

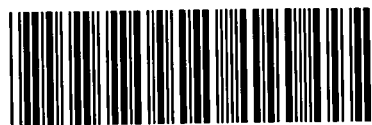
Registration number: 08462333

GE Oil & Gas Marine & Industrial UK Ltd.

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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GE Oil & Gas Marine & Industrial UK Ltd.

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GE Oil & Gas Marine & Industrial UK Ltd.

Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Business review

The results of the company show a pre-tax loss of £6,885,000 (2019: as restated £8,964,000) and turnover of £11,632,000 (2019: as restated £14,987,000).

Principal risks and uncertainties

The principal risk of the company is the delivery of the long-term contracts which are accounted for overtime. The risks relating to these contracts are the costs incurred and contract profitability which are reviewed on a quarterly basis by the directors to ensure that the contracts do not become onerous.

The management of the business and the execution of the company's strategy are subject to several risks. The principal risks and uncertainties are:

General economic risk:

The company is subject to general economic risk including: (i) changes in the economic outlook; (ii) government changes and/or changes in industrial, fiscal or regulatory policies; and (iii) changes in interest rates, exchange rates or rates of inflation. Short-term evolution of the company's markets is also driven by financing constraints.

Regulatory risk:

The company is subject to extensive legal and regulatory controls and failure by the company to comply with these could have material adverse effects. The directors therefore work with internal and external advisors to ensure awareness and reporting of, and full compliance with, all such requirements and obligations as required.

Contract execution:

The company's business includes major long-term contracts, The revenue, cash flow and profitability of a long-term project can vary significantly with the progress of the project and depend on a variety of factors, which may not always be within the company's control. Because of this variability, the profitability of certain contracts may significantly impact income and cash flows in any given period.

The company has established strict risk control procedures which are applied from tendering to contract execution and the reported results take into account the expected outcomes from this risk assessment process.

GE Oil & Gas Marine & Industrial UK Ltd.


Strategic Report

Key performance indicators (KPIs)

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

	As restated		Definition, method of calculation
	2020	2019	
Change in sales (%)	(22%)	192%	Year on year sales is expressed as a percentage.
Gross margin (%)	(52%)	13%	Gross margin is the ratio of gross profit/(loss) to sales expressed as a percentage. Change in the gross margin due to change in sales mix, along with increased service sales.

Approved by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:

 8C55E5066FDF481...
 A P Dowle
 Director

GE Oil & Gas Marine & Industrial UK Ltd.

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the provision of mechanical engineering for the marine and industrial power market.

Results and dividends

The loss for the year, after taxation, amounted to £6,885,000 (2019: as restated £8,964,000).

The directors do not recommend the payment of a dividend (2019: £nil).

Directors of the company

The directors who held office during the year and up to the date of the directors' report were as follows:

J A Wright (resigned 23 March 2021)

A P Dowle

D Bell (appointed 29 March 2021)

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor


Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

KPMG LLP will resign as auditor on completion of company's 2020 audit.

Following a global re-tendering exercise by GE, Deloitte LLP will be appointed as the company's auditor for the next audit cycle.

Approved by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:

BC55E5068FDF481.....
A P Dowle
Director

GE Oil & Gas Marine & Industrial UK Ltd.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd.

Opinion

We have audited the financial statements of GE Oil & Gas Marine & Industrial UK Ltd. ("the company") for the year ended 31 December 2020, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, especially the risk that management may be in a position to make inappropriate accounting entries; the risk of fraudulent revenue recognition, in particular the risk that point in time revenue is recognised in the incorrect period; and, the risk of bias in accounting estimates and judgements relating to long term contract revenue such as determining the cost to complete and profit margin for the long term contracts.

We did not identify any additional fraud risks.

We performed procedures including:

- Test of controls in relation to revenue
- Assessing when the revenue for point in time contracts was recognized, particularly focusing on revenue recognized in the days before and after the year end, and whether it was recognized on the correct year;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, GDPR, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

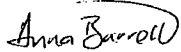
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Anna Barrell (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One, Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 1 October 2021

GE Oil & Gas Marine & Industrial UK Ltd.

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2020

		2020	As restated
	Note	£ 000	2019
			£ 000
Turnover	4	11,632	14,987
Cost of sales		<u>(17,638)</u>	<u>(13,010)</u>
Gross (loss)/profit		(6,006)	1,977
Administrative expenses		(927)	(11,137)
Other operating income		<u>110</u>	<u>247</u>
Operating loss	5	(6,823)	(8,913)
Interest receivable and similar income	6	-	1
Interest payable and similar expenses	7	<u>(62)</u>	<u>(52)</u>
Loss before tax		(6,885)	(8,964)
Tax on loss	11	<u>-</u>	<u>-</u>
Loss for the year		(6,885)	(8,964)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(6,885)</u></u>	<u><u>(8,964)</u></u>

The above results were derived from continuing operations.

Refer to note 2 for an explanation of the prior period restatement.

The notes on pages 13 to 34 form an integral part of these financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.


Registration number: 08462333

Balance Sheet as at 31 December 2020

	Note	2020 £ 000	As restated 2019 £ 000
Fixed assets			
Tangible assets	12	29	-
Right of use assets	13	<u>38</u>	<u>42</u>
		<u>67</u>	<u>42</u>
Current assets			
Stocks	14	143	690
Debtors: amounts falling due within one year	15	10,083	15,489
Cash at bank and in hand		<u>-</u>	<u>1</u>
		10,226	16,180
Creditors: Amounts falling due within one year	16	<u>(27,670)</u>	<u>(27,305)</u>
Net current liabilities		<u>(17,444)</u>	<u>(11,125)</u>
Total assets less current liabilities		(17,377)	(11,083)
Creditors: Amounts falling due after more than one year	17	(21)	(25)
Provisions for liabilities	18	<u>(995)</u>	<u>(435)</u>
Net liabilities		<u>(18,393)</u>	<u>(11,543)</u>
Capital and reserves			
Called up share capital	21	-	-
Other reserves		35	-
Profit and loss account		<u>(18,428)</u>	<u>(11,543)</u>
Shareholders' deficit		<u>(18,393)</u>	<u>(11,543)</u>

Refer to note 2 for an explanation of the prior period restatement.

Approved by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:

 A P Dowle
 Director

The notes on pages 13 to 34 form an integral part of these financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2020 (as restated)	-	-	(11,543)	(11,543)
Comprehensive loss for the year				
Loss for the year	-	-	(6,885)	(6,885)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(6,885)	(6,885)
Share based payment expense	-	35	-	35
At 31 December 2020	-	35	(18,428)	(18,393)

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019	-	(2,579)	(2,579)
Comprehensive loss for the year			
Loss for the year (as restated)	-	(8,964)	(8,964)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(8,964)	(8,964)
At 31 December 2019 (as restated)	-	(11,543)	(11,543)

Refer to note 2 for explanation of the prior period restatement.

The notes on pages 13 to 34 form an integral part of these financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor, 1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA or at www.ge.com.

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of the ongoing negative socio-economic impact of the COVID-19 pandemic, in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Summary of disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Turnover

Recognition

The company earns revenue from both the sale of equipment and the sale of mechanical engineering services for the marine and industrial power market. Revenue from the sale of equipment is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Services revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

For those contracts accounted for using a point in time basis, the main performance obligations to customers are satisfied when the supply of services have transferred to the customer and the customer has control of these.

Two contracts are accounted for on an over time basis. The equipment in these contracts is highly customised and so when it arrives with the customer, the point of non-fungibility occurs during the manufacturing process. The revenue for the contract has been allocated based on costs incurred to date, in proportion to total projected costs for the contract.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

1. Prospectively as an additional separate contract;
2. Prospectively as a termination of the existing contract and creation of a new contract;
3. As part of the original contract using a cumulative catch up; or
4. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

Warranties

Warranties are offered on sale of products, these are either for a period of 12 to 30 months, to cover certain contracts. These are accounted for in line with the company's accounting policy on provisions. To the extent that a warranty provides a service beyond ensuring that the good or service complies with agreed upon specifications, this is accounted for as a performance obligation and consideration is allocated to this obligation and recognised as it is satisfied. Where the customer has the option to purchase the warranty separately, this is accounted for as a separate performance obligation.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the balance sheet and represent the right to consideration for products delivered.

Contract receivables (advances) are recognised in the balance sheet when the company's right to consideration becomes unconditional. This is deemed to be when the consideration has been contractually agreed and the good or service has been transferred.

Contract assets and receivables (advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the balance sheet when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged to the profit and loss account on a [straight-line basis] over the estimated useful life of each tangible fixed asset as follows:

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Asset class	Estimated useful life
Plant & machinery	4-20 years
Furniture and fittings	5 years
Leased assets	period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. An appropriate share of overheads based on normal operating capacity.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets. Accordingly, all financial assets and liabilities are subsequently measured at amortised cost.

Impairment of financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

Share options and restricted stock units over the shares of General Electric Company, the ultimate parent entity are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity, the 'other reserve'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against the 'other reserve'.

In addition the company has established an employee share ownership scheme, under which employees are able to acquire a number of shares in the ultimate parent company, General Electric Company, with the company matching the employees' purchases. The company's costs of these purchases are charged to the profit and loss account as incurred.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Leases

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating /included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

2 Accounting policies (continued)

Short term and low value leases

The company has made an accounting policy election not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

Lease payments on short term leases are accounted for on a straight line bases over the term of the lease. Short term and low value lease payments are included in operating expenses in the profit and loss account.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Prior period restatement

During the year management re-assessed their progress completion calculation on long term contracts. As a result of this re-assessment discrepancies have been identified during 2020 which relate to the calculations performed for the 2019 period. These discrepancies were identified when comparing the amounts recognised in the financial statements as at 31 December 2019 and the operational delivery of the contracts at the same date.

As a result a prior period adjustment was recognised as at 31 December 2019. The adjustment has the effect of decreasing revenue by £1,786,000 and increasing costs by £1,504,000 which results in an increase in the gross and net loss for 2019 of £3,290,000.

Please see the table at note 23 of these financial statements which provides a more detailed quantitative disclosure in accordance with the requirements of IAS 8 paragraph 49.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the directors' best knowledge of the amounts, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Revenue recognition on long-term contracts

Revenue recognition on long-term product and contract service agreements requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate, cost changes and customers' utilisation of assets. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook.

Estimation of the components that comprise the total cost of manufacture is complex and subject to many variables, some of which are difficult to control. One key variable is the factory overhead cost attributable to required production hours. We have carried out a sensitivity analysis which indicates that a 5% movement in this overhead rate could result in an increase or decrease in forecasted project costs of approximately £154,000.

We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilisation and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions may affect a product services agreement's total estimated profitability resulting in an adjustment of earnings.

We have been able to measure, and recognise, cost relating to subcontractors deliverables under the contract. This measurement is based on the subcontractors' progress completion towards the deliverables under the contract. As we obtain control of the subcontractor's work progressively, and pass that control to the customer, revenue and costs are recognised in proportion to total contract costs.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

4 Turnover

A geographical analysis of turnover is as follows:

	2020	As restated
	£ 000	2019
		£ 000
United Kingdom	10,812	13,086
Rest of Europe	680	519
USA	107	-
Other	<u>33</u>	<u>1,382</u>
	<u>11,632</u>	<u>14,987</u>

All revenue relates to sales from contracts with customers.

Contract assets and liabilities

	2020	As restated
	£ 000	2019
		£ 000
Contract assets	-	12,035
Contract liabilities	<u>(14,105)</u>	<u>(12,858)</u>

Revenue recognised in the year from:

	2020	2019
	£ 000	£ 000
Amounts included in contract liability at the beginning of the year	<u>12,858</u>	<u>11,135</u>

Assets recognised from costs to fulfil a contract with a customer in the year 2020 is £12,035,000 (2019 as restated: £11,268,000).

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

5 Operating loss

Operating loss is stated after charging/(crediting):

	Note	2020 £ 000	2019 £ 000
Depreciation expense	12, 13	18	13
Difference on foreign exchange		266	(325)
Expense on short term leases		2	3
Research and development claim		(110)	(247)
Impairment of intercompany receivables		<u>-</u>	<u>11,455</u>

6 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable from group companies	<u>-</u>	<u>1</u>

7 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on lease liabilities	1	2
On loans from group undertakings	<u>61</u>	<u>50</u>
	<u>62</u>	<u>52</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	1,854	2,112
Social security costs	218	244
Other pension costs	143	124
Share-based payment expenses	<u>35</u>	<u>-</u>
	<u>2,250</u>	<u>2,480</u>

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

8 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Manufacturing and engineering	25	34
Management and administration	<u>1</u>	<u>3</u>
	<u>26</u>	<u>37</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	189	144
Defined contribution pension costs	<u>13</u>	<u>20</u>
	<u>202</u>	<u>164</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Accruing benefits under defined contribution pension scheme	<u>2</u>	<u>2</u>

10 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	47	45
Audit fee - prior year	<u>-</u>	<u>13</u>
	<u>47</u>	<u>58</u>

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

11 Taxation

Tax charged/(credited) in the Profit and Loss Account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	(1,293)	-
Movement on deferred tax not provided	<u>1,293</u>	<u>-</u>
Total deferred taxation	<u>-</u>	<u>-</u>
Tax expense in the Profit and Loss Account	<u>-</u>	<u>-</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2019: higher than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	As restated 2019 £ 000
Loss before tax	<u>(6,885)</u>	<u>(8,964)</u>
Corporation tax at standard rate	(1,308)	(1,703)
Non-taxable income	(6)	(47)
Expenses not deductible for tax purposes	21	2,183
Group relief for £nil consideration	-	(434)
Movement in deferred tax not provided	<u>1,293</u>	<u>1</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax assets and liabilities on all timing differences have been calculated at 19% as at 31 December 2020. The impact of the announced future rate change on the financial statements is not considered material.

There are no other factors that may significantly affect future tax charges.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

11 Taxation (continued)

Deferred tax

There is £1,293,485 (2019 as restated: £1,045,000) of unrecognised deferred tax asset on tax losses for which no deferred tax asset is recognised in the balance sheet.

12 Tangible fixed assets

	Plant & machinery £ 000
Cost	
At 1 January 2020	-
Additions	<u>33</u>
At 31 December 2020	<u>33</u>
Depreciation	
At 1 January 2020	-
Charge for the year	<u>4</u>
At 31 December 2020	<u>4</u>
Net book value	
At 31 December 2020	<u><u>29</u></u>
At 31 December 2019	<u><u>-</u></u>

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

13 Right of use assets

	Motorvehicles £ 000
Cost	
At 1 January 2020	55
Additions	<u>10</u>
At 31 December 2020	<u>65</u>
Depreciation	
At 1 January 2020	13
Charge for the year	<u>14</u>
At 31 December 2020	<u>27</u>
Net book value	
At 31 December 2020	<u><u>38</u></u>
At 31 December 2019	<u><u>42</u></u>

14 Stocks

	2020 £ 000	As restated 2019 £ 000
Work in progress	<u>143</u>	<u>690</u>

Changes in work in progress recognised as cost of sales in the year amounted to £11,920,000 (2019 as restated: £8,902,000). The write down of stocks to net realisable value amounted to £122,000 (2019: £121,000). The reversal of write-downs amounted to £nil (2019: £2,000).

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

15 Debtors

	2020	As restated 2019
	£ 000	£ 000
Trade debtors	157	601
Amounts owed by group undertakings	2,981	1,958
Contract assets	-	12,035
Prepayments	6,854	-
Other debtors	91	895
	<u>10,083</u>	<u>15,489</u>

Amounts owed by group undertakings are interest free and repayable on demand.

16 Creditors: Amounts falling due within one year

	2020	As restated 2019
	£ 000	£ 000
Trade creditors	615	1,552
Accruals and deferred income	9,976	4,730
Amounts owed to group undertakings	1,095	7,968
Social security and other taxes	1,667	4
Operating lease liabilities	20	17
Contract liabilities	14,105	12,858
Other payables	192	176
	<u>27,670</u>	<u>27,305</u>

Amounts owed to group undertakings are repayable on demand and are unsecured. Interest accrues on non-trading balances at a variable rate based on the 3 months LIBOR rate.

17 Creditors: Amounts falling due after more than one year

	2020	2019
	£ 000	£ 000
Operating lease liabilities	<u>21</u>	<u>25</u>

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

18 Provisions for liabilities

	Warranties	Onerous contracts	Restructuring	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2020	435	-	-	435
Additions during the year	<u>194</u>	<u>312</u>	<u>54</u>	<u>560</u>
At 31 December 2020	<u>629</u>	<u>312</u>	<u>54</u>	<u>995</u>

Warranties - provisions are established to recognise known and expected claims against delivered products or services within the contractual guarantee periods for such sales.

Onerous contracts - these provisions are to recognise contract losses as soon as known. The losses are a result of re-forecasted costs on long term projects.

Restructuring - These provisions are established to cover the costs of ongoing reorganisation within the company including costs of reducing manpower, relocating premises and onerous property leases. They are expected to be largely utilised within 1 year.

19 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

The pension charge for the year was £143,000 (2019: £124,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

20 Share-based payments

Certain employees of the company are selected to participate in share options and restricted stock units of General Electric Company under the terms of the General Electric Company Long Term Incentive Plan. Share options expire 10 years from grant date and vest over service periods ranging from one to five years. The option price is usually set as the closing day share price on grant date. Restricted stock units give the participants the right to receive shares in General Electric Company for no consideration. Restricted stock units vest over various service periods beginning three years from grant date through grantee retirement. All grants of GE options under all plans must be approved by the Management Development and Compensation Committee of General Electric Company, which consist entirely of outside directors.

For further details on stock options and restricted stock units please refer to the GE annual report available at www.ge.com.

The weighted average share price at the date of exercise of share options exercised during the year was \$nil (2019: \$nil).

The options outstanding at the year end have an exercise price in the range of \$10.19 to \$29.09 and a weighted average contractual life of 6.94 years.

21 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary share of £1	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

22 Ultimate parent undertaking and controlling party

The company's immediate parent is General Electric UK Holdings Ltd. a company registered at St Leonards Building, Harry Kerr Drive, Stafford, ST16 1WT, United Kingdom.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

23 Changes resulting from the prior period restatement

Impact on Profit and Loss Account for the year ended 31 December 2019

		As previously reported 31 December 2019 £ 000	Adjustments £ 000	As restated 31 December 2019 £ 000
	Note			
Turnover	1	16,773	(1,786)	14,987
Cost of Sales	2	<u>(11,506)</u>	<u>(1,504)</u>	<u>(13,010)</u>
Gross profit		5,267	(3,290)	1,977
Administrative expenses		(11,137)	-	(11,137)
Other operating income		<u>247</u>	<u>-</u>	<u>247</u>
Operating loss		(5,623)	(3,290)	(8,913)
Interest income		1	-	1
Interest Expense		<u>(52)</u>	<u>-</u>	<u>(52)</u>
Loss before tax		(5,674)	(3,290)	(8,964)
Tax on loss		<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year		<u><u>(5,674)</u></u>	<u><u>(3,290)</u></u>	<u><u>(8,964)</u></u>

1. Reduction in revenue due to re-assessment of the calculation of contract costs and percentage of completion on contracts.

2. Increase in cost of sales to report additional costs connected with the additional revenue recognised.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the Financial Statements

23 Changes resulting from the prior period restatement (continued)

Impact on Balance Sheet as at 31 December 2019

	Note	As previously reported 31 December 2019 £ 000	Adjustments £ 000	As restated 31 December 2019 £ 000
Fixed Assets				
Right of use assets		42	-	42
Current assets				
Stocks	1	768	(78)	690
Debtors: amounts falling due within one year	2	9,816	5,673	15,489
Cash and cash equivalents		<u>1</u>	<u>-</u>	<u>1</u>
		10,585	5,595	16,180
Creditors: amounts falling due within one year	3	<u>(18,420)</u>	<u>(8,885)</u>	<u>(27,305)</u>
Net Current Liabilities		<u>(7,835)</u>	<u>(3,290)</u>	<u>(11,125)</u>
Total Assets less current liabilities		(7,793)	(3,290)	(11,083)
Creditors: amounts falling due after more than one year		(25)	-	(25)
Provisions for liabilities		<u>(435)</u>	<u>-</u>	<u>(435)</u>
Net Liabilities		<u><u>(8,253)</u></u>	<u><u>(3,290)</u></u>	<u><u>(11,543)</u></u>
Capital & Reserves				
Called up share capital		-	-	-
Profit & loss account		<u>(8,253)</u>	<u>(3,290)</u>	<u>(11,543)</u>
Shareholders' deficit		<u><u>(8,253)</u></u>	<u><u>(3,290)</u></u>	<u><u>(11,543)</u></u>

1. Reduction in stocks due to additional cost of sales and reclassification of work in progress on long term contracts to contract assets.

2. Increase in debtors reflected by increase in contract liabilities due to re-assessment of revenue recognised in excess of contract billings and reclassification of work in progress on long term assets to contract assets.

3. Increase in creditors due within one year is due to additional accruals relating to increased costs to complete and adjustment to contract liabilities as a result of the re-assessment of revenues recognised compared with billings.