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**GEG (Holdings) Limited**

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**Annual Report and Financial Statements**

**For the Year Ended 31 March 2019**

**COMPANIES HOUSE  
EDINBURGH**

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COMPANIES HOUSE

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## **GEG (Holdings) Limited**

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### **Company Information**

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<b>Directors</b>	R J MacGregor I R MacGregor D A MacGregor J D MacDonald J A MacGregor T Ezure G J Farmer M Murase H Tsurushima (resigned 25 March 2019) T Kobayashi (appointed 25 March 2019) T Wada (appointed 25 March 2019)
<b>Company secretary</b>	J D MacDonald
<b>Registered number</b>	SC415463
<b>Registered office</b>	13 Henderson Road Inverness IV1 1SN
<b>Independent auditors</b>	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
<b>Bankers</b>	Bank of Scotland 3/5 Albyn Place Aberdeen AB10 1PY
<b>Solicitors</b>	Stronachs 34 Albyn Place Aberdeen AB10 6XF

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## **GEG (Holdings) Limited**

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## GEG (Holdings) Limited

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### Strategic report For the Year Ended 31 March 2019

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The directors present their strategic report and the financial statements for the year ended 31 March 2019.

#### Principal activities and review of the business

The Global Energy Group is an international service company creating value through a construction led approach to challenges in the oil and gas, renewables, nuclear, utilities and petrochemical sectors. The group combines a collection of niche offerings designed to reduce risks in early stage developments as well as enhancing performance in late-life assets.

The key financial and other performance indicators during the year were as follows:

	31 March 2019	31 March 2018	Change
	£'000	£'000	%
Turnover	300,070	289,197	4
Profit after tax	9,939	1,429	596
EBITDA	27,905	21,623	29
Shareholders' funds	84,706	118,351	(28)
Average number of employees	1,882	1,547	22

During the year the group undertook a significant restructuring exercise which resulted in a number of business units being disposed of out of GEG (Holdings) Limited as part of a share swap and refinancing exercise. Due to the diverse nature of the group the directors and shareholders made the decision to rationalise two operating groups and focus the businesses on building their core capability. The directors believe that the demerger will allow the group to make the businesses value proposition clearer to its customers as well as provide greater clarity around the group's strategic goals. The restructuring exercise was completed on the 31 January 2019.

Despite the demerger the groups revenue increased by 4% compared to the previous year with a turnover of £300 million (1 April 2018 – £289 million). Profit after tax for the financial year grew to £9.9 million, compared to £1.4 million in 2018. Positively the groups EBITDA also grew to £27.9m from £21.6m in the prior year.

Much of the increased profitability in the group during the year had come from the staging port opportunity for Siemens at the groups Port of Nigg Facility with a significant increase in utilisation of the yard, quayside and mobile cranes to support the offshore wind project. This combined with group's utilities portfolio performing well with the commitments with Scottish Water and a recovery in the Oil and Gas sector supported both revenue and margin growth for the group.

The group disposed of 80% of its investment of its Australian subsidiary Vertech Group Pty Limited during the financial year (June 2018), this realised a gain on sale for the group but did result in a reduction in turnover and profitability which was offset by the gains noted above.

The group's core market "Oil and Gas" is still in a period of low capital spend and under increased societal pressure with climate change challenges and carbon capture initiatives key to the future markets success. GEG has seen some shoots of recovery with an increase in both marine and subsea activity but does anticipate the market to remain more challenged in future years without increased exploration spend.

The current oil price, reduced capital spend and uncertainty has proved to be a catalyst for offshore asset owners to challenge conventional methods of maintaining their ageing infrastructure. The group experienced a positive response to its innovative and high performance methods of delivering critical repairs and maintenance and has benefited from opex spend and seen opportunity for growth in this space.

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## **GEG (Holdings) Limited**

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### **Group Strategic Report (continued) For the Year Ended 31 March 2019**

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#### **Principal activities and review of the business (continued)**

Encouragingly The Port of Nigg has now established itself as Scotland's offshore renewables hub as well as a multi energy user site with the completion of the Beatrice Offshore Wind Farm staging port project. The port now provides a full service offering including logistics and fabrication services and supports both major renewables projects as well traditional Oil and Gas activities. Further investment in the yard is being considered in the future to support the ever evolving energy market.

GEG manages its risks by diversifying across a number of highly regulated end markets. Sustaining revenues at £200 million reflects a robust diversification policy that covers non-oil and gas infrastructure and a strong balance of operating expenditure/capital expenditure activities.

The balance sheet at 31 March 2019 notes net assets of £86.0m (2018 - £119.4 million). The group's bank debt had reduced significantly prior to the group demerger but is now in line with prior year end position as a result of the restructure and share buyback. As part of the restructuring exercise the group refinanced its debt facilities providing the existing group with a robust package to both meet its ongoing obligations and provide opportunity for future growth.

The balance sheet at 31 March 2019 notes net current assets of £1.6m moving from a net liability position of £2.7m in the 2018. The prior year period was distorted with a significant capital commitment being refinanced after the year end.

#### **Principal risks and uncertainties**

The Board and Directors are confident that the business model mitigates the group from major trading risks. In a typical year, 50% of the group will be linked to customer's operating expenditure budgets and 50% to a mixture of Brownfield and Greenfield capital expenditure budgets. Moreover, our risks are spread across different segments of the natural resources industry, and in different geographical communities. The directors have successfully built a portfolio of operations that are resilient to economic and political influences. Coupled with an organisational culture that can react fast to changing circumstances, we are confident in the continuing trading of the group.

#### **Financial instrument risks**

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives.

Financial instrument risks can be sub divided as follows:

##### ***Liquidity risk***

The group policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Liquidity is achieved by overdraft and other long-term bank facilities. The group places significant focus on working capital management.

##### ***Interest rate risk***

The group finances its operations through bank borrowing at floating rates. The group policy is to borrow at the lowest rates for periods that do not carry excessive time premiums.

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**GEG (Holdings) Limited**

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**Group Strategic Report (continued)  
For the Year Ended 31 March 2019**

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**Financial instrument risks (continued)**

***Credit risk***

The group policy is to minimise exposure to losses of defaulting customers. Credit terms are only granted to customers who satisfy credit worthiness procedures and in certain market sectors where appropriate credit insurance can be obtained. Credit limits are reviewed by finance department staff on a regular basis in conjunction the debt ageing and collection history.

This report was approved by the board on 24 December 2019 and signed on its behalf.



**R J MacGregor**  
Director

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## **GEG (Holdings) Limited**

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### **Directors' Report For the Year Ended 31 March 2019**

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The directors present their report and the financial statements for the year ended 31 March 2019.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £9.8m (2018: £1.4m).

Ordinary dividends of £2m (2017: £2m) were declared during the year.

#### **Directors**

The directors who served during the year were:

R J MacGregor  
I R MacGregor  
D A MacGregor  
J D MacDonald  
J A MacGregor  
T Ezure  
G J Farmer  
M Murase  
H Tsurushima (resigned 25 March 2019)  
T Kobayashi (appointed 25 March 2019)  
T Wada (appointed 25 March 2019)

#### **Future developments**

The directors continue to forecast a period of lower capital spend in the Oil and Gas market. With an increased societal focus on climate change and carbon capture solutions the directors are positioning the business to adopt to the fast changing market place. With this in mind the directors have re focused their strategy to grow market share, develop smarter technologies and processes and operate in a more efficient way.

The directors will continue to develop the revenue base in non-oil and gas markets such, renewables and nuclear as well as invest in its people to continue to provide solutions for client's energy assets and projects. This strategy is designed to enable the group to be service an ever evolving energy landscape and to grow with sustainably in mind.

#### **Political donations**

The company did not make any political donations during the year.

#### **Going concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Future developments**

The directors continue to forecast a period of low activity in the Oil and Gas as market continues to recover. With this in mind the directors have re-focused their strategy to grow market share, protect its core business as well as looking at opportunities for growth.

The directors will continue to develop the revenue base in non-oil and gas markets such as petrochemical, renewables and utilities. This strategy is designed to enable the group to be robust through the downturn and able to grow sustainably on a strengthening market.

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**GEG (Holdings) Limited**

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**Directors' Report (continued)  
For the Year Ended 31 March 2019**

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**Employee involvement**

Employee involvement continues to form a crucial part of our approach to employee engagement throughout the Group.

The voice of the employee plays an integral part in our decision making therefore we run an annual employee survey to take the pulse of the organisation to identify what is working well and areas for improvement. The impact of the survey is improved employee experiences, experiences that promote greater health and wellbeing, support faster growth and development and – in turn – motivate improved productivity and attendance.

In September 2019 we appointed a People and Culture Director to create and lead a progressive and innovative people strategy. The focus of the People and Culture team is to engage and development employees at all levels of the organisation as well as attracting new talent to support our focus on our diverse and inclusive culture.

**Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Disabled employees**

The company, as part of its employment and ongoing practices has always and wishes to continue, to promote an environment of equality and fairness and therefore recognises and complies with the Disability Discrimination Act 1995 (DDA).

The Disability Discrimination Act defines 'disability' as a physical or mental impairment which has a substantial and long term adverse effect on a person's ability to carry out their normal day to day activities.

The Act makes it unlawful for employers to discriminate against current or prospective workers who have a disability or who have had a disability in the past. When an employer treats a person with a disability less favourably than he treats other people and this treatment cannot be justified then discrimination has taken place. The employer also has a duty to make a 'reasonable adjustment' in relation to the disabled person and failure to do so is again discrimination, if it cannot be justified.

**Auditors**

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

This report was approved by the board on 24 December 2019 and signed on its behalf.



**R J MacGregor**  
Director



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## **GEG (Holdings) Limited**

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### **Directors' Responsibilities Statement For the Year Ended 31 March 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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## **GEG (Holdings) Limited**

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### **Independent Auditors' Report to the Members of GEG (Holdings) Limited**

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#### **Opinion**

We have audited the financial statements of GEG (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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## **GEG (Holdings) Limited**

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### **Independent Auditors' Report to the Members of GEG (Holdings) Limited (continued)**

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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**GEG (Holdings) Limited**

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**Independent Auditors' Report to the Members of GEG (Holdings) Limited (continued)**

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**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

*Ernst & Young LLP*

Jamie Dixon (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP**  
2 St Peter's Square  
Manchester  
M2 3EY

24 December 2019

**GEG (Holdings) Limited**

**Consolidated Income Statement  
For the Year Ended 31 March 2019**

	Note	Continuing operations 2019 £000	Discontin'd operations 2019 £000	Total 2019 £000	Continuing operations 2018 £000	Discontin'd operations 2018 £000	Total 2018 £000
Turnover	2	205,686	94,384	300,070	157,906	131,291	289,197
Cost of sales		(164,073)	(74,258)	(238,331)	(125,042)	(104,309)	(229,351)
<b>Gross profit</b>		<u>41,613</u>	<u>20,126</u>	<u>61,739</u>	<u>32,864</u>	<u>26,982</u>	<u>59,846</u>
Administration expenses		(31,217)	(17,965)	(49,182)	(32,609)	(21,423)	(54,032)
Other operating income		40	-	40	-	-	-
<b>Group operating profit</b>	3	<u>10,436</u>	<u>2,161</u>	<u>12,597</u>	<u>255</u>	<u>5,559</u>	<u>5,814</u>
Gain/(loss) on disposal of tangible fixed assets		104	21	125	824	(17)	807
Gain on disposal of investments		-	4,243	4,243	-	-	-
<b>Profit on ordinary activities before interest and taxation</b>		<u>10,540</u>	<u>6,425</u>	<u>16,965</u>	<u>1,079</u>	<u>5,542</u>	<u>6,621</u>
Interest receivable and similar income		-	23	23	-	-	-
Interest payable and similar charges	6	(1,237)	(22)	(1,259)	(1,610)	(125)	(1,735)
<b>Profit on ordinary activities before taxation</b>		<u>9,303</u>	<u>6,426</u>	<u>15,729</u>	<u>(531)</u>	<u>5,417</u>	<u>4,886</u>
Taxation on profit on ordinary activities	7	(2,166)	(3,624)	(5,790)	(729)	(2,728)	(3,457)
<b>Profit for the financial year</b>		<u>7,137</u>	<u>2,802</u>	<u>9,939</u>	<u>(1,260)</u>	<u>2,689</u>	<u>1,429</u>
<b>Profit for the financial year attributable to:</b>							
Non-controlling interests		240	(94)	146	32	-	32
Owners of the parent		6,898	2,895	9,793	(1,307)	2,704	1,397
		<u>7,138</u>	<u>2,801</u>	<u>9,939</u>	<u>(1,275)</u>	<u>2,704</u>	<u>1,429</u>

The notes on pages 19 to 42 form part of these financial statements.

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**GEG (Holdings) Limited**

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**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 March 2019**

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	2019 £000	2018 £000
Profit for the financial year	9,939	1,429
Exchange difference on retranslation of foreign subsidiary	442	(2,377)
<b>Total comprehensive income for the year</b>	<u>10,381</u>	<u>(948)</u>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interest	146	32
Owners of the parent Company	10,235	(980)
	<u>10,381</u>	<u>(948)</u>

The notes on pages 19 to 42 form part of these financial statements.

**GEG (Holdings) Limited**  
**Registered number: SC415463**

**Consolidated Statement of Financial Position**  
**As at 31 March 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	8	51,088	77,903
Tangible assets	9	81,214	93,765
		<u>132,302</u>	<u>171,668</u>
<b>Current assets</b>			
Stocks	11	985	3,166
Debtors: amounts falling due within one year	12	51,967	70,446
Cash at bank and in hand		1,764	4,481
		<u>54,716</u>	<u>78,093</u>
Creditors: amounts falling due within one year	13	(53,159)	(80,816)
<b>Net current assets/(liabilities)</b>		<u>1,557</u>	<u>(2,723)</u>
<b>Total assets less current liabilities</b>		<u>133,859</u>	<u>168,945</u>
Creditors: amounts falling due after more than one year	14	(38,929)	(39,713)
<b>Provisions for liabilities</b>			
Deferred taxation	16	(2,585)	(3,134)
Accruals and deferred income - deferred government grants	17	(6,387)	(6,714)
<b>Net assets</b>		<u>85,958</u>	<u>119,384</u>
<b>Capital and reserves</b>			
Called up share capital	18	316	430
Share premium account	20	69,570	69,570
Capital redemption reserve	20	39	-
Profit and loss account		14,781	48,351
<b>Equity attributable to owners of the parent Company</b>		<u>84,706</u>	<u>118,351</u>
Non-controlling interests		1,252	1,033
<b>Shareholders' funds</b>		<u>85,958</u>	<u>119,384</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2019.

**R J MacGregor**  
Director

The notes supporting the above form part of these financial statements.

**GEG (Holdings) Limited**  
**Registered number: SC415463**

**Company Statement of Financial Position**  
**As at 31 March 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	9	194	222
Investments	10	88,511	99,138
		<u>88,705</u>	<u>99,360</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	44,650	72,202
		<u>44,650</u>	<u>72,202</u>
Creditors: amounts falling due within one year	13	(11,141)	(26,018)
		<u>33,509</u>	<u>46,184</u>
<b>Net current assets</b>			
		<u>122,214</u>	<u>145,544</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	14	(23,549)	(32,551)
		<u>98,665</u>	<u>112,993</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	18	316	430
Share premium account	20	69,570	69,570
Capital redemption reserve	20	39	-
Profit and loss account		28,740	42,993
		<u>98,665</u>	<u>112,993</u>
<b>Shareholders' funds</b>			
		<u>98,665</u>	<u>112,993</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2019

  
**R J MacGregor**  
 Director

The notes supporting the above form part of these financial statements.



**GEG (Holdings) Limited**

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2019**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Share- holders equity £000	Non- controlling interests £000	Total equity £000
At 1 April 2018	430	69,570	-	48,351	118,351	1,033	119,384
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	9,793	9,793	146	9,939
Currency translation differences	-	-	-	442	442	-	442
Shares repurchased	-	-	39	-	39	-	39
<b>Other comprehensive income for the year</b>							
	-	-	39	442	481	-	481
<b>Total comprehensive income for the year</b>							
	-	-	39	10,235	10,274	146	10,420
Dividends: Equity capital	-	-	-	(43,805)	(43,805)	-	(43,805)
Shares cancelled during the year	(114)	-	-	-	(114)	-	(114)
Non-controlling interest	-	-	-	-	-	94	94
Disposals in the year	-	-	-	-	-	(21)	(21)
<b>Total transactions with owners</b>							
	(114)	-	-	(43,805)	(43,919)	73	(43,846)
<b>At 31 March 2019</b>	316	69,570	39	14,781	84,706	1,252	85,958

The notes on pages 19 to 42 form part of these financial statements.

**GEG (Holdings) Limited**

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Share- holders equity £000	Non- controlling interests £000	Total equity £000
At 1 April 2017	430	69,570	51,331	121,331	1,503	122,834
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	1,397	1,397	32	1,429
Currency translation differences	-	-	(2,377)	(2,377)	-	(2,377)
<b>Other comprehensive income for the year</b>						
	-	-	(2,377)	(2,377)	-	(2,377)
<b>Total comprehensive income for the year</b>						
	-	-	(980)	(980)	32	(948)
Dividends: Equity capital	-	-	(2,000)	(2,000)	-	(2,000)
Non-controlling interests	-	-	-	-	(502)	(502)
<b>Total transactions with owners</b>						
	-	-	(2,000)	(2,000)	(502)	(2,502)
<b>At 31 March 2018</b>	<b>430</b>	<b>69,570</b>	<b>48,351</b>	<b>118,351</b>	<b>1,033</b>	<b>119,384</b>

The notes on pages 19 to 42 form part of these financial statements.

**GEG (Holdings) Limited**

**Company Statement of Changes in Equity  
For the Year Ended 31 March 2019**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 April 2017</b>	430	69,570	-	13,227	83,227
Profit for the year	-	-	-	31,766	31,766
<b>Total comprehensive income for the year</b>	-	-	-	31,766	31,766
Equity dividends paid	-	-	-	(2,000)	(2,000)
<b>At 1 April 2018</b>	430	69,570	-	42,993	112,993
Profit for the year	-	-	-	17,323	17,323
Shares repurchased	-	-	39	-	39
<b>Total comprehensive income for the year</b>	-	-	39	17,323	17,362
Equity dividends paid	-	-	-	(31,576)	(31,576)
Shares cancelled during the year	(114)	-	-	-	(114)
<b>At 31 March 2019</b>	316	69,570	39	28,740	98,665

The notes on pages 19 to 42 form part of these financial statements.

**GEG (Holdings) Limited**

**Consolidated Statement of Cash Flows  
For the Year Ended 31 March 2019**

	2019 £000	2018 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	9,939	1,429
<b>Adjustments for:</b>		
Tax on profit on ordinary activities	5,790	3,457
Amortisation of intangible assets	7,595	5,605
Depreciation of tangible fixed assets	8,025	9,244
Deferred government grant release	(273)	(448)
Impairment of fixed assets	-	842
Loss/(profit) on disposal of fixed assets	125	(807)
Net finance costs	1,259	1,735
(Increase)/decrease in debtors	(19,475)	5,886
(Increase)/decrease in stocks	(246)	252
Increase in creditors	7,077	6,102
Corporation tax (paid)	(2,625)	(2,140)
<b>Net cash generated from operating activities</b>	<u>17,191</u>	<u>31,157</u>
<b>Cash flows from investing activities</b>		
Payments to acquire tangible fixed assets	(5,249)	(17,540)
Receipts from sales of tangible fixed assets	1,448	6,450
Repayment of related party debt	23,500	-
Purchase of subsidiary undertaking	(3,000)	(2,025)
Net cash acquired with subsidiary undertaking	331	1,356
Acquisition of non-controlling interest	(3,682)	(1,004)
Sale of subsidiary undertaking	13,933	-
Net cash disposed with subsidiary undertakings	(14,289)	-
<b>Net cash from investing activities</b>	<u>12,992</u>	<u>(12,763)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interest	(640)	(365)
Share buyback	(14,500)	-
Equity dividends paid	(2,000)	(2,000)
Interest paid	(1,259)	(1,735)
Net movement in short-term borrowings	(2,450)	2,250
Net movement in long-term borrowings	(9,000)	(14,250)
Repayments of capital element of finance leases and hire purchase contracts	(3,196)	(2,908)
<b>Net cash used in financing activities</b>	<u>(33,045)</u>	<u>(19,008)</u>

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**GEG (Holdings) Limited**

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**Consolidated Statement of Cash Flows (continued)**  
**For the Year Ended 31 March 2019**

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	2019 £000	2018 £000
<b>Net (decrease) in cash and cash equivalents</b>	<b>(2,862)</b>	<b>(614)</b>
Cash and cash equivalents at beginning of year	4,481	7,300
Effects of exchange rates on cash and cash equivalents	145	(2,205)
<b>Cash and cash equivalents at the end of year</b>	<b>1,764</b>	<b>4,481</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,764	4,481

The notes on pages 19 to 42 form part of these financial statements.

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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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#### **1. Accounting policies**

##### **1.1 Statement of compliance**

GEG (Holdings) Limited is a private limited liability company incorporated in Scotland. The Registered Office is 13 Henderson Road, Inverness, IV1 1SN.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2019.

##### **1.2 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 financial statements of GEG (Holdings) Limited were authorised for issue by the Board of Directors on 24 December 2019. The financial statements have been prepared in accordance with the applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

##### **1.3 Basis of consolidation**

The group financial statements consolidate the financial statements of GEG (Holdings) Limited and all its subsidiary undertakings ("subsidiaries") drawn up to 31 March each year. No profit and loss account is presented for GEG (Holdings) Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Acquisitions have been included in the group financial statements using the acquisition method of accounting.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over who's operating and financial policies the group exercises a significant influence are treated as associates.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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

##### **1.4 Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the company's key sources of estimation uncertainty:

##### **Long term contracts**

Profit on long-term contracts is taken as the work carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Turnover derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year which they are first foreseen.

##### **Goodwill**

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### **Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair values less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discontinued cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### **1.5 Significant accounting policies**

##### **Goodwill**

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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

##### **Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Development costs      10 years  
Software development   4 years

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land & buildings	- 4-25%	straight-line
Plant and machinery	- 10-20%	straight-line
Motor vehicles	- 25%	straight-line
Furniture, fittings and equipment	- 20-33%	straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Impairment of non-financial assets**

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment loss recognised in the income statement.



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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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

##### **Turnover recognition**

Turnover is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must be met before turnover is recognised:

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

##### **Government grants**

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a turnover nature are credited to income so as to match them with the expenditure to which they relate.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale - purchase cost on first-in, first-out basis

##### **Provisions for liabilities**

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

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## GEG (Holdings) Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2019

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#### 1. Accounting policies (continued)

##### **Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### **Foreign currencies**

###### *Company*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

###### *Group*

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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

##### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### **Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### **Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment.

##### **Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

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## **GEG (Holdings) Limited**

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### **Notes to the Financial Statements For the Year Ended 31 March 2019**

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

##### **1.6 Impairment of fixed assets and goodwill**

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

##### **1.7 Interest income**

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

##### **Pensions**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the group to the fund in respect of the period.

The group also contributes to personal plans for certain employees of the company. These contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

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## GEG (Holdings) Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2019

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#### 2. Revenue

Revenue represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

*The group operates in one principal area of activity - natural resources support services.*

The group operates within three geographical markets - Europe, Australia and The rest of the world.

In the opinion of the Directors, disclosure of segmental analysis of revenue, profit and net assets would be seriously prejudicial to the interests of the Group therefore the information has not been disclosed. An analysis of revenue by geographical market is given below:

	2019 £000	2018 £000
Europe	267,706	233,511
Australia	13,222	33,438
United Kingdom	19,142	22,248
	<u>300,070</u>	<u>289,197</u>

#### 3. Group operating profit

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

	2019 £000	2018 £000
Amortisation of government grants	(273)	(448)
Depreciation of tangible fixed assets - owned by the company	5,813	7,755
Depreciation of tangible fixed assets - held under finance leases	2,212	1,489
Amortisation of goodwill	7,559	5,422
Amortisation of other intangible assets	36	183
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	191	184
Foreign exchange differences	55	358
Operating lease rentals	<u>4,402</u>	<u>5,190</u>

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**4. Auditor's remuneration**

The remuneration of the auditors or its associates is further analysed as follows:

	2019 £000	2018 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>176</u>	<u>176</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Audit-related assurance services		
Other non-audit services	<u>15</u>	<u>8</u>

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**5. Staff costs**

(a) Staff costs

	2019 £000	2018 £000
Wages and salaries	78,527	64,741
Social security costs	8,061	7,684
Other pension costs	1,269	1,330
	<u>87,857</u>	<u>73,755</u>

The average monthly number of employees during the year was as follows:

	2019 No.	2018 No.
Management and administration	608	345
Blue collar/technical	1,274	1,202
	<u>1,882</u>	<u>1,547</u>

(b) Directors' remuneration

	2019 £000	2018 £000
Aggregate remuneration in respect of qualifying services	679	766
Company pension contributions to money purchase pension schemes	33	46
	<u>712</u>	<u>812</u>

	2019 £000	2018 £000
In respect of the highest paid director:		
Aggregate remuneration	<u>219</u>	<u>206</u>

During the year retirement benefits were accruing to one director (2018 - two) in respect of money purchase pensions.

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**6. Interest payable and similar expenses**

	2019 £000	2018 £000
Bank interest payable	910	1,497
Finance charges payable under finance leases and hire purchase contracts	349	238
	<u>1,259</u>	<u>1,735</u>

**7. Taxation**

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	3,375	1,878
Tax overprovided in previous years	(462)	303
	<u>2,913</u>	<u>2,181</u>
<b>Foreign tax</b>		
Foreign tax on income for the year (UK)	33	60
Foreign tax on income for the year (overseas)	2,556	41
	<u>2,589</u>	<u>101</u>
<b>Total current tax</b>	<u>5,502</u>	<u>2,282</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	217	1,524
Adjustments in respect of prior years	71	(349)
	<u>288</u>	<u>1,175</u>
<b>Taxation on profit on ordinary activities</b>	<u>5,790</u>	<u>3,457</u>



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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**7. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	15,729	4,886
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,989	928
<b>Effects of:</b>		
Expenses not deductible for tax purposes, including goodwill amortisation	538	43
Capital allowances for year in excess of depreciation	259	413
Intra-group asset transfers	(139)	-
(Profit)/loss on disposal of fixed assets	-	4
Impairment of investments	-	(1)
Investments written off	(427)	501
Transfer pricing adjustments	-	76
Other timing differences	505	1,154
Adjustments to tax charge in respect of prior years	(391)	(5)
Foreign tax on disposals	2,487	-
Foreign tax credits expensed	(1)	(11)
Non-taxable income	-	(50)
Effect of rate change on deferred tax	(23)	-
Unrealised forex movements	-	433
Discontinued operations	(10)	-
Others	3	(28)
<b>Total tax charge for the year</b>	<b>5,790</b>	<b>3,457</b>

**Factors that may affect future tax charges**

Deferred tax balances have been calculated at a rate of 19% as this is the rate at which the majority of the timing differences are expected to reverse.

**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**8. Intangible assets**

**Group and Company**

	Goodwill £000	Other intangibles £000	Lease premium £000	Total £000
<b>Cost</b>				
At 1 April 2018	107,912	631	1,115	109,658
Additions	8,367	-	-	8,367
Disposals	(41,118)	(631)	-	(41,749)
At 31 March 2019	75,161	-	1,115	76,276
<b>Amortisation</b>				
At 1 April 2018	31,208	426	121	31,755
Charge for the year	7,523	17	19	7,559
On disposals	(13,683)	(443)	-	(14,126)
At 31 March 2019	25,048	-	140	25,188
<b>Net book value</b>				
At 31 March 2019	50,113	-	975	51,088
At 31 March 2018	76,704	205	994	77,903

**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**9. Tangible fixed assets**

**Group**

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2018	65,235	54,591	3,042	3,432	126,300
Additions	1,073	5,319	777	229	7,398
Acquisition of subsidiary	84	(19)	(4)	170	231
Disposals	(424)	(6,504)	(394)	(76)	(7,398)
Disposal of subsidiary	(8,734)	(7,044)	(2,659)	(2,108)	(20,545)
Exchange adjustments	46	16	9	7	78
At 31 March 2019	57,280	46,359	771	1,654	106,064
<b>Depreciation</b>					
At 1 April 2018	8,819	19,246	1,664	2,806	32,535
Charge for the year	2,271	4,741	531	482	8,025
Disposals	(336)	(4,110)	(283)	27	(4,702)
Disposal of subsidiary	(1,849)	(5,529)	(1,686)	(1,958)	(11,022)
Exchange adjustments	17	(6)	3	-	14
At 31 March 2019	8,922	14,342	229	1,357	24,850
<b>Net book value</b>					
At 31 March 2019	48,358	32,017	542	297	81,214
At 31 March 2018	56,416	35,345	1,378	626	93,765

The net book value of land and buildings may be further analysed as follows:

	2019 £000	2018 £000
Freehold property	20,002	27,604
Leasehold property	28,143	27,342
Tenant's improvements	584	1,471
	48,729	56,417

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**9. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £000	2018 £000
Plant and machinery	16,118	12,526
Motor vehicles	-	423
	<u>16,118</u>	<u>12,949</u>

**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**9. Tangible fixed assets (continued)**

**Company**

	Long-term leasehold property £000	Motor vehicles £000	Office equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2018	204	160	185	549
Additions	54	30	59	143
Disposals	-	(66)	(45)	(111)
At 31 March 2019	258	124	199	581
<b>Depreciation</b>				
At 1 April 2018	152	32	143	327
Charge for the year on owned assets	32	30	31	93
Disposals	-	(17)	(16)	(33)
At 31 March 2019	184	45	158	387
<b>Net book value</b>				
At 31 March 2019	74	79	41	194
At 31 March 2018	52	128	42	222

The net book value of land and buildings may be further analysed as follows:

	2019 £000	2018 £000
Long leasehold	74	51
	74	51

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**10. Fixed asset investments**

**Company**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 April 2018	99,138
Additions	4,417
Disposals	(15,044)
At 31 March 2019	<u>88,511</u>
<b>Net book value</b>	
At 31 March 2019	<u>88,511</u>
At 31 March 2018	<u>99,138</u>

For the year ended 31 March 2019 the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: GEG (Marine & Logistics) Limited; Caledonian Towage Limited; Global Energy (Group) Limited; Global Energy Fabrication Limited; Global Project Services Limited; Global Port Services (Scotland) Limited; Caledonian Petroleum Services Limited; Global Energy Nigg Limited; MF Marine Operations Limited; Reel Group Limited; Reel Limited; Global Energy Group (Access & Coatings) Limited; Isleburn Limited; Global Power & Process Limited; Global Resources Project Recruitment Limited; S&D Fabricators Limited; Global Energy (Holdings) Limited; Vertech Integrity Services Limited and Global Energy Corporation Limited.

## GEG (Holdings) Limited

### Notes to the Financial Statements For the Year Ended 31 March 2019

#### 10. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
GEG (Marine & Logistics) Limited	UK**	Ordinary	100%
Global Energy (Group) Limited*	UK**	Ordinary	100%
Caledonian Petroleum Services Limited*	UK**	Ordinary	100%
Global Energy (Holdings) Limited*	UK**	Ordinary	100%
Global Energy Corporation Limited*	UK**	Ordinary	100%
Global Energy Nigg Limited*	UK**	Ordinary	100%
Isleburn Limited	UK**	Ordinary	100%
A & B Welding Services Limited*	UK**	Ordinary	100%
Caledonian Towage Limited	UK**	Ordinary	100%
S & D Fabricators Limited*	UK**	Ordinary	100%
Global Energy Group (West Africa) Limited	PO Box 197 Canoments- Accra, Ghana	Ordinary	80%
Global Energy Fabrication Limited*	UK**	Ordinary	100%
Global Resources (Project Recruitment) Limited	UK**	Ordinary	100%
Reel Group Limited*	UK**	Ordinary	100%
Reel Limited*	UK**	Ordinary	100%
Reel Inspection and Rig Maintenance Pvt Ltd*	H 62, Mahindra Park, LBS marg Ghatkopar West Mumbai 400086	Ordinary	100%
Global Power & Process Limited	UK**	Ordinary	100%
MF Marine Operations Limited*	UK**	Ordinary	100%
Global Energy Group (Access and Coatings) Limited*	UK**	Ordinary	100%
Global Port Services (Scotland) Limited*	UK**	Ordinary	95%
Global Logistics Services Limited*	UK**	Ordinary	100%
Global Project (Services) Limited*	UK**	Ordinary	80%
Global Project Services Norge*	Norway	Ordinary	100%
Vertech Integrity Services Ltd	UK**	Ordinary	100%
Port of Nigg Ltd*	UK**	Ordinary	100%
Nigg Energy Park Ltd*	UK**	Ordinary	100%

\* Held by a subsidiary undertaking

\*\* UK registered address is: 13 Henderson Road, Inverness, IV1 1SN

All of the companies in the group are involved in the principal activity of natural resources support services.

#### 11. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials and consumables	985	3,166

**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**12. Debtors**

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	30,553	40,051	329	97
Amounts owed by group undertakings	-	-	42,765	67,420
Other debtors	1,076	3,306	233	4,187
Prepayments and accrued income	9,336	2,886	514	498
Amounts recoverable on long term contracts	10,989	24,203	156	-
Tax recoverable	13	-	653	-
	<u>51,967</u>	<u>70,446</u>	<u>44,650</u>	<u>72,202</u>

**13. Creditors: Amounts falling due within one year**

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank overdrafts	6,800	9,250	8,133	19,726
Obligations under finance lease and hire purchase contracts	3,467	2,977	-	13
Amounts owed to group undertakings	-	-	524	1,040
Trade creditors	15,069	28,008	205	374
Corporation tax	-	1,100	-	2,825
Other taxation and social security	2,733	7,542	122	191
Other creditors	3,548	10,119	817	1,027
Accruals and deferred income	21,542	21,820	1,340	822
	<u>53,159</u>	<u>80,816</u>	<u>11,141</u>	<u>26,018</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain expectations) and a group composite guarantee.



**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**14. Creditors: Amounts falling due after more than one year**

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans	23,500	32,500	23,500	32,500
Obligations under finance leases and hire purchase contracts (Note 15)	10,489	4,491	49	51
Other creditors	4,940	2,722	-	-
	<u>38,929</u>	<u>39,713</u>	<u>23,549</u>	<u>32,551</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain exceptions) and a group composite guarantee.

**15. Obligations under leases and hire purchase contracts**

The group and company use finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases and hire purchase contracts are as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Not later than one year	3,467	2,977	49	13
Later than one year and not later than five years	10,489	3,690	-	51
Later than five years	-	801	-	-
	<u>13,956</u>	<u>7,468</u>	<u>49</u>	<u>64</u>

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Not later than one year	2,757	3,490	120	130
Later than one year and not later than five years	10,060	11,943	-	19
Later than five years	12,554	15,227	-	-
	<u>25,371</u>	<u>30,660</u>	<u>120</u>	<u>149</u>

**GEG (Holdings) Limited**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2019**

## 16. Deferred taxation

Group	Mean	SD	95% CI
Control	1.0	0.0	1.0
Low	1.0	0.0	1.0
High	1.0	0.0	1.0

	2019 £000
At beginning of year	3,134
Utilised in year	(549)
<b>At end of year</b>	<b>2,585</b>

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	2,585	2,736
Other short term differences	-	398
	<u>2,585</u>	<u>3,134</u>

## 17. Deferred government grants

The movement in deferred government grants, included above, is as follows:

	Group £000	Company £000
At 31 March 2018	6,714	7,162
Released in year	(273)	-
Disposal	(54)	(448)
<b>At 31 March 2019</b>	<b>6,387</b>	<b>6,714</b>

## 18. Share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
316,067 (2018 - 430,187) Ordinary shares shares of £1.00 each	316	430

## GEG (Holdings) Limited

### Notes to the Financial Statements For the Year Ended 31 March 2019

#### 19. Dividends and other appropriations

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
<b>Ordinary shares</b>				
Equity dividends on ordinary shares	43,805	2,000	31,576	2,000

During the year the group disposed of number of companies as part of a restructuring exercise. The group partition exercise involved a reorganisation of share capital, company repurchase of shares and share exchange. The main element of the transaction are noted below:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Dividend in specie	27,305	-	15,076	-
Share buyback	14,500	-	14,500	-
Ordinary dividend	2,000	2,000	2,000	2,000
	<u>43,805</u>	<u>2,000</u>	<u>31,576</u>	<u>2,000</u>

During the year the group disposed of a number of subsidiary undertakings to Envoy by means of a dividend in specie, the following net assets were disposed of:

	2019 £000
Fixed assets	32,429
Inventories	2,034
Debtors	29,748
Cash	12,912
Creditors	(49,818)
<b>Net assets</b>	<u>27,305</u>

#### 20. Reserves

##### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Capital redemption reserve

This reserve records the nominal value for the redemption of the Company's shares.

**GEG (Holdings) Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**21. Financial instruments**

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
<b>Financial assets</b>				
Other debtors	-	-	-	500
<b>Financial liabilities</b>				
Bank overdraft	-	-	1,333	10,476
Bank loan	30,300	41,750	30,300	41,750
Finance leases and hire purchase contracts	13,956	7,468	-	-
	<u>44,256</u>	<u>49,218</u>	<u>31,633</u>	<u>52,226</u>

**22. Related party transactions**

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding are as follows:

	Sales £000	Purchases £000	Debtors £000	Creditors £000
<b>2019</b>				
Global Infrastructure	40	143	3	-
Ross County Football Club	15	59	-	-
GEG Capital Limited	-	350	-	2
Envoy Capital Management	-	328	-	-
Glen Green	-	-	-	-
Macgregor Properties	-	-	-	-
Macgregor Industrial Supplies	19	1,874	-	244
Global Energy SCS	111	14	7	-
Global Energy Asia Pacific Ltd	64	-	-	-
Global Resource Management Ltd	187	20,713	8	37
Langfields	543	-	123	-
Prime Pumps Ltd	37	-	1	-
Ross-shire Engineering	603	2,591	40	1,469
Seven Seas LLC	22	-	2	-
Pipework Systems & Limited	52	-	-	-
Envoy & Partner Limited	-	38	-	24
Global Highland Limited	-	108	-	-

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**GEG (Holdings) Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**22. Related party transactions (continued)**

	Sales £000	Purchases £000	Debtors £000	Creditors £000
<b>2018</b>				
Entities controlled by key management personnel				
Global Infrastructure Scotland Limited	457	572	24	-
Ross County Football Club (1998) Limited	-	143	-	1
GEG Capital North Limited	-	582	-	105
Envoy Capital Management Limited	-	273	-	10
Glenn Green Limited	1	9	-	-
MacGregor Properties Limited	-	453	-	71
Entities controlled by a close family member of key management personnel	-	-	-	-
MacGregor Industrial Supplies Limited	-	634	-	58

MacGregor Industrial Supplies Limited is a related party as J MacGregor, a close family member of R J MacGregor, had an interest in these transactions due to his shareholding in MacGregor Industrial Supplies Limited.

Global Infrastructure Scotland Limited and Ross County Football Club (1998) Limited are subsidiaries of GEG Capital Limited, a company owned and controlled by the MacGregor family.

GEG Capital (North) Limited is a company owned and controlled by the MacGregor family.

Envoy Capital Management Limited is a company owned and controlled by I R MacGregor.

**Terms and conditions of transactions with related parties**

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 March 2019, the group has not made any provision for doubtful debts relating to amounts owed by related parties (2018:nil).

**Key management personnel**

All directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £712k (2018: £812k).

**23. Ultimate parent undertakings and controlling party**

The controlling party identified by the Company is RJ MacGregor. The ultimate parent company is GEG Capital Limited.