

GAEL FORCE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANIES HOUSE

30 SEP 2021

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GAEL FORCE GROUP LIMITED

COMPANY INFORMATION

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

GAEL FORCE GROUP LIMITED

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GAEL FORCE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Fair review of the business

Gael Force Group Limited ("GFG") is wholly owned by 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. In 2020 however Covid-19 impacted us with some orders cancelled, projects deferred and some projects not obtaining the planning permissions required to proceed. However in the face of these challenges the group demonstrated its resilience and ability to continue to generate strong cash flows despite demand being impacted by Covid which reduced turnover by 6% to £39.4M reducing operating profit to £2.3M. While turnover will be significantly impacted in 2020 and 2021, the Directors believe that the markets in which we operate, provide strong and sustainable international growth opportunities for the business over the medium to long term despite short term Covid induced demand impacts. The Group's focus on reinvestment in continual business improvement and product development across the product range position us strongly for long term sustained and significant growth.

Our business in Atlantic Canada too has maintained a satisfactory level of activity despite the Covid challenges and in both UK and Canada we see excellent potential for continued and sustained long term very significant growth.

We now have a comprehensive product portfolio which is being further developed and refined and which can support very significant further growth domestically and internationally. We see great opportunities to develop the next phase of our 10 year strategic plan now with further product developments focussing on our comprehensive product portfolio and our unique SeaQureFarm sustainable fish farming concept along with strategic acquisitions remaining our focus.

Despite the challenges and setbacks that markets have suffered from Covid we see huge growth potential in the business through the increased sales of our comprehensive product portfolio and the launch of our SeaQureFarm system not only in the UK but in Scandinavia and other fin fish producing regions of the world. We continue to adhere to our ambitious growth strategy which is founded, in continual business improvement through Innovation, Quality Assurance, Manufacturing Excellence, Best in Sector Service, Sustainability, Developing our Export Markets and Developing a Sector Leading Workforce to deliver solid financial returns for continual reinvestment. Underpinning that strategy and all our activities and business planning are our Gael Force Group Vision and Core Values, which remain our guiding principles

Trading performance in 2020 was broadly flat against 2019 results, however this was on the back of a growth of 54% in 2019 from 2018 and the impact of significant demand reduction due to Covid. Gross Profit Margins stayed stable through 2020 vs 2019 at 25.3%. On the back of strong performance over recent years a dividend of £2M was declared to Gael Force Group Holdings and an additional stake was bought in Gael Force Fusion. Excluding these two extraordinary actions the net worth of the consolidated balance sheet increased by 19% vs 2019.

GAEL FORCE GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

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 strength of the business is such that it is well placed to cope with significant demand reduction. The impact on our long term strategy therefore is limited and with demand expected to return in 2022/23 Covid 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 over the next 10 years. During the initial lockdown period in 2020 the company demonstrated its resilience and the directors felt the company 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.

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
	2020 / 2019
Turnover growth %	-6% / 54%
Gross profit %	25.3% / 25.4%
Overheads as % gross profit	63% / 64%
EBITDA	£3.7m / £3.9m
EBITDA %	9% / 9%
Pre-tax profit %	5.6% / 6.3%
Net profit/direct employee cost %	28% / 32%
Balance sheet	
Days sales outstanding	46 / 48
Days purchases outstanding	44 / 41
Liquidity ('quick') ratio	106% / 106%
EBITDA /net debt (cover)	94% / 144%
Leverage	46% / 29%
Return on capital employed	54% / 39%

GAEL FORCE GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board



.....

S Graham

Director

30 September 2021

GAEL FORCE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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, engineering services 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 30 June 2020)
S Divers	(Resigned 1 July 2021)
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 11.

Ordinary dividends were paid amounting to £2,000,000. 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.

Post reporting date events

Subsequent to the year end the company purchased the remaining 16.67% of share capital of Gael Force Fusion Limited making them 100% owner.

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.

GAEL FORCE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

On behalf of the board



.....
S Graham

Director

Date: 30 September 2021

GAEL FORCE GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 GAEL 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

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns, board meeting minutes and legal fees.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Procedures to confirm the existence and completeness of revenue, ensuring recognised in line with the group's accounting policies.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

GAEL FORCE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GAEL FORCE GROUP LIMITED

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

30 September 2021
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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 2020

	Notes	2020 £	2019 £
Turnover	3	39,373,903	41,902,520
Cost of sales		(29,397,525)	(31,252,182)
Gross profit		9,976,378	10,650,338
Administrative expenses		(8,497,888)	(8,178,684)
Other operating income		805,194	210,492
Operating profit	4	2,283,684	2,682,146
Interest receivable and similar income	8	1,226	1,863
Interest payable and similar expenses	9	(64,383)	(64,413)
Profit before taxation		2,220,527	2,619,596
Tax on profit	10	(451,767)	93,230
Profit for the financial year	27	1,768,760	2,712,826
Other comprehensive income			
Currency translation differences		4,320	-
Total comprehensive income for the year		1,773,080	2,712,826
Profit for the financial year is attributable to:			
- Owners of the parent company		1,715,175	2,573,889
- Non-controlling interests		53,585	138,937
		1,768,760	2,712,826
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,719,495	2,573,889
- Non-controlling interests		53,585	138,937
		1,773,080	2,712,826

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 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	13		1,537,970		1,749,548
Other intangible assets	13		797,856		517,783
Total intangible assets			2,335,826		2,267,331
Tangible assets	14		3,607,284		3,513,254
			5,943,110		5,780,585
Current assets					
Stocks	17	5,225,212		4,349,862	
Debtors	18	8,899,195		10,768,660	
Cash at bank and in hand		1,848,860		2,126,018	
			15,973,267		17,244,540
Creditors: amounts falling due within one year	19	(10,186,951)		(11,947,145)	
Net current assets			5,786,316		5,297,395
Total assets less current liabilities			11,729,426		11,077,980
Creditors: amounts falling due after more than one year	20		(2,804,924)		(1,436,928)
Provisions for liabilities					
Deferred tax liability	23	369,081		241,201	
			(369,081)		(241,201)
Net assets			8,555,421		9,399,851
Capital and reserves					
Called up share capital	26		137,463		137,463
Profit and loss reserves	27		7,436,029		7,833,082
Equity attributable to owners of the parent company			7,573,492		7,970,545
Non-controlling interests			981,929		1,429,306
			8,555,421		9,399,851

GAEL FORCE GROUP LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021
and are signed on its behalf by:



.....
S Graham
Director

GAEL FORCE GROUP LIMITED

COMPANY BALANCE SHEET

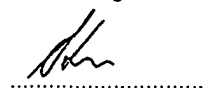
AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	14		697,242		632,171
Investments	15		7,019,151		6,401,641
			<u>7,716,393</u>		<u>7,033,812</u>
Current assets					
Debtors	18	2,927,011		3,062,256	
Cash at bank and in hand		245,535		583,236	
		<u>3,172,546</u>		<u>3,645,492</u>	
Creditors: amounts falling due within one year	19	(6,966,326)		(6,241,269)	
Net current liabilities			<u>(3,793,780)</u>		<u>(2,595,777)</u>
Total assets less current liabilities			<u>3,922,613</u>		<u>4,438,035</u>
Creditors: amounts falling due after more than one year	20		(1,723,404)		(337,584)
Provisions for liabilities					
Deferred tax liability	23	45,592		16,445	
		<u>(45,592)</u>		<u>(16,445)</u>	
Net assets			<u>2,153,617</u>		<u>4,084,006</u>
Capital and reserves					
Called up share capital	26		137,463		137,463
Profit and loss reserves	27		2,016,154		3,946,543
Total equity			<u>2,153,617</u>		<u>4,084,006</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 £69,611 (2019 - £3,462,952 profit).

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 30 September 2021 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 2020

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2019		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
Year ended 31 December 2020:						
Profit for the year		-	1,715,175	1,715,175	53,585	1,768,760
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	4,320	4,320	-	4,320
Total comprehensive income for the year		-	1,719,495	1,719,495	53,585	1,773,080
Dividends	11	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Acquisition of non-controlling interests		-	(116,548)	(116,548)	(500,962)	(617,510)
Balance at 31 December 2020		137,463	7,436,029	7,573,492	981,929	8,555,421

GAEL FORCE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		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
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	69,611	69,611
Dividends	11	-	(2,000,000)	(2,000,000)
Balance at 31 December 2020		137,463	2,016,154	2,153,617

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020. 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 2020

1 Accounting policies

(Continued)

1.2 Going concern

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.

The group prepares projections which demonstrate their ability to continue to meet all liabilities as they fall due.

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'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 - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 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	10% - 20% straight line
Design rights	25% straight line

1.7 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.

1.8 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.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets 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.

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 2020

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 2020

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.

Government grants relating to assets are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Government grants relating to turnover and the Coronavirus job retention scheme are recognised as income over the periods when the related costs are incurred.

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 2020

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Engineering works	12,456,648	11,194,229
Marine equipment	26,096,966	29,952,756
Rental of equipment	820,289	755,535
	<u>39,373,903</u>	<u>41,902,520</u>
	2020 £	2019 £
Other significant revenue		
Interest income	1,226	1,863
Grants received	760,967	158,791
Sundry income	3,000	47,234
	<u></u>	<u></u>

Included within grants received are amounts totalling £529,425 received under the Coronavirus Job Retention Scheme

	2020 £	2019 £
Turnover analysed by geographical market		
UK	33,171,225	35,294,024
EEA	447,479	764,276
Other	5,755,199	5,844,220
	<u>39,373,903</u>	<u>41,902,520</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	110,554	(10,653)
Government grants	(760,967)	(158,791)
Depreciation of owned tangible fixed assets	850,064	728,442
Depreciation of tangible fixed assets held under finance leases	156,833	92,731
(Profit)/loss on disposal of tangible fixed assets	(5,979)	4,250
Profit on disposal of investment property	-	(5,710)
Amortisation of intangible assets	419,335	346,319
Impairment of intangible assets	-	73,249
Operating lease charges	161,357	85,532
	<u></u>	<u></u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,000	10,000
Audit of the financial statements of the company's subsidiaries	51,205	47,205
	<u>57,205</u>	<u>57,205</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	5	3	4	3
Management, back-office and sales	86	76	-	-
Shop, yard, warehouse and workshop	167	173	-	-
	<u>258</u>	<u>252</u>	<u>4</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	7,027,640	7,278,716	674,381	629,536
Social security costs	685,985	690,215	13,495	9,472
Pension costs	225,823	189,399	28,804	10,573
	<u>7,939,448</u>	<u>8,158,330</u>	<u>716,680</u>	<u>649,581</u>

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

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	305,413	192,071
Company pension contributions to defined contribution schemes	10,997	1,188
	<u>316,410</u>	<u>193,259</u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Directors' remuneration

(Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	93,750	n/a
Company pension contributions to defined contribution schemes	750	n/a

No disclosure was required in the comparative period as total directors remuneration was below £200,000.

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	-	230
Other interest income	1,226	1,633
Total income	1,226	1,863

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	7,612	11,429
Interest on finance leases and hire purchase contracts	56,355	46,868
Other interest	416	6,116
Total finance costs	64,383	64,413

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	329,505	185,093
Adjustments in respect of prior periods	(19,236)	(335,388)
Group relief	(1,890)	3,822
Total current tax	308,379	(146,473)

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	58,951	150,857
Changes in tax rates	32,898	(6,779)
Adjustment in respect of prior periods	51,539	(90,835)
Total deferred tax	143,388	53,243
Total tax charge/(credit)	451,767	(93,230)

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:

	2020 £	2019 £
Profit before taxation	2,220,527	2,619,596
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	421,900	497,723
Tax effect of expenses that are not deductible in determining taxable profit	22,006	182,676
Tax effect of income not taxable in determining taxable profit	(32,297)	(242,412)
Tax effect of utilisation of tax losses not previously recognised	(25,044)	(87,188)
Adjustments in respect of prior years	32,302	(426,222)
Group relief	-	(3,822)
Deferred tax not recognised	-	(573)
Receipt for group relief	-	3,822
Adjust closing deferred tax to average rate	32,900	(17,234)
Tax expense for the year	451,767	(93,230)

11 Dividends

	2020 £	2019 £
Final paid	2,000,000	-

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Impairments

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

	Notes	2020 £	2019 £
In respect of:			
Intangible assets	13	-	73,249
Recognised in:			
Administrative expenses		-	73,249

13 Intangible fixed assets

Group	Goodwill £	Patents & licences £	Development costs £	Design rights £	Total £
Cost					
At 1 January 2020	2,180,159	55,087	1,037,245	15,000	3,287,491
Additions - internally developed	-	-	487,831	-	487,831
At 31 December 2020	2,180,159	55,087	1,525,076	15,000	3,775,322
Amortisation and impairment					
At 1 January 2020	430,611	55,087	526,025	8,438	1,020,161
Amortisation charged for the year	211,578	-	204,007	3,750	419,335
At 31 December 2020	642,189	55,087	730,032	12,188	1,439,496
Carrying amount					
At 31 December 2020	1,537,970	-	795,044	2,812	2,335,826
At 31 December 2019	1,749,548	-	511,221	6,562	2,267,331

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 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 2020	162,262	811,255	83,010	5,006,561	352,710	289,363	663,862	7,369,023
Additions	6,256	-	11,948	969,958	79,682	77,526	111,766	1,257,136
Disposals	-	-	-	(603,842)	(26,808)	(8,115)	(28,819)	(667,584)
At 31 December 2020	168,518	811,255	94,958	5,372,677	405,584	358,774	746,809	7,958,575
Depreciation and impairment								
At 1 January 2020	3,952	142,610	11,574	2,994,572	161,556	146,731	394,774	3,855,769
Depreciation charged in the year	9,752	42,573	8,369	732,179	75,220	47,794	91,010	1,006,897
Eliminated in respect of disposals	-	-	-	(463,699)	(21,815)	(676)	(25,185)	(511,375)
At 31 December 2020	13,704	185,183	19,943	3,263,052	214,961	193,849	460,599	4,351,291
Carrying amount								
At 31 December 2020	154,814	626,072	75,015	2,109,625	190,623	164,925	286,210	3,607,284
At 31 December 2019	158,310	668,645	71,436	2,011,989	191,154	142,632	269,088	3,513,254

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2020	32,498	392,056	161,276	342,786	928,616
Additions	6,234	74,828	76,721	112,850	270,633
Disposals	-	(3,271)	(8,115)	(8,614)	(20,000)
At 31 December 2020	38,732	463,613	229,882	447,022	1,179,249
Depreciation and impairment					
At 1 January 2020	-	142,691	41,093	112,661	296,445
Depreciation charged in the year	3,412	73,944	34,979	79,347	191,682
Eliminated in respect of disposals	-	(464)	(676)	(4,980)	(6,120)
At 31 December 2020	3,412	216,171	75,396	187,028	482,007
Carrying amount					
At 31 December 2020	35,320	247,442	154,486	259,994	697,242
At 31 December 2019	32,498	249,365	120,183	230,125	632,171

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	176,955	216,478	-	-
Motor vehicles	234,312	191,402	234,312	191,402
Computers	103,140	123,084	103,140	123,084
	514,407	530,964	337,452	314,486
Depreciation charge for the year in respect of leased assets	156,833	92,731	96,068	53,845

15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	7,019,151	6,401,641

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings £
Cost	
At 1 January 2020	6,401,641
Additions	617,510
At 31 December 2020	7,019,151
Carrying amount	
At 31 December 2020	7,019,151
At 31 December 2019	6,401,641

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 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	83	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

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,813,427	1,178,332	-	-
Work in progress	573,095	728,158	-	-
Finished goods and goods for resale	2,838,690	2,443,372	-	-
	<u>5,225,212</u>	<u>4,349,862</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	4,993,856	5,548,039	-	-
Unpaid share capital	1	1	-	-
Corporation tax recoverable	28,496	377,310	-	-
Amounts owed by group undertakings	1,406,927	2,577,769	2,085,735	2,845,343
Other debtors	1,963,394	1,399,334	763,491	82,160
Prepayments and accrued income	506,521	866,207	77,785	134,753
	<u>8,899,195</u>	<u>10,768,660</u>	<u>2,927,011</u>	<u>3,062,256</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	21	513,539	787,078	490,091	122,019
Obligations under finance leases	22	612,350	496,087	125,325	103,572
Other borrowings	21	-	36,040	-	-
Trade creditors		3,261,075	3,262,630	73,430	140,734
Amounts due to related undertakings		407,520	92,785	6,061,543	4,915,408
Corporation tax payable		406,067	220,082	1	-
Other taxation and social security		1,667,467	829,715	-	-
Government grants	25	115,818	72,000	-	-
Other creditors		1,034,285	3,859,334	-	845,143
Accruals and deferred income		2,168,830	2,291,394	215,936	114,393
		<u>10,186,951</u>	<u>11,947,145</u>	<u>6,966,326</u>	<u>6,241,269</u>

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Loans and overdrafts	21	1,638,243	128,333	1,638,243	128,333
Obligations under finance leases	22	771,881	983,967	85,161	136,595
Government grants	25	394,800	324,628	-	72,656
		<u>2,804,924</u>	<u>1,436,928</u>	<u>1,723,404</u>	<u>337,584</u>

21 Loans and overdrafts

		Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans		2,128,334	250,352	2,128,334	250,352
Bank overdrafts		23,448	665,059	-	-
Other loans		-	36,040	-	-
		<u>2,151,782</u>	<u>951,451</u>	<u>2,128,334</u>	<u>250,352</u>
Payable within one year		513,539	823,118	490,091	122,019
Payable after one year		<u>1,638,243</u>	<u>128,333</u>	<u>1,638,243</u>	<u>128,333</u>

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

Bank loans include a bank loan repayable in 120 monthly instalments. Interest is payable at base rate plus 2.94% per annum. There is a further bank loan repayable in 66 monthly instalments with interest payable at base rate plus 2.65% per annum.

22 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	612,350	496,087	125,325	103,572
In two to five years	771,881	983,967	85,161	136,595
	<u>1,384,231</u>	<u>1,480,054</u>	<u>210,486</u>	<u>240,167</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.

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
ACAs	369,081	241,201
	<u>369,081</u>	<u>241,201</u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
ACAs	45,592	16,445
	<u>45,592</u>	<u>16,445</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 January 2020	241,201	16,445
Charge to profit or loss	127,880	29,147
	<u>127,880</u>	<u>29,147</u>
Liability at 31 December 2020	369,081	45,592
	<u>369,081</u>	<u>45,592</u>

24 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	225,823	189,399
	<u>225,823</u>	<u>189,399</u>

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 3 (2019 - 1).

GAEL FORCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Government grants

	Group 2020 £	2019 £	Company 2020 £	2019 £
Deferred income is included in the financial statements as follows:				
Current liabilities	115,818	72,000	-	-
Non-current liabilities	394,800	324,628	-	72,656
	<u>510,618</u>	<u>396,628</u>	<u>-</u>	<u>72,656</u>

26 Share capital

	Group and company 2020 £		2019 £
Ordinary share capital			
Issued and fully paid			
137,463 Ordinary shares of £1 each	137,463	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 2020

28 Related party transactions

Transactions with related parties

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2020 £	2019 £
Group		
Entities over which the group has control, joint control or significant influence	444,592	92,785
Company		
Entities over which the company has control, joint control or significant influence	225,656	1,098,309

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2020 Balance £	2019 Balance £
Group		
Entities over which the group has control, joint control or significant influence	1,403,023	2,577,769
Company		
Entities over which the company has control, joint control or significant influence	715,061	121,596

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 2020

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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	153,222	186,080	-	-
Between two and five years	157,047	247,700	-	-
In over five years	-	24,000	-	-
	<u>310,269</u>	<u>457,780</u>	<u>-</u>	<u>-</u>

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	610,417	598,602	-	-
Between two and five years	590,997	471,489	-	-
	<u>1,201,414</u>	<u>1,070,091</u>	<u>-</u>	<u>-</u>

31 Events after the reporting date

Subsequent to the year end the company purchased the remaining 16.67% of share capital of Gael Force Fusion Limited making them 100% owner.

32 Controlling party

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

The ultimate controlling party is Stewart Graham