixed assets			
Tangible assets	8	36,276	19,810
Current assets			
Debtors	9	17	16,852
		<u>17</u>	<u>16,852</u>
Creditors: amounts falling due within one year	10	(29,734)	-
Net current (liabilities)/assets		(29,717)	16,852
Total assets less current liabilities		6,559	36,662
Capital and reserves			
Called up share capital	11	-	-
Revaluation reserve	12	2,054	3,600
Profit and loss account	12	4,505	33,062
Total shareholders' funds		6,559	36,662

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

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

Ian Douglas

I D Douglas
 Director

Date: 14/6/2021

The notes on pages 12 to 20 form part of these financial statements.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital \$000	Revaluation reserve \$000	Profit and loss account \$000	Total shareholders' funds \$000
At 1 January 2019	-	5,146	28,560	33,706
Comprehensive income for the financial year				
Profit for the financial year	-	-	2,956	2,956
Total comprehensive income for the financial year	-	-	2,956	2,956
Other movements through equity				
Depreciation on re-valued assets	-	(1,546)	1,546	-
Total transactions with owners	-	(1,546)	1,546	-
At 31 December 2019 and 1 January 2020	-	3,600	33,062	36,662
Comprehensive income for the financial year				
Profit for the financial year	-	-	6,731	6,731
Total comprehensive income for the financial year	-	-	6,731	6,731
Other movements through equity				
Dividends	-	-	(36,834)	(36,834)
Depreciation on re-valued assets	-	(1,546)	1,546	-
Total transactions with owners	-	(1,546)	(35,288)	(36,834)
At 31 December 2020	-	2,054	4,505	6,559

The notes on pages 12 to 20 form part of these financial statements.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****1. General information**

Global Marine Systems (Vessels) Limited (the "Company") is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's principal activities are set out in the Directors' Report.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in US Dollars, on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Global Marine Systems Limited as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.3 Going concern**

The directors have reviewed the historical trading performance of the Company and the wider JFL-GMG Holdings Limited group (hereafter 'the Group') of which it is a part, and its revenue and cash flow projections for the 12 months following the date of signing of the financial statements. The directors are confident that the Group has adequate resources to meet the requirements of the business for the foreseeable future, and have therefore prepared these consolidated financial statements on a going concern basis. The Group will provide support to the Company to ensure that they continue as a going concern.

During 2020, the global pandemic severely impacted many local economies. In many countries, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Group has experienced operational issues as a result of the pandemic, as well as increased costs, but has continued to trade fully supporting global infrastructure, in both the telecoms and power arenas. Operations have been delayed and disrupted due to travel bans, quarantines, social distancing and disruptions to supply chain but no staff reductions have occurred or are expected as a result of COVID-19 and operations fully continue. The costs of these COVID-19 delays and disruptions have been accounted for as exceptional non recurring costs.

The directors constantly review and assess the risks posed by COVID-19 and adjust policies and procedures to ensure that the Group can operate safely and as efficiently as possible. The directors monitor closely key performance indicators and have regular communications with staff, supply chain and clients to ensure operations are as efficient as possible until covid restrictions are lifted.

2.4 Turnover

The turnover shown in the Statement of Comprehensive Income represents revenue recognised by the Company in respect of charter fees during the period, exclusive of Value Added Tax and trade discounts. Turnover is recognised on an accruals basis.

2.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.6 Interest income

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

2.7 Finance costs

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

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.8 Tangible assets**

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

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

Cableships and Submersibles	- up to 30 years
Plant	- 10 years

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

2.9 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.10 Revaluation of tangible assets

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

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

2.11 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is US dollars.

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.12 Debtors**

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

2.13 Financial instruments

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

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

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

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

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

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.14 Leases**

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

2.15 Current and deferred taxation

As the parent company Global Marine Systems Limited is under the tonnage tax regime, Global Marine Systems (Vessels) Limited has also elected to be taxed under this regime. Under the tonnage tax regime the current year tax charge arising on qualifying activities is calculated by reference to net tonnage of the qualifying ships owned by the Company.

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

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

2.16 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued;
- The revaluation reserve represents the historic revaluations upward on vessels and submersibles above their net book value; and
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit; and
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Operating profit

The operating profit is stated after charging:

	2020 \$000	2019 \$000
Depreciation of tangible assets - owned	5,399	7,379

5. Auditors' remuneration

Audit fees for the year were borne by Global Marine Systems Limited, the parent company.

6. Employees and directors

The Company had no employees other than the directors and therefore there are no staff related costs for 2020 (2019: \$Nil).

Costs relating to directors are borne by other group companies.

7. Tax on profit

	2020 \$000	2019 \$000
Corporation tax		
UK current taxation	4	3
Total current tax	4	3

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****7. Tax on profit (continued)**

The Company has elected to be taxed under the UK Tonnage Tax regime. This regime calculates tax payable on qualifying shipping activities in accordance with the net tonnage of qualifying ships, rather than the adjustment of commercial profits.

A reconciliation of the profit before taxation at the standard corporation tax rate to the credit for the year is not disclosed as the Company is within the tonnage tax regime, under which taxation is not related to profits and losses.

All of the Company's assets are tonnage tax assets, which do not qualify for capital allowances or capital gains allowable in the periods in which the Company is within the tonnage tax regime. Deferred tax liabilities in respect of these assets have not been provided on the basis that the Company intends to remain in the tonnage tax regime for the full 10 years and has no current plans to make further disposals of tonnage tax assets.

The unrecognised deferred tax liability for the current year is \$390,000 (2019: \$684,000).

8. Tangible assets

	Cable-ships and submersibles \$000	Plant \$000	Total \$000
Cost			
At 1 January 2020	63,912	286	64,198
Additions	14,661	-	14,661
Transfers	7,108	96	7,204
At 31 December 2020	<u>85,681</u>	<u>382</u>	<u>86,063</u>
Accumulated depreciation			
At 1 January 2020	44,374	14	44,388
Charge for the year	5,361	38	5,399
At 31 December 2020	<u>49,735</u>	<u>52</u>	<u>49,787</u>
Net book value			
At 31 December 2020	<u>35,946</u>	<u>330</u>	<u>36,276</u>
At 31 December 2019	<u>19,538</u>	<u>272</u>	<u>19,810</u>

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Tangible assets (continued)**

Company's cable-ships and submersibles include held for use in operating leases, which produce 100% of the Company's turnover.

Depreciation relating to the re-valued part of the asset is transferred from the revaluation reserve to the profit and loss account as a realised movement on reserves.

In 2020 the depreciation realised on re-valued assets for the Company was \$1,546,370 (2019: \$1,546,370). The Company revaluation reserve balance at the end of the year is \$2,053,059 (2019: \$3,599,429),

9. Debtors

	2020	2019
	\$000	\$000
Other debtors	17	18
Amounts owed by group undertakings	-	16,834
	<u>17</u>	<u>16,852</u>

10. Creditors: amounts falling due within one year

	2020	2019
	\$000	\$000
Amounts owed to group undertakings	<u>29,734</u>	<u>-</u>

11. Called up share capital

	2020	2019
	\$	\$
Authorised		
100 (2019: 100) Ordinary shares of \$1 (2019: \$1) each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 (2019: 2) Ordinary shares of \$1 (2019: \$1) each	<u>2</u>	<u>2</u>

12. Reserves**Revaluation reserve**

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

Profit and loss account

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

GLOBAL MARINE SYSTEMS (VESSELS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Related party transactions

The Company takes advantage of FRS 102 Section 33 "Related Party Disclosures" exemption permitting it not to disclose transactions with other Group undertakings where 100% of the voting rights are controlled within the Group and consolidated accounts are publicly available.

14. Ultimate parent undertaking and controlling party

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

JFL-GMG Holdings Limited, a company incorporated in England, was the parent of the largest group to consolidate these financial statements as at 31 December 2020. The smallest group in which the results of the Company are consolidated is Global Marine Systems Limited.

Copies of the consolidated financial statements of JFL-GMG Holdings Limited are available from Ocean House 1 Winsford Way, Boreham Interchange, Chelmsford, Essex, England, CM2 5PD.

Copies of the consolidated financial statements of Global Marine Systems Limited are available from Ocean House 1 Winsford Way, Boreham Interchange, Chelmsford, Essex, England, CM2 5PD.