

Gael Force Group Limited
Annual Report and Financial
Statements
for the year ended 31 December 2019



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30 SEP 2020

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GAEL FORCE GROUP LIMITED

COMPANY INFORMATION

Directors	S Graham S Divers R Foster S J J Offord J M Young	(Appointed 1 June 2020) (Appointed 1 June 2020) (Appointed 1 June 2020)
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Secretary	R Foster
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Company number	SC229244
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Registered office	136 Anderson Street INVERNESS IV3 8DH
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Auditor	Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH
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GAEL FORCE GROUP LIMITED

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GAEL FORCE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

Gael Force Group Limited ("GFG") is the trading arm of Gael Force Group Holdings Limited. The consolidated performance, assets and liabilities of GFG and its subsidiaries are presented here.

The principal activities of the group continued to be the provision of equipment, technology and services for the aquaculture, commercial marine and leisure marine markets.

In 2019 the Group had the strongest year in its history, benefitting from the recent strategic investments in product development and acquisitions. We now have a comprehensive product portfolio which can support significant further growth domestically and internationally. We see great opportunities to develop the next phase of our strategic plan now with further product developments and strategic acquisitions.

As well as strengthening our position in the domestic market through 2019 we have established a significant level of business in Atlantic Canada. We will continue with this very focussed approach to export markets building the business in Canada and developing a detailed and fully evaluated plan to enter a second export market over the next year.

Trading performance was very strong in 2019 as we forecast in our 2018 report, with turnover up over 54% and operating profit up by 193%. Gross Profit Margins however have declined to 25.4% from 26.9%. We end the year as a result of the strong trading with the net worth of the consolidated balance sheet up by 40.6% on the previous year to £9.4M.

Principal risks and uncertainties

We continue to adhere to our ambitious growth strategy which is founded, in operations, on leveraging our core competencies and, financially, in maintaining conservative gearing and other key ratios. Underpinning that strategy and all of our activities and business planning are our Gael Force group vision and core values, which remain our guiding principles.

The main risk to the trading group as a whole is a serious downturn in the Scottish Aquaculture industry or loss of, or financial failure of, a major customer within that sector. Within the group we are working to a detailed business plan which seeks to achieve continuing sustainable growth within a long term strategy for the group as a whole. Each annual plan sets clear financial and other key targets and objectives for the business, which are monitored and managed continuously. A high priority continues to be managing working capital and to improving free cash flow for ongoing investment in growth.

The Directors see considerable potential for long term growth in the Group's key markets and will continue to target resources on those opportunities which deliver the best long term sustainable growth opportunities.

Whilst there is uncertainty and risk arising from Covid-19 the directors feel that the impact to the business in the short term is limited and does not pose a significant material threat to the business. The core aquaculture market has remained strong through the pandemic in 2020 and industry outlook remains positive on investment in growing capacity. During the initial lockdown period in 2020 the group demonstrated its resilience and the directors felt the group was able to quickly adjust and adopt measures which allowed the business to continue operate successfully.

The directors feel that the impact of Brexit will be minimal as the majority of supply of our supply chain is either based within the United Kingdom or outside of the European Union and it is our expectation that a material change in Import Duties and Tariffs from these source countries is unlikely. The main revenue streams for the group are based within the United Kingdom and Canada. The Directors feel that the group is able to actively and quickly resolve business issues as they arise and will continue to monitor the Brexit negotiations but do not see a material threat to the business from Brexit at this time.

GAEL FORCE GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

Performance of the trading group companies is measured against financial KPIs. At a consolidated level the composite measures reflect specific factors bearing on the component parts and their relative weighting.

The following financial KPIs are derived from values as stated in the audited accounts

P&L	Annual Movement
	2019 / 2018
Turnover growth %	54% / 13%
Gross profit %	25.4% / 26.9%
Overheads as % gross profit	77% / 89%
EBITDA	£3.9m / £1.75m
EBITDA %	9% / 6%
Pre-tax profit %	6.3% / 3%
Net profit/direct employee cost %	32% / 14%
Balance sheet	
Days sales outstanding	48 / 57
Days purchases outstanding	31 / 52
Liquidity ('quick') ratio	106% / 100%
EBITDA /net debt (cover)	144% / 69%
Leverage	29% / 38%
Return on capital employed	39% / 18%

On behalf of the board



S Graham

Director

29 September 2020

GAEL FORCE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of the group is the provision of commercial marine, leisure marine and fish-farm supplies, the fabrication of feed barges, service engineering to the distillery and aquaculture industries, and the instillation and the manufacture and installation of pontoons.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Graham	
T R H Phillips FCA	(Resigned 1 June 2020)
S Divers	
R Foster	(Appointed 1 June 2020)
S J J Offord	(Appointed 1 June 2020)
J M Young	(Appointed 1 June 2020)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and research and development.

GAEL FORCE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board



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S Graham

Director

Date: 29 September 2020

GAEL FORCE GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

GAEL FORCE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAEL FORCE GROUP LIMITED

Opinion

We have audited the financial statements of Gael Force Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, The Group Statement of Changes in Equity, The Company Statement of Changes in Equity, The Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Gael Force Group Limited

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GAEI FORCE GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

GAEL FORCE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GAEL FORCE GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.



David McBain (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

29 September 2020

Chartered Accountants
Statutory Auditor

Clava House
Cradlehall Business Park
INVERNESS
IV2 5GH

GAEL FORCE GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	41,902,520	27,273,945
Cost of sales		(31,252,182)	(19,941,480)
Gross profit		10,650,338	7,332,465
Distribution costs		-	(9,639)
Administrative expenses		(8,178,684)	(6,505,377)
Other operating income		210,492	97,472
Operating profit	4	2,682,146	914,921
Interest receivable and similar income	8	1,863	1,538
Interest payable and similar expenses	9	(64,413)	(36,841)
Profit before taxation		2,619,596	879,618
Tax on profit	10	93,230	(242,619)
Profit for the financial year	27	2,712,826	636,999
Profit for the financial year is attributable to:			
- Owners of the parent company		2,573,889	599,464
- Non-controlling interests		138,937	37,535
		2,712,826	636,999
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,573,889	599,464
- Non-controlling interests		138,937	37,535
		2,712,826	636,999

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

GAEL FORCE GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Goodwill	12		1,749,548		1,961,126
Other intangible assets	12		517,783		401,687
Total intangible assets			2,267,331		2,362,813
Tangible assets	13		3,513,254		2,853,706
Investment properties	14		-		253,494
			5,780,585		5,470,013
Current assets					
Stocks	17	4,349,862		3,376,168	
Debtors	18	10,768,660		6,663,257	
Cash at bank and in hand		2,126,018		1,421,092	
			17,244,540		11,460,517
Creditors: amounts falling due within one year	19	(11,947,145)		(8,049,250)	
Net current assets			5,297,395		3,411,267
Total assets less current liabilities			11,077,980		8,881,280
Creditors: amounts falling due after more than one year	20		(1,436,928)		(2,008,704)
Provisions for liabilities					
Deferred tax liability	23	241,201		185,551	
			(241,201)		(185,551)
Net assets			9,399,851		6,687,025
Capital and reserves					
Called up share capital	26		137,463		137,463
Profit and loss reserves	27		7,833,082		5,259,193
Equity attributable to owners of the parent company			7,970,545		5,396,656
Non-controlling interests			1,429,306		1,290,369
			9,399,851		6,687,025

GAEL FORCE GROUP LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 29/9/20
and are signed on its behalf by:



.....
S Graham
Director

GAEL FORCE GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13		632,171		321,175
Investments	15		6,401,641		6,401,564
			<u>7,033,812</u>		<u>6,722,739</u>
Current assets					
Debtors	18	3,062,256		2,281,738	
Cash at bank and in hand		583,236		-	
		<u>3,645,492</u>		<u>2,281,738</u>	
Creditors: amounts falling due within one year	19	(6,241,269)		(7,106,873)	
Net current liabilities			<u>(2,595,777)</u>		<u>(4,825,135)</u>
Total assets less current liabilities			<u>4,438,035</u>		<u>1,897,604</u>
Creditors: amounts falling due after more than one year	20		(337,584)		(1,242,452)
Provisions for liabilities					
Deferred tax liability	23	16,445		34,098	
		<u>16,445</u>	<u>(16,445)</u>	<u>34,098</u>	<u>(34,098)</u>
Net assets			<u>4,084,006</u>		<u>621,054</u>
Capital and reserves					
Called up share capital	26		137,463		137,463
Profit and loss reserves	27		3,946,543		483,591
Total equity			<u>4,084,006</u>		<u>621,054</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,462,952 (2018 - £164,961 loss).

Although amount due from and to group undertakings are treated as falling due within one year, the directors confirm that there is no intention that the group counterparty, all under common control, seek settlement within that period. The directors consider that adjustments should be made in respect of these values to obtain a fair view of the company's 'current' balance sheet ratios for third party purposes.

The financial statements were approved by the board of directors and authorised for issue on 29/9/20
and are signed on its behalf by:



S Graham
Director

Company Registration No. SC229244

GAEL FORCE GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 January 2018	137,463	4,659,729	4,797,192	156,079	4,953,271
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	599,464	599,464	37,535	636,999
Acquisition of non-controlling interests	-	-	-	1,252,834	1,252,834
Disposal of non-controlling interests	-	-	-	(156,079)	(156,079)
Balance at 31 December 2018	137,463	5,259,193	5,396,656	1,290,369	6,687,025
Year ended 31 December 2019:					
Profit and total comprehensive income for the year	-	2,573,889	2,573,889	138,937	2,712,826
Balance at 31 December 2019	137,463	7,833,082	7,970,545	1,429,306	9,399,851

GAEL FORCE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018	137,463	648,552	786,015
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(164,961)	(164,961)
Balance at 31 December 2018	137,463	483,591	621,054
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	3,462,952	3,462,952
Balance at 31 December 2019	137,463	3,946,543	4,084,006

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Gael Force Group Limited ("the Company") is a limited company domiciled and incorporated in Scotland. The registered office is 136 Anderson Street, Inverness, IV3 8DH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention as modified by the revaluation of certain fixed assets. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The consolidated financial statements incorporate those of Gael Force Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gael Force Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group/company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered a wide range of information relating to present and future projections, cash flow considerations and the ability of the group/company to meet any obligations as they fall due.

Whilst there is uncertainty and risk arising from Covid-19 the directors feel that the impact to the business in the short term is limited and does not pose a significant material threat to the business. The core aquaculture market has remained strong through the pandemic in 2020 and industry outlook remains positive on investment in growing capacity. During the initial lockdown period in 2020 the group demonstrated its resilience and the directors felt the group was able to quickly adjust and adopt measures which together with the strength of the group and company's balance sheet and financial position allows the business to continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets comprise both development costs and intellectual property rights which are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful life. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents & licences	Fully amortised
Development costs	20% straight line
Design rights	25% straight line

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5% reducing balance
Marine vessels	5% straight line
Leasehold improvements	20% reducing balance
Plant and equipment	20-33% straight line and 25% reducing balance
Fixtures and fittings	13-33% straight line and 25% reducing balance
Computers	20-25% straight line and 25% reducing balance
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the weighted average cost method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Gael Force Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.11 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.12 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit or loss for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Construction contracts

The group undertakes construction contracts which takes place over a period of time and revenue and profits are recognised as the group performs under these contracts. The extent to which revenue and profits have been earned involves estimating a percentage of completion under ongoing contracts which is based on costs incurred to date as a proportion of total estimated costs.

Intangible assets

The group has intangible assets of which the carrying value involves assumptions regarding the period over which economic benefits are expected to be generated.

Stock provision

In common with all businesses carrying trading stock, the group faces the possibility that stock held will not recover its carrying value at point of sale. The directors calculate a specific provision to allow for this based on the time that items have been held in stock. As with any estimate, this is subject to events proving otherwise where tested, but the directors do not consider that this amounts to significant risk.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Engineering works	11,194,229	8,157,776
Marine equipment	29,952,756	18,536,590
Rental of equipment	755,535	579,579
	<u>41,902,520</u>	<u>27,273,945</u>

	2019 £	2018 £
Other significant revenue		
Interest income	1,863	1,538
Grants received	158,791	50,238
Sundry income	3,000	47,234
	<u></u>	<u></u>

	2019 £	2018 £
Turnover analysed by geographical market		
UK	35,294,024	27,027,411
EEA	764,276	246,534
Other	5,844,220	-
	<u>41,902,520</u>	<u>27,273,945</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(10,653)	(14,440)
Research and development costs	-	(3,631)
Government grants	(158,791)	(50,238)
Depreciation of owned tangible fixed assets	728,442	579,048
Depreciation of tangible fixed assets held under finance leases	92,731	18,609
Loss/(profit) on disposal of tangible fixed assets	4,250	(11,785)
Profit on disposal of investment property	(5,710)	-
Amortisation of intangible assets	346,319	249,383
Impairment of intangible assets	73,249	-
Operating lease charges	85,532	87,279
	<u></u>	<u></u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £10,653 (2018 - £14,440).

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,000	10,370
Audit of the financial statements of the company's subsidiaries	47,205	52,000
	<u>57,205</u>	<u>62,370</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Directors	3	3	3	3
Management, back-office and sales	76	69	-	-
Shop, yard, warehouse and workshop	173	125	-	-
	<u>252</u>	<u>197</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	7,278,716	5,680,653	629,536	483,512
Social security costs	690,215	580,223	9,472	1,931
Pension costs	189,399	163,118	10,573	66,261
	<u>8,158,330</u>	<u>6,423,994</u>	<u>649,581</u>	<u>551,704</u>

Wages and salaries within the company include recharged costs from other companies within the group.

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	192,071	392,196
Company pension contributions to defined contribution schemes	1,188	-
	<u>193,259</u>	<u>392,196</u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	306,884

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	230	1,538
Other interest income	1,633	-
Total income	1,863	1,538

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	11,429	15,232
Interest on finance leases and hire purchase contracts	46,868	21,230
Other interest on financial liabilities	-	379
Other interest	6,116	-
Total finance costs	64,413	36,841

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	185,093	241,378
Adjustments in respect of prior periods	(335,388)	(9,804)
Group relief	3,822	(17,808)
Total current tax	(146,473)	213,766

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	150,857	11,022
Changes in tax rates	(6,779)	-
Adjustment in respect of prior periods	(90,835)	17,831
	<u>53,243</u>	<u>28,853</u>
Total deferred tax		
	<u>53,243</u>	<u>28,853</u>
Total tax (credit)/charge	(93,230)	242,619
	<u>(93,230)</u>	<u>242,619</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>2,619,596</u>	<u>879,618</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	497,723	167,127
Tax effect of expenses that are not deductible in determining taxable profit	182,676	48,335
Tax effect of income not taxable in determining taxable profit	(242,412)	-
Tax effect of utilisation of tax losses not previously recognised	(87,188)	-
Adjustments in respect of prior years	(426,222)	(16,636)
Group relief	(3,822)	17,809
Deferred tax adjustments in respect of prior years	-	17,831
Deferred tax not recognised	(573)	28,623
Fixed asset differences	-	2,054
Receipt for group relief	3,822	(17,295)
Adjust closing deferred tax to average rate	(17,234)	(5,229)
	<u>(93,230)</u>	<u>242,619</u>
Tax expense for the year		
	<u>(93,230)</u>	<u>242,619</u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Intangible assets	12	73,249	-
Recognised in:			
Administrative expenses		73,249	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

12 Intangible fixed assets

Group	Goodwill £	Patents & licences £	Development costs £	Design rights £	Total £
Cost					
At 1 January 2019	2,180,159	55,087	713,159	15,000	2,963,405
Additions - internally developed	-	-	324,086	-	324,086
At 31 December 2019	2,180,159	55,087	1,037,245	15,000	3,287,491
Amortisation and impairment					
At 1 January 2019	219,033	55,087	321,784	4,688	600,592
Amortisation charged for the year	211,578	-	130,991	3,750	346,319
Impairment losses	-	-	73,249	-	73,249
At 31 December 2019	430,611	55,087	526,024	8,438	1,020,160
Carrying amount					
At 31 December 2019	1,749,548	-	511,221	6,562	2,267,331
At 31 December 2018	1,961,126	-	391,375	10,312	2,362,813

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

More information on the impairment arising in the year is given in note 11.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

Group	Freehold land and buildings £	Marine vessels £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost								
At 1 January 2019	75,208	811,255	48,547	4,083,141	155,252	183,487	547,061	5,903,951
Additions	87,054	-	34,463	923,420	197,458	105,876	146,703	1,494,974
Disposals	-	-	-	-	-	-	(29,902)	(29,902)
At 31 December 2019	162,262	811,255	83,010	5,006,561	352,710	289,363	663,862	7,369,023
Depreciation and impairment								
At 1 January 2019	583	100,037	8,867	2,411,916	98,958	112,443	317,441	3,050,245
Depreciation charged in the year	3,369	42,573	2,707	582,656	62,598	34,288	92,982	821,173
Eliminated in respect of disposals	-	-	-	-	-	-	(15,649)	(15,649)
At 31 December 2019	3,952	142,610	11,574	2,994,572	161,556	146,731	394,774	3,855,769
Carrying amount								
At 31 December 2019	158,310	668,645	71,436	2,011,989	191,154	142,632	269,088	3,513,254
At 31 December 2018	74,625	711,218	39,680	1,671,225	56,294	71,044	229,620	2,853,706

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	10,894	201,359	64,806	225,985	503,044
Additions	21,604	190,697	96,470	146,703	455,474
Disposals	-	-	-	(29,902)	(29,902)
At 31 December 2019	32,498	392,056	161,276	342,786	928,616
Depreciation and impairment					
At 1 January 2019	-	81,930	23,906	76,033	181,869
Depreciation charged in the year	-	60,761	17,187	52,277	130,225
Eliminated in respect of disposals	-	-	-	(15,649)	(15,649)
At 31 December 2019	-	142,691	41,093	112,661	296,445
Carrying amount					
At 31 December 2019	32,498	249,365	120,183	230,125	632,171
At 31 December 2018	10,894	119,429	40,900	149,952	321,175

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and equipment	216,478	18,750	-	-
Motor vehicles	191,402	152,402	191,402	152,402
Computers	123,084	29,462	123,084	29,462
	530,964	200,614	314,486	181,864
Depreciation charge for the year in respect of leased assets	92,731	18,609	53,845	18,609

Gael Force Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 January 2018	253,494	-
Disposals	(253,494)	-
At 31 December 2019	-	-

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	6,401,641	6,401,564

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 January 2019	6,401,564
Additions	77
At 31 December 2019	6,401,641
Carrying amount	
At 31 December 2019	6,401,641
At 31 December 2018	6,401,564

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held	
				Direct	Indirect
Gael Force Aquahomes Limited	Scotland	Dormant	Ordinary	100	0
Gael Force Engineering Limited	Scotland	Marine, Marina and Distillery Engineering	Ordinary	100	0
Gael Force Marine Equipment Limited	Scotland	Manufacture and supply of Marine Equipment	Ordinary	100	0
Gael Force Marine Technology Limited	Scotland	Manufacture and supply of Marine Equipment	Ordinary	100	0
Gael Force Rentals Limited	Scotland	Rental of Marine Equipment	Ordinary	100	0
Gael Force Fusion Limited	Scotland	Marine, Marina and Distillery Engineering	Ordinary	75	0
Gael Force Boatbuilding Limited	Scotland	Repairs to Marine Equipment	Ordinary	75	0
Gael Force Canada	Canada	Maintenance and Supply of Marine Equipment to the Aquaculture Sector in Atlantic Canada	Ordinary	100	0

17 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	616,748	466,373	-	-
Work in progress	728,158	272,491	-	-
Finished goods and goods for resale	3,004,956	2,637,304	-	-
	<u>4,349,862</u>	<u>3,376,168</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	5,548,039	4,244,587	-	-
Unpaid share capital	1	1	-	-
Corporation tax recoverable	377,310	-	-	-
Amounts owed by group undertakings	2,577,769	1,490,714	2,845,343	2,103,476
Other debtors	1,399,334	650,855	82,160	93,573
Prepayments and accrued income	866,207	277,100	134,753	84,689
	<u>10,768,660</u>	<u>6,663,257</u>	<u>3,062,256</u>	<u>2,281,738</u>

Gael Force Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	21	787,078	183,002	122,019	183,002
Obligations under finance leases	22	496,087	344,887	103,572	56,534
Other borrowings	21	36,040	139,093	-	-
Trade creditors		3,262,630	2,743,032	140,734	64,847
Amounts due to related undertakings		92,785	42,803	4,915,408	6,741,631
Corporation tax payable		220,082	563,636	-	40
Other taxation and social security		829,715	830,682	-	-
Deferred income	25	72,000	37,882	-	-
Other creditors		3,859,334	2,493,971	845,143	-
Accruals and deferred income		2,291,394	670,262	114,393	60,819
		<u>11,947,145</u>	<u>8,049,250</u>	<u>6,241,269</u>	<u>7,106,873</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Loans and overdrafts	21	128,333	250,352	128,333	250,352
Obligations under finance leases	22	983,967	653,573	136,595	33,512
Government grants	25	324,628	259,636	72,656	113,445
Other creditors		-	845,143	-	845,143
		<u>1,436,928</u>	<u>2,008,704</u>	<u>337,584</u>	<u>1,242,452</u>

21 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	250,352	367,935	250,352	367,935
Bank overdrafts	665,059	65,419	-	65,419
Other loans	36,040	139,093	-	-
	<u>951,451</u>	<u>572,447</u>	<u>250,352</u>	<u>433,354</u>
Payable within one year	823,118	322,095	122,019	183,002
Payable after one year	128,333	250,352	128,333	250,352

The bank loans and the bank overdraft are secured by a bond and floating charge over the assets of the group.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Loans and overdrafts

(Continued)

Bank loans include a bank loan repayable in 120 monthly instalments. Interest is payable at base rate plus 2.94% per annum.

22 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	496,087	344,887	103,572	56,534
In two to five years	983,967	653,573	136,595	33,512
	<u>1,480,054</u>	<u>998,460</u>	<u>240,167</u>	<u>90,046</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2019 £	Liabilities 2018 £
ACAs	<u>241,201</u>	<u>185,551</u>
Company	Liabilities 2019 £	Liabilities 2018 £
ACAs	<u>16,445</u>	<u>34,098</u>
Movements in the year:	Group 2019 £	Company 2019 £
Liability at 1 January 2019	185,551	34,098
Charge/(credit) to profit or loss	55,650	(17,653)
Liability at 31 December 2019	<u>241,201</u>	<u>16,445</u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Deferred taxation

(Continued)

24 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	189,399	163,118

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The number of directors for whom retirement benefits are accruing under defined contribution schemes during the year was 1 (2018 - nil).

25 Deferred income

	Group 2019 £	2018 £	Company 2019 £	2018 £
Arising from government grants	396,628	281,636	72,656	113,445
Other deferred income	-	15,882	-	-
	<u>396,628</u>	<u>297,518</u>	<u>72,656</u>	<u>113,445</u>

Deferred income is included in the financial statements as follows:

Current liabilities	72,000	37,882	-	-
Non-current liabilities	324,628	259,636	72,656	113,445
	<u>396,628</u>	<u>297,518</u>	<u>72,656</u>	<u>113,445</u>

26 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
137,463 Ordinary shares of £1 each	137,463	137,463

The company has one class of ordinary share which carries full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the company.

27 Reserves

Profit and loss reserves

Retained earnings represent accumulated profits less losses and distributions.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

28 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2019 £	2018 £
Group		
Entities over which the group has control, joint control or significant influence	92,785	42,803
Company		
Entities over which the company has control, joint control or significant influence	1,098,309	3,823,107

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2019 Balance £	2018 Balance £
Group		
Entities over which the group has control, joint control or significant influence	2,577,769	1,442,906
Company		
Entities over which the company has control, joint control or significant influence	121,596	1,681

Amounts owed to/from related parties are included within creditors/debtors at the year end. These amounts are interest free and have no fixed terms of repayment. No security has been provided on any balances.

29 Financial commitments, guarantees and contingent liabilities

There is a cross corporate guarantee in place between companies within Gael Force Group Limited and other group companies.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

30 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	186,080	148,819	-	-
Between two and five years	247,700	395,705	-	-
In over five years	24,000	58,492	-	-
	<u>457,780</u>	<u>603,016</u>	<u>-</u>	<u>-</u>

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	<u>-</u>	<u>193,210</u>	<u>-</u>	<u>-</u>

32 Controlling party

The ultimate parent company is Gael Force Group Holdings Limited and the registered office is 136 Anderson Street, INVERNESS, IV3 8DH.