

REGISTERED NUMBER: SC474118 (Scotland)

Northern Marine Group Ltd

Annual Report and

Audited Financial Statements for the Year Ended 31st December 2021



Northern Marine Group Ltd

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for the Year Ended 31st December 2021**

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Northern Marine Group Ltd

**Company Information
for the Year Ended 31st December 2021**

DIRECTORS:	C J Hagman P W B Fullerton H K B Robertsson H L Ferguson D A M Hult L G Lundberg
SECRETARY:	J Tierney
REGISTERED OFFICE:	Alba House 2 Central Avenue Clydebank West Dunbartonshire G81 2QR
REGISTERED NUMBER:	SC474118 (Scotland)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers The Capitol 431 Union Street Aberdeen AB11 6DA
SOLICITORS:	Burness Paul LLP 120 Bothwell Street Glasgow G2 7JL

Northern Marine Group Ltd

Strategic Report for the Year Ended 31st December 2021

The directors present their strategic report for the year ended 31st December 2021.

REVIEW OF BUSINESS

The company recorded an operating loss of £1,066,000 for the year to 31st December 2021. The profit before taxation was £2,047,000, after receipt of dividends from NMG Ship Management Ltd of £3,250,000. Net assets total was £22,097,000 at the end of the year, increasing from £20,139,000 in the prior year, primarily due to the receipt of dividends. The directors expect the general level of activity in 2022 to be similar to 2021.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of management services to fellow group undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the business include the following:

- Debtors: the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- Major disruption/disaster: business continuity planning is reviewed regularly. In addition, a formal Business Continuity Plan is in place with disaster recovery for IT Systems.
The effect of legislation or other regulatory activities: the company monitors forthcoming and current legislation regularly.
- Pension funding risk: the company operates significant pension schemes as detailed in note 21. The funding of the pension liabilities at 31 December 2021 was 0% by equities and 100% by other assets. The company is subject to funding risks, principally poor performance of the equity investment and increased longevity of the members. Such risks could result in increased contributions by the company to the pension scheme.
- All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third-party rights.
- Competitive risk: the company operates in highly competitive markets. The diversity of operations reduces the possible effect of action by any single competitor.

Key areas of strategic development and performance of the business include:

- Health and Safety: accident and absenteeism rates are closely monitored and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.
- Key financial performance indicators include the monitoring of the management of profitability and working capital. Key non-financial performance indicators include the monitoring of our employees' health and safety in addition to the group's environmental impact and energy consumption.

	2021 £000	2020 £000
Financial		
Turnover	9,176	10,338
Operating Loss	(1,066)	(1,907)

Northern Marine Group Ltd

**Strategic Report
for the Year Ended 31st December 2021**

FUTURE DEVELOPMENTS

As the parent entity of the Northern Marine Group of companies, the directors will consider opportunities for growth in 2022 across all of the industry sectors covering the underlying subsidiaries. A focus on opportunities to enhance sustainability across the globe will be at the forefront of the company's objectives.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial instruments is governed by the company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The company's principal financial assets are bank balances, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts.

The credit risk on liquid funds is limited because counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cashflow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company maintains a suitable level of reserves and also has access to a cash pool maintained by the ultimate parent company.

BY ORDER OF THE BOARD:



P Fullerton - Director

Date: 27 May 2022

Northern Marine Group Ltd

Report of the Directors for the Year Ended 31st December 2021

The directors present their report with the audited financial statements of the company for the year ended 31st December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2021.

DIRECTORS

The directors of the company during the year end and to the date of this report were:

H L Ferguson
P W B Fullerton
C J Hagman
D A M Hult
L G Lundberg
H K B Robertsson

According to the register kept by the company, no director had any interest in the share capital of the company or any group company during the year.

DIRECTORS' INDEMNITIES

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

POST BALANCE SHEET EVENTS

The developing war between Russia and Ukraine has had no direct impact on the company itself but it has on its ship management subsidiaries. The banking sector in Russia has been heavily affected by the global sanctions, withdrawal of SWIFT payment platform and the withdrawal of Visa/Mastercard from the region. This has impacted our ability to pay our Russian seafarers in USD where they are banking with a sanctioned partner. The company has had to encourage our seafarers to open accounts within non-sanctioned entities. Fuel demand moving away from Russia to other countries has also driven a rise in inflation in the UK.

GOING CONCERN

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The company's forecasts and projections, taking account of reasonably possible changes, show that the company should be able to operate within its current level of funding facilities. The company has obtained a letter of support from its immediate parent to further guarantee that the entity has access to financing over the next 12 months. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Northern Marine Group Ltd

**Report of the Directors
for the Year Ended 31st December 2021**

ENGAGEMENT WITH EMPLOYEES

The company employs and will continue to employ disabled persons provided that they are appropriately qualified and are competent to perform the task for which they are employed. Persons becoming disabled whilst in the company's service will, where possible, be given continued employment and necessary training. Career development will be assessed on an equal basis for disabled and able-bodied employees of similar abilities.

Subsidiaries of the company engage sea-going personnel on behalf of various owners. Consultation between employees and their superiors occurs, as required, on an informal basis. The directors are of the opinion that no further procedures for increasing employees' awareness of the company's performance or their involvement in it are appropriate in these circumstances.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

BY ORDER OF THE BOARD:



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P Fullerton – Director

Date: 27 May 2022

Northern Marine Group Ltd

Statement of Directors' Responsibilities for the Year Ended 31st December 2021

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, 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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' report to the members of Northern Marine Group Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Northern Marine Group Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements for the Year Ended 31st December 2021 (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2021; Statement of Income, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non standard journals and bias in assumptions related to accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing legal and professional expenses and the minutes of meetings of those charged with governance for any indication of non-compliance with laws and regulations;
- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- challenging the assumptions and judgements made by management in significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations in relation to revenue and cash.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
27 May 2022

Northern Marine Group Ltd

**Statement of Income
for the Year Ended 31st December 2021**

	Notes	2021 £'000	2020 £'000
TURNOVER	3	9,176	10,338
Administrative expenses		<u>(11,732)</u>	<u>(12,320)</u>
		(2,556)	(1,982)
Other operating income		<u>1,490</u>	<u>75</u>
OPERATING LOSS		(1,066)	(1,907)
Income from shares in group undertakings		3,250	2,800
Other interest receivable and similar income	6	178	786
		<u>2,362</u>	<u>1,679</u>
Interest payable and similar expenses	7	(298)	(876)
Other finance costs	21	<u>(17)</u>	<u>(37)</u>
PROFIT BEFORE TAXATION	8	2,047	766
Tax on profit	9	<u>327</u>	<u>241</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,374</u>	<u>1,007</u>

The notes form part of these financial statements

Northern Marine Group Ltd

**Statement of Comprehensive Income
for the Year Ended 31st December 2021**

	Notes	2021 £'000	2020 £'000
PROFIT FOR THE YEAR		2,374	1,007
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Remeasurement of net defined benefit liability	21	(502)	5
Income tax relating to other comprehensive (expense)/income	9	<u>86</u>	<u>(1)</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(416)</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,958</u>	<u>1,011</u>

The notes form part of these financial statements

Northern Marine Group Ltd (Registered number: SC474118)

Balance Sheet
31st December 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	10	15,217	16,816
Intangible assets	11	922	-
Investments	12	<u>5,257</u>	<u>5,247</u>
		<u>21,396</u>	<u>22,063</u>
CURRENT ASSETS			
Stocks	13	7	115
Debtors: amounts falling due within one year	14	10,183	7,534
Cash at bank and in hand		<u>367</u>	<u>642</u>
		10,557	8,291
CREDITORS			
Amounts falling due within one year	15	<u>(7,770)</u>	<u>(7,774)</u>
NET CURRENT ASSETS		<u>2,787</u>	<u>517</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,183	22,580
CREDITORS			
Amounts falling due after more than one year	16	(95)	(178)
PROVISIONS FOR LIABILITIES	18	<u>(1,991)</u>	<u>(2,263)</u>
NET ASSETS		<u>22,097</u>	<u>20,139</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,067	1,067
Retained earnings	20	<u>21,030</u>	<u>19,072</u>
TOTAL SHAREHOLDERS' FUNDS		<u>22,097</u>	<u>20,139</u>

The notes form part of these financial statements

Northern Marine Group Ltd (Registered number: SC474118)

Balance Sheet - continued
31st December 2021

The financial statements on pages 10 to 31 were approved by the Board of Directors on 27 May 2022 and were signed on its behalf by:



.....
P Fullerton - Director

The notes form part of these financial statements

Northern Marine Group Ltd

**Statement of Changes in Equity
for the Year Ended 31st December 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1st January 2020	1,067	18,061	19,128
Changes in equity			
Profit for the year	-	1,007	1,007
Remeasurement of net defined benefit liability	-	5	5
Tax relating to items of other comprehensive income	-	(1)	(1)
Balance at 31st December 2020	<u>1,067</u>	<u>19,072</u>	<u>20,139</u>
Changes in equity			
Profit for the year	-	2,374	2,374
Remeasurement of net defined benefit liability	-	(502)	(502)
Tax relating to items of other comprehensive expense	-	86	86
Balance at 31st December 2021	<u>1,067</u>	<u>21,030</u>	<u>22,097</u>

The notes form part of these financial statements

Northern Marine Group Ltd

Notes to the Financial Statements for the Year Ended 31st December 2021

1. STATUTORY INFORMATION

Northern Marine Group Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior year.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Northern Marine Group Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Stena AB, registered at Masthuggskajen, S405 19 Gothenburg, Sweden.

Key management personnel compensation and related party transactions

As the company meets the conditions of a qualifying entity, being a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view and the financial statements of the company are included in the consolidation, the company is exempt from the requirement to disclose key management personnel compensation and intragroup related party transactions.

Northern Marine Group Ltd

Notes to the Financial Statements - continued for the Year Ended 31st December 2021

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions 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 in applying the company's accounting policies

The directors have assessed that there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that they have made in the process of applying the company's accounting policies in the financial statements.

Key source of estimation uncertainty - defined benefit pension scheme actuarial assumption

Determining the present value of the defined benefit obligation requires the use of a number of actuarial assumptions. Details of the principal actuarial assumptions adopted are disclosed in note 21. As at year, the net deficit recognised in the Balance Sheet after deferred tax was £1,436,000 (2020: £1,602,000)

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible assets is calculated to write off the cost of the assets over their estimated useful lives by equal annual instalments:

Land	nil
Buildings	25 - 50 years
Fixtures, fittings and equipment	3 - 5 years

Intangible assets

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation of intangible assets is calculated to write off the cost of the assets over their estimated useful lives by equal annual instalments:

Software	3 - 5 years
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Northern Marine Group Ltd

Notes to the Financial Statements - continued for the Year Ended 31st December 2021

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to revenue or to assets. Grant relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

The company has taken qualifying entity disclosure exemptions for financial instruments.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

Northern Marine Group Ltd

Notes to the Financial Statements - continued for the Year Ended 31st December 2021

2. ACCOUNTING POLICIES - continued

Impairment of 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.

Non-financial assets

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 reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Pension costs and other post-retirement benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. TURNOVER

Turnover arises from the company's principal activity, the provision of management services to fellow group undertakings. An analysis of turnover by geographical region is given below:

	2021	2020
	£'000	£'000
UK	8,152	9,176
Europe	13	-
North America	66	82
Asia	<u>945</u>	<u>1,080</u>
	<u>9,176</u>	<u>10,338</u>

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	4,947	5,265
Social security costs	529	561
Other pension costs	386	414
	<u>5,862</u>	<u>6,240</u>

The monthly average number of employees was as follows:

	2021	2020
Office personnel (including directors)	<u>102</u>	<u>118</u>

5. DIRECTORS' EMOLUMENTS

	2021	2020
	£000	£000
Directors' remuneration	<u>548</u>	<u>608</u>

Excluding pension contributions and including the estimated money value of benefits in kind, the emoluments of the highest paid director was £453,000 (2020: £488,367). The highest paid director was a member of the money purchase scheme at the year end.

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Deposit account interest	1	(2)
Loan interest receivable	<u>177</u>	<u>788</u>
	<u>178</u>	<u>786</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest on bank loans and overdrafts	290	303
Loan interest	-	466
Unrealised exchange loss	<u>8</u>	<u>107</u>
	<u>298</u>	<u>876</u>

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

8. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021	2020
	£'000	£'000
Hire of plant and machinery	45	170
Other operating leases	131	137
Depreciation - owned assets	1,069	1,167
Auditors' remuneration	30	29

9. TAX ON PROFIT

Analysis of the tax credit

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

	2021	2020
	£'000	£'000
Current tax:		
Group relief at 19% (2020:19%)	<u>(304)</u>	<u>(456)</u>
Deferred tax:		
Deferred tax	(137)	111
Deferred Tax Pensions	<u>114</u>	<u>104</u>
Total deferred tax	<u>(23)</u>	<u>215</u>
Tax on profit	<u><u>(327)</u></u>	<u><u>(241)</u></u>

The differences between the total tax charge shown above and the amount calculate by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021	2020
	£'000	£'000
Current tax:		
Profit before taxation	<u>2,047</u>	<u>766</u>
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	<u><u>389</u></u>	<u><u>146</u></u>

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

9. TAX ON PROFIT - continued

	2021	2020
	£'000	£'000
Effects of:		
Non-taxable income	(617)	(536)
Expenses not deductible for tax purposes	54	41
Pension adjustments	(14)	-
Adjustments in respect of previous year	(139)	108
 Total tax credit in the profit and loss account	 (327)	 (241)
 Total current and deferred tax relating to items of other comprehensive expense	 (86)	 1
	<hr/>	<hr/>
Total tax credit	<u>(413)</u>	<u>(240)</u>

10. TANGIBLE ASSETS

	Freehold land & buildings	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	17,905	7,789	25,694
Reclassification to intangible assets	-	(2,223)	(2,223)
Additions	-	381	381
Disposals	-	-	-
At 31 December 2021	17,905	5,947	23,852
 Accumulated depreciation			
At 1 January 2021	3,414	5,464	8,878
Reclassification to intangible assets	-	(962)	(962)
Charge for the year	346	373	719
Disposals	-	-	-
At 31 December 2021	3,760	4,875	8,635
 Net book value			
At 31 December 2021	14,145	1,072	15,217
At 31 December 2020	14,492	2,324	16,816

Software was reclassified to intangible assets on 01 January 2021.

Land and buildings include £1,198,000 (2020: £1,198,000) of land which is not depreciated.

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

11. INTANGIBLE ASSETS

	Software £'000
COST	
At 1st January 2021	-
Reclassified from tangible assets	2,223
Additions	<u>11</u>
At 31st December 2021	<u>2,234</u>
ACCUMULATED AMORTISATION	
At 1st January 2021	-
Reclassified from tangible assets	962
Charge for year	<u>350</u>
At 31st December 2021	<u>1,312</u>
NET BOOK VALUE	
At 31st December 2021	<u>922</u>
At 31st December 2020	<u>-</u>

Software was reclassified from tangible assets on 01 January 2021.

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1st January 2021	5,411
Additions	<u>10</u>
At 31st December 2021	<u>5,421</u>
 PROVISION FOR IMPAIRMENT	
At 1st January 2021 and 31st December 2021	<u>164</u>
 NET BOOK VALUE	
At 31st December 2021	<u>5,257</u>
At 31st December 2020	5,247

All group undertakings and related companies are engaged in the recruitment of marine personnel and/or the supply of marine and industrial services.

Subsidiary Undertaking	Country of Incorporation	Holding in Ordinary Shares
NMG Ship Management Ltd (prev. Northern Marine Limited)	England	100%*
Northern Marine Management Limited	Scotland	100%
Northern Marine Management USA LLC	USA	100%
Northern Marine Management Pte Ltd	Singapore	100%
Tritec Marine Limited	Scotland	100%
Francois Offshore Catering Pte Ltd (prev. Tritec Marine Consultants Pte Ltd)	Singapore	100%
Austen Maritime Korea Limited	South Korea	100%
Northern Marine Manning Services Limited	Scotland	100%
Northern Marine Management India Pvt Limited	India	100%
Northern Marine Manning Services Pte Limited	Singapore	100%
Stena Marine Management LLC	Russia	100%
NMG Marine Services Limited (prev. Stena Marine Far East Limited)	Scotland	100%*
Northern Marine Singapore Pte Limited	Singapore	100%
Francois Marine Services Pte Limited	Singapore	100%
Francois Marine Services (Korea) Co Limited	South Korea	100%
Austen Maritime Services Pte Limited	Singapore	100%
Stena Marine Management Pte Limited	Singapore	100%
Stena Drilling Pte Limited	Singapore	100%
Meridian Shipping Services Pte Limited	Singapore	100%
Tang Li Shanghai	China	100%

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

12. FIXED ASSET INVESTMENTS - continued

Tang Li Hong Kong	Hong Kong	100%
Northern Marine Management Shanghai Limited	China	100%
Stena Marine Consulting Company Shanghai Limited	China	100%
Austen Maritime Services Consulting (Shanghai)	China	100%
Stena Marine Services GmbH	Germany	100%
Stena Marine Management GmbH & Co KG	Germany	100%
The Clyde Group Limited	Scotland	100%*
Clyde Marine Training Limited	Scotland	100%
Clyde Travel Limited	Scotland	100%
Alba Travel (Inverness) Limited	Scotland	100%
Clyde Training Solutions Limited	Scotland	100%
Stena Marine BV	Netherlands	100%
François Marine BV	Netherlands	100%
Clyde Travel BV	Netherlands	100%
Clyde Travel AB	Sweden	100%
Clyde Travel USA	USA	100%
Aurora Digital Solutions Limited	Scotland	100%
Northern Marine Ship Management Limited	Scotland	100%
Austen Maritime Hong Kong	Hong Kong	100%
Maritime Global Services Limited	Scotland	100%*
Maritime Global Services LLC	USA	100%
Maritime Global Services Pte Limited	Singapore	100%
Maritime Global Services LLP	India	100%
Stena Power & LNG Solutions AS	Norway	75%
Francois Offshore Catering Ltd	Scotland	100%
Northern Marine Management BV	Netherlands	100%
Stena Drilling Canada	Canada	49%
Skye Management Holdings LLC	Bermuda	100%
Austen Maritime Indonesia	Indonesia	100%
Northern Marine PTE Ltd	Singapore	100%
Northern Marine Manning Services Shanghai	China	100%
Clyde Travel ApS	Denmark	100%
Clyde Travel AS	Norway	100%
Clyde Uniforms Ltd	Scotland	100%
Northern Marine Maintenance Services Co (Saudi Arabia)	Saudi Arabia	10%
Clyde Travel Oy	Finland	100%
NMG Business Services Ltd	Scotland	100%*
NMG Corporate Services Ltd	Scotland	100%

* Held directly by Northern Marine Group Ltd

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

13. STOCKS

	2021	2020
	£'000	£'000
Finished goods	<u>7</u>	<u>115</u>

14. DEBTORS

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	-	21
Amounts owed by group undertakings	8,069	5,413
Other debtors	1,084	540
Group relief	646	838
Prepayments and accrued income	<u>384</u>	<u>722</u>
	<u>10,183</u>	<u>7,534</u>

Amounts owed by group undertakings relate largely to an intercompany loan receivable of £2,893,000 (2020: £3,858,000). This account also includes intercompany recharges and invoices to be settled within the Northern Marine Group and the Stena Group.

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Bank loans and overdrafts (see note 17)	6,039	6,152
Trade creditors	105	-
Amounts owed to group undertakings	4	51
Other creditors	577	805
Accruals and deferred income	994	746
Government grants	51	19
	<u>7,770</u>	<u>7,774</u>

Amounts owed to group undertakings relate to intercompany invoices to be settled.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£'000	£'000
Government grants	95	178
	<u>95</u>	<u>178</u>

17. LOAN

An analysis of the maturity of loans is given below:

	2021	2020
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>6,039</u>	<u>6,152</u>

18. PROVISIONS FOR LIABILITIES

	Pensions	Deferred tax	Total
	£000	£000	£000
At 1 January 2021	1,602	664	2,266
Charge/(credit) in the profit and loss account	27	(23)	4
Charge/(credit) in other comprehensive (expense)/income	502	(86)	416
Contributions by employer	(695)	-	(695)
At 31 December 2021	1,436	555	1,991

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

18. PROVISIONS FOR LIABILITIES - continued

Deferred tax analysed as:

	2021	2020
	£'000	£'000
Capital allowances in excess of depreciation	528	112
Net defined benefit scheme	<u>27</u>	<u>554</u>
	555	666

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£000	£000
1,067,328	Ordinary	£1	<u>1,067</u>	<u>1,067</u>

20. RETAINED EARNINGS

	Retained earnings £'000
At 1st January 2021	19,072
Profit for the year (including other comprehensive expense)	1,958
	<hr/>
At 31st December 2021	<u>21,030</u>

Northern Marine Group Ltd

Notes to the Financial Statements - continued for the Year Ended 31st December 2021

21. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution pension 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 £386,000 (2020: £414,000).

Defined benefit pension scheme

The company operated a defined benefit scheme for qualifying employees of its UK subsidiaries. Under the scheme, the employees are entitled to retirement benefits linked to their length of service and final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided. The scheme is a funded scheme. The scheme was closed during 2017 which resulted in a curtailment loss of £776,000. Under the schedule of contributions the company expects to contribute £695,000 per annum for in respect of deficit contributions.

The information disclosed below is in respect of the whole of the schemes for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

The amount included in the balance sheet in respect of its defined benefit scheme is as follows:

	2021 £000	2020 £000
Present value of funded defined benefit obligations	(26,439)	(25,916)
Fair value of scheme assets	<u>25,003</u>	<u>24,314</u>
	(1,436)	(1,602)

<u>Movements in present value of defined benefit obligation</u>	<u>£000</u>
At 1 January 2021	25,916
Admin expenses	8
Net interest expense	275
Actuarial losses	741
Benefits paid	<u>(501)</u>
At 31 December 2021	26,439

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

Movements in fair value of scheme assets		£000
At 1 January 2021		24,314
Actual return on scheme assets		258
Actuarial gain		237
Contributions by employer		695
Benefits paid		(501)
At 31 December 2021		25,003

<u>Expense recognised in the profit and loss account</u>	2021	2020
	£000	£000
Admin expenses	8	11
Net interest cost	17	37
	25	48
Recognised as other comprehensive expense/(income)	502	(5)
	527	43

Analysis of scheme assets at the Balance Sheet date was as follows:	2021	2020
	£000	£000
Bonds	12,133	12,538
Property	824	760
Multi asset	5,047	4,749
Cash	1,682	950
	19,686	18,997
Pension annuity	5,317	5,317
Total assets	25,003	24,314

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2021	2020
	%	%
Discount rate	1.85	1.35
Retail price inflation (RPI)	3.35	2.85
Consumer price inflation (CPI)	2.65	2.15

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The current demographic assumptions underlying the value of accrued liabilities for the scheme are as follows:

Northern Marine Group Ltd

Notes to the Financial Statements - continued
for the Year Ended 31st December 2021

	Proposed assumption at 31 December 2021	Assumption adopted at 31 December 2020
Base mortality	110% of S3NA tables, based on members' years of birth	103% of S2NA tables, based on members' years of birth
Future improvements in longevity	CMI 2020 projections with a long-term trend of 1.25% p.a. (A=0.25%, S _k =7.0, w ₂₀₂₀ =0%)	CMI 2019 projections with a long term trend of 1.25% p.a. (A=0.5%, S _k =7.0)
Life expectancy :		
Male currently aged 65	21.7	22.2
Female currently aged 65	24.2	24.2
Male currently aged 45	23.0	23.5
Female currently aged 45	25.6	25.7
Commutation of pension for cash sum	Members assumed to commute 25% of their pension for a cash lump sum at retirement	Members assumed to commute 25% of their pension for a cash lump sum at retirement
Retirement age	65	65
Marital statistics	80% of males and females	80% of males and females
Age difference	Males assumed to be 3 years older than females	Males assumed to be 3 years older than females
Options (e.g. transfers out)	No allowance	No allowance

Pension sensitivity analysis

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease liabilities by c.1.7%
RPI inflation	Increase by 0.1%	Increase liabilities by c.1.3%
Life expectancy	Increase life expectancy by 1 year	Increase liabilities by c.3.9%

22. COMMITMENTS UNDER OPERATING LEASE

At 31 December 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	160	30
Later than one year and not later than 5 years	240	400

23. CONTROLLING PARTY

The company is a wholly owned subsidiary of Stena (UK) Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company and controlling party is Stena AB, a company incorporated in Sweden.

The smallest and largest group in which the results of the company are consolidated is that headed by Stena AB. The consolidated financial statements of Stena AB are available at Masthuggskajen, Gothenburg, Sweden, 405 19.

Northern Marine Group Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2021**

**24. KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY
TRANSACTIONS**

As the company meets the conditions of a qualifying entity, being a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view and the financial statements of the company are included in the consolidation, the company is exempt from the requirement to disclose key management personnel compensation and intragroup related party transactions.

25. EVENTS AFTER THE REPORTING PERIOD

In February 2022, Russia invaded Ukraine which has triggered a full-scale war between the two countries. The war has not had a direct financial impact on the company's performance except for causing rising in inflation in the UK, driven by the demand for fuel moving away from Russia to other countries, as well the ongoing effects of the coronavirus pandemic. The company's priority is always the safety and well-being of its seafarers, and the company is monitoring the situation very closely. This is a non-adjusting event.