Registered number: 04571379

STENA NORTH SEA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

STENA NORTH SEA LIMITED

COMPANY INFORMATION

Directors	Michael Hugh Percy Mikael Fredrik Stenvaller Ian Hampton Mauro Mattiuzzo Annika Hult Sindo Dominic Fernandez-Ares
Company secretary	Jenny Kate Carter
Registered number	04571379
Registered office	First Floor 6 Arlington Street London SW1A 1RE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol 431 Union St Aberdeen AB11 6DA

STENA NORTH SEA LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The Directors present the Strategic Report of Stena North Sea Limited (the “Company”) for the year ended 31 December 2023.

Principal activities

The principal activities of the Company are to own, operate and charter out freight and passenger vessels.

Strategy

The strategy of the Company is to create value by owning and chartering out vessels, and by buying and selling vessels at the right time in the business cycle.

There are no employees in the Company.

Business review

The Company is acting mainly in the European market. It currently operates six ships which are either owned or leased (2022: six).

The business is cyclical in its characteristics. Factors that drive the cyclicality are the general economic environment in the regions where the Company is active, tonnage supply and demand balance and competition from other forms of transport. This presents the Company with both opportunities and challenges throughout a business cycle.

Management measures business performance through their review of the charter rates, the costs profile and the fleet utilization rate. The charter rates achieved and the costs profile during the year were satisfactory. The utilization rate of the fleet was 100% (2022: 100%).

A turnover of €73m was generated during the year (2022: €72m).

Operating costs of €41m (2022: €42m) primarily consist of ship depreciation charges and other ship operating costs.

The Company's solvency ratio, being equity divided by total assets, at the year end was 16% (2022: 12%). It is expected that this ratio will improve, due to the Company's forecast profits.

Results and dividends

The Company made a profit for the financial year of €12.9m (2022: €21.7m).

No dividends were paid to the parent company, Stena (UK) Limited, during the year (2022: €86.9m).

The financial position of the Company as at 31 December 2023 is shown on page 11.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company include the residual value of owned and finance leased ships at the time of disposal. The Company undertakes an annual impairment review of the carrying value and useful economic lives of all ship assets, using third party valuations and value in use assessments where appropriate.

The Company's trading and financing transactions are principally Euro denominated. Consequently, the financial statements are presented in that currency.

Hedging, using derivative financial instruments, is undertaken for planned currency exposures arising from material transactions which are not denominated in Euros.

Ships are financed by way of third party and inter-group loans. Borrowings are undertaken at variable rates. The Company is exposed to credit and cash flow risks in the normal course of business, which is managed through the credit control procedures in place.

The current ongoing conflicts in Ukraine and the Middle East have had no major consequences on the company's operations to date. The long term effects will most likely be limited as long as these conflicts are geographically contained. However both conflicts have intensified increases in energy prices which along with restricted labour markets and industrial disputes have created upward pressure on employment costs, both globally and in Europe. Consumer spending in the markets in which the company's clients operate, particularly on travel and services, has remained resilient but were this to be more severely affected by the global 'cost of living' crisis and potential further recession, there could be downward pressure on charter income rates for the European Roro add Ropax sectors. As operations are, in the main, between the Company and its related parties, the impact on the supply chain cost is expected to be minimal. Management and the Directors are continuing to closely monitor the situation.

Directors' statement of compliance with duty to promote the success of the Company

The Directors must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the Companies Act 2006 which is summarized as follows:
“A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders as a whole and in doing so have regard, among other matters to:
- the likely consequences of any decisions in the long-term
- the interest of the company’s employees
- the need to foster the company’s relationships with suppliers, customer and others
- the impact of the company’s operations on the community and environment
- the desirability of the company to maintain a reputation for high standards of business conduct, and
- the need to act fairly as between shareholders of the company”

In carrying out their duties the Directors apply the principles and guidelines established and adopted by the immediate or the ultimate parent company and which are described in the following documents:
- Principles, convictions and basic values for Stena AB (publ.) (issued by the ultimate parent company)
- Code of Conduct (issued by the ultimate parent company)
- Slavery and Human Trafficking Statement (issued by the immediate parent company)
- Anti-Bribery and Corruption Policy (issued by the immediate parent company)

The documents can be found on the immediate parent company’s webpage www.stena.co.uk.

Risk Management: The Company carefully considers the risks and uncertainties, described in the section “Principal risks and uncertainties” above, in any decisions.
People/Employees: The Company is committed to be a responsible employer and applies the principles and guidelines established by the immediate and the ultimate parent company.
Business Relationships: The Company always strives to develop and maintain strong client relationships by delivering high quality and cost efficient services.
Community and Environment: The Company always strives to improve efficiency and performance to reduce the environmental impact of the business and to contribute to a sustainable development of the community.
For further information reference is made to the Sustainability Report incorporated in the Annual Report of the ultimate parent company which can be found on the immediate parent company’s webpage www.stena.co.uk

This report was approved by the board and signed on its behalf on 14 May 2024.

Sindo Dominic Fernandez-Ares
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023.

Dividends and Financial Risk Management

Reference is made to the relevant sections in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

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

Michael Hugh Percy
Mikael Fredrik Stenvaller
Ian Hampton
Mauro Mattiuzzo
Annika Hult
Sindo Dominic Fernandez-Ares

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of the approval of the financial statements.

Environmental matters

Climate and energy issues are important to the Stena AB group business and plans. Areas of focus for Stena are energy efficiency improvement, the transition to renewable energy, and electrification. The group has a tradition of strong technical expertise, which enables innovation, development and implementation of future climate-smart technology and solutions. While many initiatives are in progress, Stena is well aware that the rate of transformation needs to increase sharply in the coming years in order to achieve society’s climate goals.

Streamlined Energy & Carbon Reporting

The entity is a low energy user - limited to office consumption of electricity. The company consumed 40,000 kWh of energy or less in the United Kingdom during the period in respect of which the directors' report is prepared and the company is therefore exempt from the Department for Business, Energy and Industrial Strategy (BEIS)'s Streamlined Energy & Carbon reporting requirements.

Going concern

The Company (together with two other group companies) has a multicurrency revolving credit facility provided by a fellow group company, AB Stena Finans. As at 31 December 2023 the limit of the facility was $170.0m (2022: $200.0m), reducing by $30.0m per annum.

At year-end, and as at the date of signing, $0.0m (2022: $0.0m) was drawn on the facility, leaving a further $170.0m (2022: $200.0m) undrawn. The facility expires in December 2025.

As at the year end, the Company has net cash at bank of €95.3m (2022: €142.7m) and short term receivables from group companies of €43.0m (2022: €44.0m).

Based upon the availability of its drawn and undrawn loan facilities and having reviewed the Company's future forecast cash flows, the Directors expect the Company to be a going concern for at least 12 months from the date of signing the financial statements and therefore prepared the financial statements on a going concern basis.

Future developments

The market is evaluated on an ongoing basis and management and the Directors have at this stage, no significant doubts about the continued operations as the overall business is expected to develop in the same direction and to about the same extent as in 2023.

Amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI entered into force on 1 November 2022. Developed under the framework of the Initial IMO Strategy on Reduction of GHG Emissions from Ships agreed in 2018, these technical and operational amendments require ships to improve their energy efficiency in the short term and thereby reduce their greenhouse gas emissions.

From 1 January 2023 it is mandatory for all ships to calculate their attained Energy Efficiency Existing Ship Index (EEXI) to measure their energy efficiency and to initiate the collection of data for the reporting of their annual operational carbon intensity indicator (CII) and CII rating.

These measurements have been implemented as a stimulus to reduce carbon intensity of all ships by 40% by 2030, compared to the 2008 baseline.

The Company and wider group are investing in research to ensure that all vessels held have reduced their carbon intensity, for both the short-term and long-term, in alignment with the IMO Strategy.

The Board approved with the operator of the Stena Superfast VII and Stena Superfast VIII to convert these vessels to a dual fuel diesel and methanol machinery to future proof the asset and form part of the wider group's methanol hub strategy ensuring CII compliance.

In conjunction with the Company's internal clients and the wider group the ability to transition to a climate neutral business, leveraging new technology and generating smarter solutions is an opportunity to grow and strengthen market position and to further establish Stena as a leader in Sustainability.

In early 2024, the Company continued to fund the construction of a new ice-class ropax vessel. This was delivered in February 2024 and sold to a subsidiary Company to commence its 5 year charter.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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 has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 May 2024 and signed on its behalf.

Sindo Dominic Fernandez-Ares
Director

Independent auditors' report to the members of Stena North Sea Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stena North Sea Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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, including 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 Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Statement of Comprehensive Income and the 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.

Independent auditors’ report to the members of Stena North Sea Limited (continued)

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 Directors' report, 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 Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 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 Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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.

Independent auditors' report to the members of Stena North Sea Limited (continued)

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 corporation 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 manipulation of the results of the company through inappropriate journals entries or bias in assumptions relating to accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance of 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 accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting the result for the year.

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.

Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
14 May 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 €000	*2022 €000*
Turnover	4	**72,722**	*72,375*
Operating costs		**(41,282)**	*(41,660)*
Operating profit	5	**31,440**	*30,715*
Interest receivable and similar income	7	**7,364**	*7,059*
Interest payable and similar expenses	8	**(20,490)**	*(17,307)*
Profit before tax		**18,314**	*20,467*
Tax on profit	9	**(5,411)**	*1,247*
Profit for the financial year		**12,903**	*21,714*

There was no other comprehensive income for 2023 (2022:€000NIL).

The notes on pages 13 to 27 form part of these financial statements.

STENA NORTH SEA LIMITED
REGISTERED NUMBER: 04571379

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 €000	2023 €000	*2022 €000*	*2022 €000*
Fixed assets					
Tangible assets	10		**299,053**		*311,012*
			299,053		*311,012*
Current assets					
Debtors: amounts falling due within one year	11	**55,855**		*59,754*	
Cash at bank and in hand		**101,989**		*142,697*	
		157,844		*202,451*	
Creditors: amounts falling due within one year	12	**(78,745)**		*(87,265)*	
Net current assets			**79,099**		*115,186*
Total assets less current liabilities			**378,152**		*426,198*
Creditors: amounts falling due after more than one year	13		**(306,047)**		*(366,996)*
Net assets			**72,105**		*59,202*
Capital and reserves					
Called up share capital	17		**1,000**		*1,000*
Profit and loss account			**71,105**		*58,202*
Total equity			**72,105**		*59,202*

The financial statements on pages 10 to 27 were approved and authorised for issue by the board and were signed on its behalf on 14 May 2024.

Sindo Dominic Fernandez-Ares
Director

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Profit and loss account	Total equity
	€000	€000	€000
At 1 January 2022	**101,000**	**23,344**	**124,344**
Comprehensive income for the year			
Profit for the year	**-**	**21,714**	**21,714**
Contributions by and distributions to owners			
Dividends	**-**	**(86,856)**	**(86,856)**
Share capital reduction	**(100,000)**	**100,000**	**-**
Total transactions with owners	**(100,000)**	**13,144**	**(86,856)**
At 31 December 2022 and 1 January 2023	**1,000**	**58,202**	**59,202**
Comprehensive income for the year			
Profit for the year	**-**	**12,903**	**12,903**
At 31 December 2023	**1,000**	**71,105**	**72,105**

The notes on pages 13 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Stena North Sea Limited (the “Company”) is a private company limited by shares and is incorporated in England, United Kingdom. The address of its registered office is First Floor, 6 Arlington Street, London, England, SW1A 1RE.

The principal activities of the Company are to own, operate and charter out freight and passenger vessels.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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 11.42, 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 Stena AB (publ.) for the year ended 31 December 2023 and these financial statements may be obtained from Masthuggskajen, 405 19, Gothenburg, Sweden.

2. Accounting policies (continued)

2.3 Going concern

The Company (together with two other group companies) has a multicurrency revolving credit facility provided by a fellow group company, AB Stena Finans. As at 31 December 2023 the limit of the facility was $170.0m (2022: $200.0m), reducing by $30.0m per annum.

At year-end, and as at the date of signing, $0.0m (2022: $0.0m) was drawn on the facility, leaving a further $170.0m (2022: $200.0m) undrawn. The facility expires in December 2025.

As at the year end, the Company has net cash at bank of €95.3m (2022: €142.6m) and short term receivables from group companies of €43.0m (2022: €44.0m).

Based upon the availability of its drawn and undrawn loan facilities and having reviewed the Company's future forecast cash flows, the Directors expect the Company to be a going concern for at least 12 months from the date of signing the financial statements and therefore prepared the financial statements on a going concern basis.

2.4 Foreign currency translation

The Company's trading and financing transactions are principally Euro denominated. Since this is the functional currency, the financial statements have been prepared in Euros.

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income.

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company charters out freight and passenger vessels services.

Revenue is recognized when;
a) the significant risks and rewards of ownerships has been transferred to the buyer;
b) the Company retains no continuing involvement or control over the goods/service;
c) the amount of revenue can be measured reliably;
d) it is probable that future economic benefits will flow to the entity.

The revenue on charter income is recognised in the year the services are rendered when the outcome of the contract can be measured reliably.

2.6 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2. Accounting policies (continued)

2.7 Interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Interest payable and similar expenses

Interest payable and similar expenses are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Current and deferred taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date, except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

2.11 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Ships	- 20 - 30 years
Machinery and equipment	- 5 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets under construction, including improvements to previously held assets, are not depreciated. Once the assets are in use, depreciation is provided for at the above rates.

2.13 Cash and cash equivalents

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

2. Accounting policies (continued)

2.14 Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in Profit and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2.15 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Profit and loss, unless the asset has been revalued when the amount is recognised in the Profit and loss to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Profit and loss.

2.16 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 exemption of FRS 102 in respect of financial instruments.

2. Accounting policies (continued)

2.17 Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, third party loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will not be drawn down, the fee is capitalised and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.18 Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

2.19 Derivatives

The Company does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies or for transactions entered into to manage the cash flow exposure of borrowings. Interest rate swaps are held to manage interest rate exposures and are designed as cash flow hedges of floating rate borrowings.

Changes to the fair values of derivatives designed as cash flow hedges, and which are effective, are recognized directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognized in the Income Statement. Where formal hedge documentation has not been put in place, the movement in the fair value is recognised in the Profit and loss.

The gain or loss recognized in other comprehensive income is reclassified to the Profit and loss when the hedging relationship ends. Hedge accounting is discontinued when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Management make estimates and assumptions concerning future developments in conjunction with the preparation of the annual accounts. The resulting accounting estimates will, by definition, rarely be equal to the actual results. Theose estimations and assumptions implying a significant risk of material adjustments in the in the carrying amounts of assets and liabilities during the next financial period are discussed below.

Vessels

The Company reviews the estimated useful lives of vessels based on factors such as business plans and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimate useful lives of vessels would increase the recorded depreciation and decrease the value of the vessel.

The Company uses appraisals carried out by independent vessel brokers for impairment assessment. If a review indicates that the net carrying amount of an asset exceeds its recoverable amount, discounted cash flows based on estimated capital expenses and estimated future returns are used. If impairment exists on the balance sheet date, the recoverable amount to the asset is estimated and the asset is written down to this value. Impairment is reversed if any change is made to the calculations used to determine the recoverable amount.

The residual values and useful lives of the assets are tested on every balance sheet date and adjusted when needed.

No impairment loss has been recognised in the current year (2022: Nil). See Note 10 for further details.

Deferred tax asset

In the preparation of the financial statements, the Company prepares a calculation of income taxes well as deferred taxes attributable to temporary differences.

Deferred tax assets that are primarily attributable to tax losses carried forward and temporary differences are reported if the tax assets can be expected to be recovered through future taxable income. Changes in the assumptions regarding forecasted future taxable income, as well as changes in tax rates, may result in significant differences in the valuation of deferred taxes. See Note 9 for further details.

Derivative financial instruments

The Company uses forward exchange contracts in order to hedge against fluctuations in the value of the US Dollar loans. A financial asset or liability is recognised at fair value through profit and loss, calculated using the exchange rates prevailing at the reporting date, assuming an available market for the forward exchange contracts.

4. Turnover

Turnover comprises charter hire receivable on vessels owned, leased and managed during the year. Charter hire arises in the following geographical markets:

	2023	*2022*
	€000	*€000*
Europe	**72,722**	*72,375*

NOTES TO THE FINANCIAL STATEMENTS
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5. Operating profit

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

	2023 €000	2022 €000
Depreciation	**40,086**	*40,085*
Exchange differences	**(644)**	*(2,553)*

	2023 €000	2022 €000
Fee payable to the Company's auditors for the audit of the Company's financial statements	**29**	*29*

The directors have agreed with the Company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the Company's financial statements for the year to 31 December 2023 should be limited to the greater of £5,000,000 or 5 times the auditor's fee for the statutory audit, and that, in any event, the auditor's liability for damages will be limited to that part of any loss suffered by the Company as is just and equitable having regard to the extent to which the auditor, the Company and any third parties are responsible for the loss in question. The shareholders of the Company approved this liability limitation agreement, as required by the Companies Act 2006, by a resolution dated 17 April 2024.

6. Employees

The Company has no employees other than directors, who did not receive any remuneration (2022 - £Nil).

The remuneration of the directors is paid by a fellow group company, which makes no recharge to the company. They are directors of the fellow group company and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, no remuneration has been disclosed in respect of these directors. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the fellow group company.

At the end of the year the Company had six Directors (2022: six).

7. Interest receivable and similar income

	2023 €000	2022 €000
Bank deposit interest	**1,994**	*737*
Deposit interest from fellow group undertakings	**1,755**	*796*
Other interest receivable	**74**	*115*
Derivative financial instruments	**2,897**	*2,858*
Exchange gain	**644**	*2,553*
	7,364	*7,059*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. Interest payable and similar expenses

	2023 **€000**	*2022* *€000*
Bank interest and other charges	**18,466**	*14,862*
Interest payable to group undertakings	**-**	*131*
Bank guarantee costs	**2,024**	*2,314*
	20,490	*17,307*

The ultimate parent company, Stena AB (publ.), guarantees all external loans and leases. The total guarantee fees payable during the year was €2.0m (2022: €2.3m).

9. Tax on profit

	2023 **€000**	*2022* *€000*
Corporation tax		
Group relief payable at 23.5% (2022: 19.0%)	**8,906**	*11,493*
Adjustments in respect of previous periods	**(5,191)**	*9,106*
Total current tax	**3,715**	*20,599*
Deferred tax		
Current year	**(4,893)**	*(10,006)*
Adjustments in respect of previous periods	**6,589**	*(11,840)*
Total deferred tax	**1,696**	*(21,846)*
Total tax on profit	**5,411**	*(1,247)*

The previous year adjustments relate to the change in the Group relief position in the filed tax returns.

9. Tax on profit (continued)

Factors affecting tax charge/ (credit) for the year

The tax assessed for the year is higher than *(2022 - lower than)* the standard rate of corporation tax in the UK of 23.5% *(2022 - 19%)*. The differences are explained below:

	2023	*2022*
	€000	*€000*
Profit before tax	**18,314**	*20,467*
Profit before tax multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	**4,304**	*3,889*
Effects of:		
Adjustments in respect of previous periods	**1,398**	*(2,734)*
Deferred tax rate changes	**(291)**	*(2,402)*
Total tax charge/ (credit) for the year	**5,411**	*(1,247)*

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted averaged tax rate was 23.5%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

OECD Pillar Two model rules

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the jurisdiction in which the entity is incorporated and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to Section 29 issued in July 2023.

Given the current rate of corporation tax applied is 23.5% it is not expected that the legislation will have a significant impact on the Company but due to the complexities in applying the legislation the Company is still in the process of undertaking this assessment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Tangible assets

	Ships €000	Machinery and equipment €000	Total €000
Cost or valuation			
At 1 January 2023	**754,386**	**20,428**	**774,814**
Additions	**28,127**	**-**	**28,127**
At 31 December 2023	**782,513**	**20,428**	**802,941**
Depreciation			
At 1 January 2023	**443,374**	**20,428**	**463,802**
Charge for the year on owned assets	**40,086**	**-**	**40,086**
At 31 December 2023	**483,460**	**20,428**	**503,888**
Net book value			
At 31 December 2023	**299,053**	**-**	**299,053**
At 31 December 2022	*311,012*	*-*	*311,012*

Included in Ships are vessels, with net book value of €246 million (2022: €286 million), which have been pledged as collateral to securitize the loans received from the bank and other third party lender (notes 13 and 14).

11. Debtors: amounts falling due within one year

	2023 **€000**	*2022* *€000*
Trade debtors	**12**	*14*
Amounts owed by group undertakings	**43,088**	*44,049*
Deferred taxation (note 16)	**2,429**	*4,125*
Derivative financial instruments	**7,006**	*7,915*
Prepayments and accrued income	**3,320**	*3,651*
	55,855	*59,754*

Prepayments and accrued income include €1.3m (2022: €2.5m) relating to periods after more than one year.

	2023 **€000**	*2022* *€000*
Amounts owed by group undertakings consists of:		
Unsecured interest-bearing deposit	**30,800**	*31,761*
Intra-group receivables	**12,288**	*12,288*
	43,088	*44,049*

The unsecured interest-bearing deposit is repayable on demand and interest is charged on a variable rate basis of SOFR plus 0.25% (2022: 0.25%).

Intra-group receivables are interest free and repayable on demand.

12. Creditors: Amounts falling due within one year

	2023 **€000**	*2022* *€000*
Bank overdrafts	**6,678**	*95*
Bank and third party borrowings	**61,175**	*59,784*
Amounts owed to group undertakings	**9,051**	*23,147*
Accruals and deferred income	**1,841**	*4,239*
	78,745	*87,265*

Amounts owed to group undertakings are unsecured, repayable on demand and are non interest bearing.

13. Creditors: Amounts falling due after more than one year

	2023 €000	*2022 €000*
Bank and third party borrowings	**306,047**	*366,996*
	306,047	*366,996*

The Company (together with two other group companies) has a multicurrency revolving credit facility provided by a fellow group company, AB Stena Finans. As at 31 December 2023 the limit of the facility was $170.0m (2022: $200.0m), reducing by $30.0m per annum. At year-end $0.0m (2022: $0.0m) was drawn on the facility, leaving a further $170.0m (2022: $200.0m) undrawn.

The facility is repayable in full on December 31, 2025. The interest charged is on a variable rate basis, and interest is charged at SOFR plus 3.25% (2022: 3.25%).

The Company has a multicurrency credit facility provided by a bank and another third party lender. The interest rates are charged on a fixed rate, between 3.2 – 3.5% (2022: 3.2 - 3.5%) on the USD elements and variable rates of EURIBOR plus 1.93 – 2.25% (2022: 1.93 - 2.25%) on the Euro loans. These loans were obtained to refinance the ownership of vessels which have also been used as collateral to secure the loans (note 10). The loans are repayable over a 7-year period.

14. Loans

Analysis of the maturity of loans is given below:

	2023 €000	*2022 €000*
Amounts falling due within one year		
Bank and third party borrowings	**61,175**	*59,784*
Amounts falling due 1-5 years		
Bank and third party borrowings	**306,047**	*366,996*
	367,222	*426,780*

Bank and third party borrowings at 31 December 2023 of €367.2 million (2022: €426.8 million) consist of secured facilities to finance the ownership of ships (note 10). Interest is payable on a fixed and variable interest rate basis.

NOTES TO THE FINANCIAL STATEMENTS
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15. Financial instruments

	2023 €000	*2022 €000*
Financial assets		
Financial assets measured at fair value through profit or loss	**7,006**	*7,915*

Financial assets measured at fair value through profit or loss comprise forward exchange contracts.

16. Deferred taxation

	2023 €000	*2022 €000*
At beginning of year	**4,125**	*(17,721)*
(Credited)/ charged to profit or loss	**(1,696)**	*21,846*
At end of year	**2,429**	*4,125*

The deferred tax asset is made up as follows:

	2023 €000	*2022 €000*
Accelerated capital allowances	**2,429**	*4,125*
	2,429	*4,125*

17. Called up share capital

	2023 €000	*2022 €000*
Allotted, called up and fully paid		
1,000,000 *(2022 - 1,000,000)* Ordinary shares of €1.00 each	**1,000**	*1,000*

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18. Dividends

	2023 **€000**	*2022* *€000*
Dividends paid to parent company	**-**	*86,856*

No dividends were paid during the year (2022: €86.856 per Ordinary share).

19. Capital commitments

At 31 December 2023 there were future commitments for capital expenditure of €69.0m (2022: €95.1m) relating to the build of a vessel and €12.9m (2022: €0.0m) relating to the conversion of engines to methanol for two vessels.

20. Related party transactions

Under paragraph 33.1A of FRS 102, the Company is exempt from the requirement to disclose related party transactions with other group undertakings as it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements. There are no further related party transactions, which in the opinion of the Directors require disclosure in the financial statements.

21. Parent company and ultimate parent company

The Company is a wholly owned subsidiary of Stena (UK) Limited, which is incorporated in London, Great Britain and registered in England and Wales. The ultimate parent and controlling company is Stena AB (publ.), 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 (publ.). The consolidated financial statements of Stena AB (publ.) are available at Masthuggskajen, 405 19, Gothenburg, Sweden.

The immediate parent undertaking is Stena (UK) Limited.