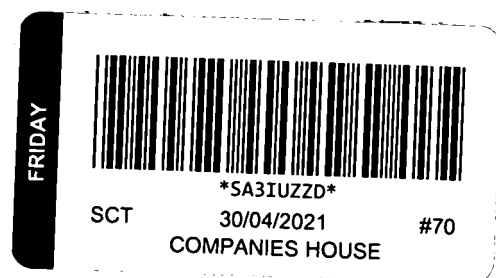


Registered Number:SC106415

GLOBAL ENERGY (GROUP) LIMITED

**UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**



GLOBAL ENERGY (GROUP) LIMITED

COMPANY INFORMATION

Directors	R J MacGregor J D MacDonald G J Farmer
Company secretary	J D MacDonald
Registered number	SC106415
Registered office	13 Henderson Road Inverness IV1 1SN

GLOBAL ENERGY (GROUP) LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 7
Directors' responsibilities statement	8
Statement of comprehensive income	9
Balance sheet	10 - 11
Statement of changes in equity	12
Notes to the financial statements	13 - 30

GLOBAL ENERGY (GROUP) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Business review

The principal activity of the business, throughout 2019.20, was the offering of engineering, offshore construction, repair and fabrication solutions to the international energy market. The business has a significant track record in building and maintaining integrated, complex subsea and topside equipment for the oil and gas sector, as well as bespoke equipment for the nuclear, marine and renewables sectors. The key financial performance indicators during the year were as follows:

Turnover - £168.3m (2019 - £150.7m)
Operating Profit - £9.9m (2019 - £9.0m)
Profit after tax - £12.5m (2019 - £20.8m)
EBITDA - £11.1m (2019 - £6.7m)

Global Energy (Group) Ltd, maintained its position of strength within the subsea, topside and marine oil and gas markets with a significant increase in revenue from the prior year largely driven by the improvement in the general market conditions. The prior year PAT was inflated due to internal restructuring and EBITDA gives a more reflective trading performance of the company.

The business continued to execute high profile scopes including subsea tie backs to existing fields, work on new developments as well as carry out extensive construction and repairs on ageing offshore topside and drilling facilities. The increased turnover resulted in both an improvement to the operating position as well as the EBITDA. Commercial diligence across all areas of the business continues to ensure costs are kept as low as possible and best value is sought for the companies clients. Marginal gain techniques are being applied across the Business to ensure that margins remained at a satisfactory level as well as keeping costs as low as possible for the Groups customers.

The continued lower oil price, uncertainty and reduced capital spend continues to be a catalyst for offshore asset owners to challenge conventional methods of maintaining their ageing infrastructure. The company continued to experience a positive response to its innovative and high-performance methods of delivering critical repairs and maintenance.

We had started to see some green shoots of project CAPEX returning to the UKCS as sanctioned projects come back to the market during the early part of the year and the outlook was looking more positive but the impact of COVID19 and reduced demand for Oil and Gas has resulted in significant loss of confidence in the sector, with CAPEX budgets being reduced significantly across the Oil and Gas Market Sector. The pandemic had a significant impact on the business overnight with offshore operations reducing to a minimal level as a Government announced lockdown was put in place.

GLOBAL ENERGY (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

General/financial

The Company has financial exposure through its considerable investment in facilities and a staff based workforce to perform work. As the oil price affects decisions on capital projects, the Company must prudently manage its cost base and successfully diversify into other end markets. The Company has been successful in previous oil cycles, and must continue to be dynamic in its business decision making. The Company has positioned itself well for future workload in the nuclear, petrochemical, water/utilities and renewable energy sectors — as well as pursuing international opportunities in oil and gas. Financial risks can be sub divided as follows:

Liquidity risk

The Company 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.

Interest rate risk

The Company 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.

Credit Risk

The Company 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 with debt ageing and collection history.

COVID 19 Pandemic

The health, physical and mental wellbeing of our employees and subcontractors are of critical importance to us and all decisions made by board of directors reflect this.

The COVID-19 pandemic presents an unprecedented challenge for all and in our business, we have seen an instant decrease in demand for our services due to the restrictive working conditions to comply with social distancing measures. Notwithstanding this several of our services offered were deemed critical to support the energy supply chain during the pandemic and allowed the group to operate safely at a reduced level.

It is difficult to assess the impact of the short and long term changes on demand for our services and the longer term impact to the business but the directors are well versed into the changing energy market demands and see opportunity to transition the business.

GLOBAL ENERGY (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

S172 (1) statement

In 2008 the Companies (Miscellaneous Reporting) Regulations introduced a requirement for large companies to publish a statement describing how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

Section 172 (1) (a) to (f) requires each director to act in a way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole with regard to the following matters;

(a) The likely consequences of any decision in the long-term

At the heart of the company values is its people and creating a sustainable business. The directors believe that a consistently profitable business, which invests in people, culture, assets, processes and systems will ensure the sustainability of the Global business and brand identity for years to come.

Any decisions made by the board have the long-term objectives in mind.

(b) The interests of the companies employees

The board considers its people its greatest asset and the interests of employees are always taken into consideration when decisions are to be made.

Our newly created People and Culture team plays a pivotal position in supporting the group by leading a progressive and innovative People Strategy. The aim of People and Culture is to create an environment that delivers outstanding experiences and better opportunities by acting as a trusted strategic partner across the group. In doing so, we search for every opportunity to deliver innovative solutions that attract, nurture and engage a diverse workforce; creating core value for our colleagues, customers and shareholders. The team offers a true business partnering approach across employee relations, learning and leadership development, talent management, employee engagement, D&I and CSR.

Led by our People and Culture Director, our employee forum encourages transparent communication and positions itself as a key communication tool, enabling access to the very top of the organisation on topics which are concerning employees.

(c) The need to foster the companies business relationships with suppliers customers and others

We are a group of businesses which is focused on serving our customers and their specific needs, accordingly we have a business development and relationship team which invests time in developing relationships with clients and helping them find solutions to the challenges they face.

Due to diverse nature of the group the supply chain is fundamental to the delivery of our services and products. We work closely with a number of key suppliers to build strong relationships and look to develop longer term agreements where possible.

In addition to our customer and suppliers we seek to build strong relationships with multiple stakeholder groups including local authorities, politicians, trade associations, schools and accreditation bodies. Our directors and senior management team take an active interest in these connections and take an active role in building and sustaining these relationships.

(d) The impact of the company's operations in the community and environment

Corporate Social Responsibility (CSR), Diversity and Inclusion (D&I) and Wellbeing all form a critical part of our agenda here at Global Energy Group. We have created a team of change champions to increase focus in these important areas. The team is made up of individuals from across our different portfolios who are the real voices for change, the voices that come from within our organisation and are heard throughout our organisation.

Our goal is to encourage groupwide collaboration facilitated by an empowered team who have the space to share and discuss ideas, and work together to create a plan of engagement.

GLOBAL ENERGY (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

The board is fully committed to supporting our local communities and has demonstrated this commitment through the provision of paid volunteering days for our employees. On a quarterly basis, our People and Culture team coordinate events and invite individuals to nominate themselves to volunteer and 'give back' to their local communities.

This results in increased morale, teamwork and communication, and benefits the individual, the team and the community.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The board believe it is of great importance that we are trusted by all our stakeholders and as a result we seek to run the business with a high level of integrity.

As part of the groups operational certification the business management systems set out the conduct in which the business operates and ensures high standards are met and delivered.

The audit process internally considers a wide range of reporting, control and governance issues which provides a level of assurance to the board and other stakeholders.

Our employee handbook and other relevant policies are reviewed annually and updated accordingly. Policies on anti-bribery, whistle blowing, and code of conduct are all available on the groups internal and external websites. These policies set the standard for group behaviours and a respectful culture.

The board has little appetite for reputational risk and tries to ensure that decisions made are for business interest of all stakeholder where possible.

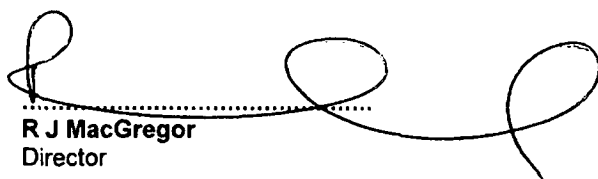
(f) The need to act fairly as between the members of the company

The board of directors is composed of several shareholders representatives from both the family and Mitsui Corporation, independent senior management executives and non-executive directors.

We believe the board dynamic ensures all shareholders are treated fairly and that all views are fully represented when making key decisions for the business.

A shareholder agreement sets out the rights of each shareholder and where decisions need specific consent at a board level.

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



R J MacGregor
Director

Date: 20/01/2021

GLOBAL ENERGY (GROUP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Results and dividends

The profit for the year, after taxation, amounted to £10,632,000 (2019 - £20,779,000).

Dividends paid in the year were £NIL (2019 - £21,030,000).

Directors

The directors who served during the year were:

R J MacGregor
J D MacDonald
G J Farmer

Future developments

The Directors and Management believe the COVID-19 pandemic presents an unprecedented challenge for all, and in our business, we have to be mindful of both the short term and longer-term impact of the pandemic on our existing and future market opportunities.

The directors forecast a period of low capital and operational spend in the Oil and Gas market driven by the pandemic and reduced confidence in the sector. Project sanctions have slowed down drastically resulting in reduced backlog. The ability to deploy personnel offshore has been made extremely difficult, as Operators continue to sustain lower offshore crew numbers to allow for safe operations and social distancing measures.

The Directors believe with an accelerated societal focus on climate change initiatives, a requirement for the sector to operate with reduced emissions and increased Government investment in alternative energy, the business will be required to adapt to the fast-changing energy market now. The Directors have focused their strategy to grow market share, develop smarter digital technologies, enhance processes, transition skills and operate in a more efficient way to support customers will be critical for the future success of the Business.

The Business will continue to manage its cost base and seek opportunities to create further innovative solutions to the market as well as transition service offerings to alternative energy markets where it has a track record of being highly successful in delivering a number of products and services in the past.

Engagement with employees

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.

GLOBAL ENERGY (GROUP) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Disabled employees

As part of the GEG (Holdings) group 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.

Greenhouse gas emissions, energy consumption and energy efficiency action

Greenhouse gas emissions, energy consumption and energy efficiency action

In 2018, Streamlined Energy & Carbon Reporting was introduced by the Department for Business, Energy and Industrial Strategy (BEIS) with the purpose of UK companies' publicising their UK energy use and carbon emissions.

Following the groups compliance with Energy Savings Opportunities Scheme (ESOS) and Carbon Reduction Commitment Energy Efficiency Scheme (CRC) the group was able to transition reporting to the new requirement.

Methodology / Reporting

The directors undertook the ESOS methodology of reporting in line with the Governments GHG reporting recommendations. The following gross emissions / intensity ratios are noted below;

	Energy Consumption (kWh)	CO ₂ Emissions (t CO ₂ e)	Intensity Ratios	
			t CO ₂ E per £1m turnover	t CO ₂ e per manhour
Global Energy Group Limited	15,759,628	3,743	22.28	1.19

Year on Year comparison data will be included in future reports.

Energy Efficiency Actions

The directors are aware of the environmental challenges of operating a group with a significant mobile workforce and operating heavy plant. We are committed to looking at opportunities to reduce the groups carbon footprint and have invested significantly in moving to digital platforms in an attempt to operate more efficiently.

The directors acknowledge that we have a significant journey ahead in reducing our carbon footprint and are committed to look for improvements in how we run the business day to day. The strategic direction of the group highlights the role the business plays in supporting the carbon footprint reduction in the energy market as well as an independent operating unit.

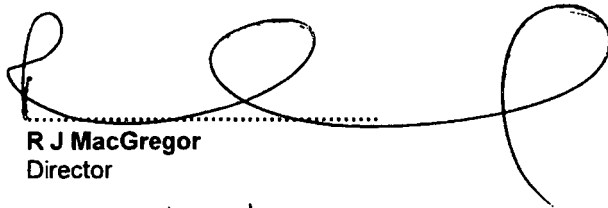
GLOBAL ENERGY (GROUP) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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



R J MacGregor
Director

Date: 20/01/2021

GLOBAL ENERGY (GROUP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic report, the Directors' 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

GLOBAL ENERGY (GROUP) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

		2020	As restated 2019
	Note	£000	£000
Turnover	4	168,267	150,662
Cost of sales		(135,731)	(126,268)
Gross profit		32,536	24,394
Administrative expenses		(22,608)	(19,296)
Exceptional items	7	-	3,892
Operating profit	5	9,928	8,990
Income from shares in group undertakings	8	-	12,859
Gain on disposal of investments		2,569	-
Interest receivable and similar income	9	1	-
Profit before tax		12,498	21,849
Tax on profit	10	(1,866)	(1,070)
Profit for the financial year		10,632	20,779

There was no other comprehensive income for 2020 (2019:£000NIL).

The notes on pages 13 to 30 form part of these financial statements.

The prior year comparatives have been restated to reallocate certain costs between Statement of comprehensive income categories.

GLOBAL ENERGY (GROUP) LIMITED
REGISTERED NUMBER:SC106415

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	8,240	8,127
Investments	14	33,323	33,216
		<u>41,563</u>	<u>41,343</u>
Current assets			
Stocks	15	504	758
Debtors: amounts falling due within one year	16	51,849	53,139
Cash at bank and in hand	17	5,557	892
		<u>57,910</u>	<u>54,789</u>
Creditors: amounts falling due within one year	18	(56,912)	(63,213)
Net current assets/(liabilities)		<u>998</u>	<u>(8,424)</u>
Total assets less current liabilities		<u>42,561</u>	<u>32,919</u>
Creditors: amounts falling due after more than one year	19	(3,988)	(4,940)
Deferred government grants	21	(580)	(618)
Net assets		<u><u>37,993</u></u>	<u><u>27,361</u></u>
Capital and reserves			
Called up share capital	23	650	650
Other reserves		17	17
Profit and loss account		37,326	26,694
		<u><u>37,993</u></u>	<u><u>27,361</u></u>

GLOBAL ENERGY (GROUP) LIMITED
REGISTERED NUMBER: SC106415

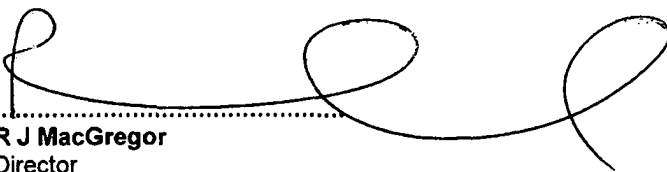
BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2020

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



.....
R J MacGregor
Director

Date: 20/01/2021

The notes on pages 13 to 30 form part of these financial statements.

GLOBAL ENERGY (GROUP) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2018	650	17	26,945	27,612
Profit for the year	-	-	20,779	20,779
Dividends: Equity capital	-	-	(21,030)	(21,030)
At 1 April 2019	650	17	26,694	27,361
Profit for the year	-	-	10,632	10,632
At 31 March 2020	650	17	37,326	37,993

The notes on pages 13 to 30 form part of these financial statements.

GLOBAL ENERGY (GROUP) LIMITED

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

1. General information

Global Energy (Group) Limited is a limited liability company incorporated in Scotland. The registered office is 13 Henderson Road, Inverness, IV1 1SN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of GEG (Holdings) Limited as at 31 March 2020 and these financial statements may be obtained from 13 Henderson Road, Inverness, IV1 1SN.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 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. Demand for the group's products and services as well as availability of external finance have been considered in this assessment, with due consideration to the impact of covid-19 and related oil price.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

GLOBAL ENERGY (GROUP) LIMITED

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

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue 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:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

GLOBAL ENERGY (GROUP) LIMITED

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

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.9 Interest income

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

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 Balance sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

GLOBAL ENERGY (GROUP) LIMITED

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

2. Accounting policies (continued)

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Buildings	- 4% - 25%
Plant and machinery	- 12.5% - 33%
Motor vehicles	- 20% - 25%
Fixtures and fittings	- 20% - 33%

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

GLOBAL ENERGY (GROUP) LIMITED

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

2. Accounting policies (continued)

2.17 Debtors

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

2.18 Cash and cash equivalents

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

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Financial instruments

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

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

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

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

GLOBAL ENERGY (GROUP) LIMITED

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

2. Accounting policies (continued)

2.21 Financial instruments (continued)

for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

2.22 Dividends

Equity dividends are recognised when they become legally payable.

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

The preparation of 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 during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonably 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.

Share options

The value of the share options creditor (note 19) is based on an estimate of the amounts payable to minority shareholders of subsidiary companies on exercise of the put and call options related to these shareholdings. The amounts payable are determined by the underlying legal agreements and are subject to the future performance of the subsidiary companies to which they relate. The Directors have prepared a projection of future performance of these subsidiaries taking into account the environment in which they operate and have based the expected obligation on these projections.

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Rendering of services	168,267	150,662
	2020 £000	2019 £000
United Kingdom	168,266	149,917
Rest of the world	1	745
	168,267	150,662

5. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	1,175	1,719
Loss on sale of tangible fixed assets	57	122
Operating lease rentals - land and buildings	3,022	3,137
Operating lease rentals - plant and machinery	149	156
Amortisation of government grants	(39)	(39)

GLOBAL ENERGY (GROUP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020****6. Employees**

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	31,751	25,878
Social security costs	3,654	2,937
Cost of defined contribution scheme	901	598
	<u>36,306</u>	<u>29,413</u>

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

	2020 No.	2019 No.
Production	410	429
Administrative	180	79
	<u>590</u>	<u>508</u>

During the year, no director received any emoluments (2019 - £NIL).

7. Exceptional items

	2020 £000	2019 £000
Exceptional credit	-	(3,892)

The exceptional item relates to clearing of historic intercompany loan balances.

8. Income from investments

	2020 £000	2019 £000
Income from investments in group companies	-	12,859

9. Interest receivable

	2020 £000	2019 £000
Other interest receivable	1	-

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	1,682	794
Adjustments in respect of previous periods	227	-
Group taxation relief	129	260
	<u>2,038</u>	<u>1,054</u>
Foreign tax		
Foreign tax on income for the year	-	16
Total current tax	<u>2,038</u>	<u>1,070</u>
Origination and reversal of timing differences	(17)	-
Adjustments in respect of prior years	(155)	-
Total deferred tax	<u>(172)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>1,866</u>	<u>1,070</u>

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	12,498	21,849
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,375	4,151
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	31	18
Fixed asset differences	94	124
Adjustments to tax charge in respect of prior periods	72	-
Other timing differences leading to an increase (decrease) in taxation	12	-
Non-taxable income	(494)	(7)
Non-taxable dividends	-	(3,115)
Intercompany balance write off	-	(69)
Deferred tax movements	(231)	104
TWDV/NBV excess intragroup transfers	-	(136)
R&D tax credits	7	-
Total tax charge for the year	1,866	1,070

11. Dividends

	2020 £000	2019 £000
Dividends paid	-	21,030

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12. Intangible assets

	Goodwill £000
Cost	
At 1 April 2019	750
At 31 March 2020	<u>750</u>
Amortisation	
At 1 April 2019	750
At 31 March 2020	<u>750</u>
Net book value	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>-</u>

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 April 2019	10,594	4,147	964	2,171	17,876
Additions	591	558	297	59	1,505
Disposals	(38)	(835)	(234)	(55)	(1,162)
At 31 March 2020	11,147	3,870	1,027	2,175	18,219
Depreciation					
At 1 April 2019	3,798	3,043	826	2,082	9,749
Charge for the year on owned assets	659	361	74	81	1,175
Disposals	(14)	(660)	(221)	(50)	(945)
At 31 March 2020	4,443	2,744	679	2,113	9,979
Net book value					
At 31 March 2020	6,704	1,126	348	62	8,240
At 31 March 2019	6,796	1,104	138	89	8,127

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2019	33,216
Additions	238
Disposals	(131)
At 31 March 2020	33,323

During the year the company invested in controlling interests in Rig Surveys Group Limited and Global Energy (Engineering & Construction) Limited.

The investment in Rig Surveys Group Limited was subsequently transferred to a fellow group company.

GLOBAL ENERGY (GROUP) LIMITED

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

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Global Energy (Engineering & Construction) Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	86%
Global Energy (Holdings) Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy Corporation Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Apollo Offshore Engineering Limited	Nautilus House, 35 Waterloo Quay, Aberdeen, AB11 5BS	Ordinary	51%
Caledonian Petroleum Services Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Resources (Project Recruitment) Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Rig Surveys Group Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	50.1%
Global Energy Group (Access & Coatings) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Group Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Port Services (Scotland) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
A & B Welding Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Isleburn Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Evolution Ropes Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	50.1%
Evolution Hose Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	50.1%
Rig Surveys Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	50.1%
Reel Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Inspection & Rig Maintenance Pvt Limited*	H 62, Mahindra Park, LBS marg Ghatkopar, West Mumbai, 400086	Ordinary	100%
Global Logistics Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
Rig IRM Inc.*	13104 Wornington Court, Houston, TX 77077	Ordinary	100%
Rig Surveys AS*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Magma Products Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	86%

* Held by a subsidiary

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Stocks

	2020 £000	2019 £000
Stock	504	758

16. Debtors

	2020 £000	2019 £000
Trade debtors	22,466	22,441
Amounts owed by group undertakings	15,395	14,010
Other debtors	397	833
Prepayments and accrued income	2,745	1,667
Amounts recoverable on long term contracts	10,673	14,188
Deferred taxation	173	-
	<u>51,849</u>	<u>53,139</u>

17. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	5,557	892

18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	12,276	10,452
Amounts owed to group undertakings	24,501	27,631
Corporation tax	1,115	871
Other taxation and social security	1,302	1,053
Other creditors	1,338	809
Accruals and deferred income	16,380	22,397
	<u>56,912</u>	<u>63,213</u>

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020 £000	2019 £000
Option creditor	3,169	3,712
Other creditors	819	1,228
	<u>3,988</u>	<u>4,940</u>

The options creditor balance includes amounts payable to acquire the minority shareholdings of subsidiary companies. The amounts are subject to put and call option agreements that were in place at the balance sheet date, and as such the exercise of such options are potentially outside the control of the company. Given the circumstances set out and that the future exercise of the options are considered to be highly likely, the directors consider it appropriate to recognise the expected obligation at the balance sheet date.

20. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	<u>5,557</u>	<u>892</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

21. Deferred government grants

	2020 £000	2019 £000
At 1 April 2019	618	657
Utilised in year	(38)	(39)
	<u>580</u>	<u>618</u>

22. Deferred taxation

	2020 £000
Charged to profit or loss	173
At end of year	<u>173</u>

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

22. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	145	-
Short term timing differences	28	-
	<u>173</u>	<u>-</u>

23. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
650,000 (2019 - 650,000) Ordinary shares of £1.00 each	<u>650</u>	<u>650</u>

24. Contingent liabilities

The Company is party to a group composite guarantee.

25. Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	<u>58</u>	<u>-</u>

26. 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 pension cost charge represents contributions payable by the Company to the fund and amounted to £901,000 (2019 - £598,000).

Contributions payable to the fund at the balance sheet date were £144,000 (2019 - £109,000).

GLOBAL ENERGY (GROUP) LIMITED

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

27. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	As restated 2019 £000
Not later than 1 year	2,431	2,656
Later than 1 year and not later than 5 years	7,115	6,468
Later than 5 years	7,377	8,208
	<u>16,923</u>	<u>17,332</u>

28. Related party transactions

Key management personnel

All individuals who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £369,000 (2019: £359,000).

The Company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102. During the year the Company entered into transactions, in the normal course of business, with other related parties. The Transactions entered into, and the balances outstanding at 31 March 2020 are as follows:

	Sales £000	Purchases £000	Year End Balance £000
Entities under common control	2,514	(22,598)	(596)
Entities under the control of a close family member of a controlling party	221	(1,183)	(103)
Entities with a common shareholder	70	(867)	(81)
	<u>2,805</u>	<u>(24,648)</u>	<u>(780)</u>

29. Other commitments

At the year end, the company had entered into an agreement to transfer a division of the group to a fellow group company. The transfer of this element of the company is expected to take place in the financial year ending March 2021.

GLOBAL ENERGY (GROUP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

30. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Global Energy Fabrication Limited, a company registered in Scotland.

The ultimate parent undertaking and controlling party is GEG Capital Limited, a company registered in Scotland.

The smallest group for which consolidated financial statements are prepared which include Global Energy (Group) Limited is that of GEG (Holdings) Limited. The largest group for which consolidated financial statements are prepared is that of GEG Capital Limited.

The group financial statements can be obtained from 13 Henderson Road, Inverness, IV1 1SN.