

Registered number: SC415463

GEG (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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GEG (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors

R J MacGregor
I R MacGregor
D A MacGregor
J D MacDonald
J A MacGregor
G J Farmer
H Takani (resigned 1 April 2023)
T Kobayashi (resigned 1 April 2023)
K Tanahashi (resigned 1 August 2022)
R Ando (appointed 1 August 2022)
T Suzue (appointed 1 August 2022)
J Konno (appointed 1 April 2023)
N Hatayama (appointed 1 April 2023)

Company secretary

J D MacDonald

Registered number

SC415463

Registered office

13 Henderson Road
Inverness
IV1 1SN

Independent auditor

Anderson Anderson & Brown Audit LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

GEG (HOLDINGS) LIMITED

CONTENTS

	Page
Group strategic report	1 - 6
Directors' report	7 - 11
Directors' responsibilities statement	12
Independent auditor's report	13 - 16
Consolidated profit and loss account	17
Consolidated statement of comprehensive income	18
Consolidated balance sheet	19 - 20
Company balance sheet	21 - 22
Consolidated statement of changes in equity	23
Company statement of changes in equity	24
Consolidated statement of cash flows	25 - 26
Consolidated analysis of net debt	27
Notes to the financial statements	28 - 55

GEG (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Principal activities and review of the business

The Global Energy Group ("GEG") is an international service group creating value through a construction led approach to challenges in the energy market. GEG combines a collection of niche offerings designed to reduce risks in early-stage developments as well as enhancing performance in late-life assets and supporting the lifecycle of offshore and onshore wind farms.

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

	31 March 2023	31 March 2022	Change
	£m	£m	%
Turnover	273.2	224.8	22%
Gross Margin %	19.4%	19.8%	-1.8%
Profit after tax	17.7	0.4	4325%
EBITDA	21.5	11.4	89%
Adjusted EBITDA	16.2	10	62%
Shareholders funds	109.8	92.2	19%
Headcount	1,160	950	22%

The Group's revenue increased by 22% compared to the previous year with a turnover of £273m (2022 – £225m). Profit after tax increased from £0.4m in 2022 to a profit of £17.7m in the current financial year. The Group's EBITDA also increased to £21.5m from £11.4m in the prior year.

The group had a material disposal of its investment in Global Energy Engineering and Construction business in the year with circa £85m of revenue and £6m of EBITDA divested on a normalised basis. The divestment of Global E&C has allowed the group to utilise its injection of capital for other portfolio business in the group including Apollo, Global Energy Group, Global Cranes Services, Global Wind Projects and Port of Nigg services and facilities. The disposal of Global E&C has also allowed existing management to work with a new investor to support their aspirations.

The Group maintained a strong adjusted EBITDA (adjusted for restructuring, and divestment of Global E&C) position of £16.2m (2022 £10m adjusted for the sale of Global E&C).

The increase in revenue for the year was largely attributable to the project growth in the Hinkley Point C, SeaGreen Marshalling project, Global E&C as well as the establishment of the Global Wind Projects business and a full year's trading. The Group continued to see high POB levels offshore as construction and maintenance activities prolonged following the pandemic. The SeaGreen project at Nigg commenced in August 2021 and was active throughout the whole of the financial year due to significant project delays and variations. Hinkley Point continued to be a fruitful project for the group throughout the financial year with additional scopes of work awarded, whilst Global Wind Projects and Global Crane services supported numerous onshore wind projects both in Scotland and Ireland.

The increase in turnover in the year did come at a slightly reduced gross margin contribution (19.4% v 19.8%) with slightly lower margins obtained. Significant subcontracted work for the Ring Crane on SeaGreen also impacted the gross margin.

Profit before and after tax seen a significant improvement with the group recording a gain on sale of £12.2m on the disposal of the Global E&C business in February 2022 which was offset slightly by a small impairment taken on the groups drilling inspection investment to the tune of £1.6m.

The oil and gas market continued to see a period of lower capital spend as confidence in the sector remained challenged with project sanctions in the UKCS limited. Despite the disposal of Global E&C opportunity continues for the group supporting clients in this space through the Global Energy Group and Apollo services by assisting customers with the move to reduce emissions in the sector and the transition to a net zero energy framework.

GEG (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal activities and review of the business (continued)

In contrast to the reduced activity in the Oil and gas sector, particularly around CAPEX expenditure, the Group continued to gain momentum in the offshore and onshore wind market, with the completion of the SeaGreen marshalling project for Seaway 7 and SSE at the Group's flagship facility Port of Nigg. The Group has continued to support on a number of onshore windfarm projects both in the UK and Ireland with its Global Crane and Global Wind Projects brands. Involvement in both OPEX and CAPEX related activities in the low carbon sector was further demonstrated through supporting the Hinkley Point C project which continued well into the next financial period.

The Port of Nigg was awarded Green Freeport status in January and has now firmly established itself as Scotland's premier offshore renewables hub as well as a multi energy source user site with the completion of the 5 marshalling projects including Beatrice Offshore Wind Farm (SSER), Moray East (Ocean Winds) SeaGreen (SSER) wind farms. The port now provides a full service offering including logistics, assembly, fabrication services and supports both major renewables projects as well as traditional oil and gas activities.

The Group continued to invest in its energy transition space with the Edinburgh office working on a number of key strategic and positioning projects supporting the development of the Port of Nigg facility. The continued investment is seen as essential to generate future opportunities for the group and build a sustainable income stream for the future.

The balance sheet at 31 March 2023 notes net assets of £109.8m (2022 £92.2m). The Group's net assets position increased significantly following the successful disposal of the groups Global E&C brand in February 2022 as well as a positive year of trading. The board made the decision to divest its interest in its offshore Oil and Gas construction business following an attractive offer from private equity which benefited the groups capital allocation as well as existing managements ambitions. The group bank debt position was significantly reduced as a result of the transaction with capex now earmarked to support future growth.

The balance sheet at 31 March 2023 notes net current assets of £5.4m, a stronger position from the £2.1m net current liabilities position in the prior year following the disposal of Global E&C.

Principal risks and uncertainties

GEG manages its risks by diversifying across a number of highly regulated end markets. Sustaining revenues close to £100 million reflects a robust diversification policy that covers both low carbon and hydrocarbon activities and a strong balance of operating and capital expenditure activities. GEG has already made a significant transition over the last few years, historically trading as hydrocarbon services group to now supporting both low carbon and hydrocarbon activities with 50% of revenue generated from both markets.

The Board and Directors remain confident that the current business model mitigates the Group from major trading risks. The directors have successfully built a portfolio of operations that are resilient to economic and political influences. Coupled with an organisational culture that can react fast to changing circumstances, we are confident in the continuing trading of the Group.

Financial instrument risks

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

Financial instrument risks can be sub divided as follows:

Liquidity risk

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

GEG (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Financial instrument risks (continued)

Interest rate risk

The Group finances its operations through bank borrowings at floating rates. The group policy is to borrow at the lowest rates for periods that do not carry excessive time premiums. Fixed borrowing rates are sought for HP assets funded over long time frames.

Credit risk

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

Section 172 (1) statement

In 2008 the Companies (Miscellaneous Reporting) Regulations introduced a requirement for large companies to publish a statement describing how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006. Section 172 (1) (a) to (f) requires each director to act in a way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole regarding the following matters;

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

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

The Group core values inherently link to a longer term sustainable business.

- Resolute on Health and Safety
- Create Opportunities for our people
- Inspire Creativity and Hunger
- Demonstrate Integrity and Respect
- Encourage Humility

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

(b) The interests of the company's employees

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

Our People and Culture team plays a pivotal position in supporting the Group by leading a progressive and innovative People Strategy. The aim of People and Culture is to create the conditions, frameworks, and approaches to enable our people to achieve and succeed. Global Energy Group are committed to providing an inclusive, collaborative, and supportive working environment, where our people are valued and feel motivated.

Our People Strategy is built upon the following principles:

- To inspire a supportive and collaborative community
- To enhance performance through a culture of continuous learning
- To lead transformation and shape the business of the future
- To become The Employer of Choice

GEG (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Section 172 statement (continued)

GEG is fully committed to:

- Providing a safe working environment where employees are developed to carry out their role competently, in compliance with relevant legislation and guidance;
- A Code of Business Conduct designed to ensure all employees understand the core principles expected, in order to ensure we deliver for each other, our customers and our shareholders;
- Cultivating an enriched environment where any individual or group feels welcomed, respected, supported and valued;
- Engaging employees through consistent and transparent communication, policies and procedures;
- Stimulating and encouraging a healthy and resilient workforce;
- Providing a multi-platform approach to continued professional development and regulatory competence;
- Creating engaging learning experiences, enabling our people to grow;
- Developing a modern and transparent approach to career progression, succession planning and mobility;
- A culture which supports the high performance of individuals, teams, and the group as a whole;
- A total reward benefits offering ensuring it remains competitive, relevant and fair;
- Providing an outstanding onboarding experience for new colleagues;
- Building a diverse, inclusive and connected community;
- Developing sustainable relationships with local schools, colleges, and universities to attract future talent

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

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

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

In addition to our customer and suppliers we seek to build strong relationships with multiple stakeholder groups including local authorities, politicians, trade associations, schools, and accreditation bodies.

Our directors and senior management team take an active interest in these connections and take an active role in building and sustaining these relationships.

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

Sustainability at GEG means ensuring long-term business success while contributing towards the prosperity of communities, the health and wellbeing of our people and the protection of the planet.

Our Group Sustainability Officer continues to support the Group to further develop its sustainability strategy. They are already identifying the issues that matter by engaging stakeholders and developing a materiality matrix. Designed to aid prioritisation and develop a programme of work that covers community and environmental impacts.

1) Environmental Impact / Carbon Emissions:

Our Scope 1 & 2 GHG emissions for the group are approximately 6,400 tonnes of CO₂e, with 65% being the Port Services division, whilst North Fabrication produced 26% of overall group emissions. The greatest impact is the fuel consumption of our businesses contributing to 79% of the emissions and electricity consumption 21%.

Key areas already identified for prioritised action mentioned in 2021-22 report are still relevant and being progressed, with added improvements of increasing the scope of our businesses certified to ISO14001 and a focus on scope 3 GHG emissions for the year ahead with a clear Environmental and Sustainability roadmap through to 2045.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Section 172 statement (continued)

2) Corporate Social Responsibility (CSR), Diversity and Inclusion (D&I) and Wellbeing:

We have continued to maintain our focus during the challenges presented in a post-Covid era and during a time of significant economic pressures including the cost of living crisis. With true CSR going beyond the realms of charitable giving, extending to include diversity, growth, development, and wellness in the workplace, we feel proud to have maintained momentum in these key areas. In the year ahead, with support from the P&C team, the business will develop and implement initiatives to foster and accelerate our commitment to our core initiatives in the following areas: supporting the creation of a Diversity and Inclusion strategy, developing innovative approaches to ensure our employees and local communities feel engaged particularly around wellbeing and corporate social responsibility.

Creating the opportunity for our people to volunteer helps to improve the lives of others, but also supports us in gaining a greater sense of belonging to our communities and feeling more connected to the world around us. Since 2020, we have provided every employee with 1 day of paid volunteering leave per year to give back to their communities. This year has seen a number of employees volunteer in their local communities. With our teams working in the local areas to positively impact local communities, e.g. the outside areas of both local children's centres and community gardens. We anticipate two further employee volunteering initiatives with employees from across our business supporting two local community charities in providing aid to some of the most vulnerable groups in Europe throughout the Winter months and the festive seasons.

In addition, in the context of a post Covid era, and the challenges presented to our people as a result of the cost of living crisis, we have continued to enhance the strands of activity which support Mental Health Awareness. Aimed at helping managers identify and support mental health issues, as they arise. Enabling staff to build personal resilience; as well as training and additional 15 employees across the group as certified Mental Health First Aiders.

This resulted in increased output and efficiency and reduced absenteeism. Our commitment to the wellbeing of our employees is further supported through a series of regular webinars on topics including Mental Health Awareness and Financial Wellbeing.

We have also commenced with focussed Health & Wellbeing campaigns based on the trends from our data and key topics raised by our Safety Representatives through workforce engagement sessions. In addition we have engaged with a new Occupational Health provider who is supporting our business with these campaigns offering increased resources and health assessment support.

Building on the increases in morale, teamwork and communication, coupled with the intrinsic benefits the individual, the team and the community achieved by rolling out the strategies we introduced in 2021/22, the Group continue to gain momentum in incremental steps as we target key objectives like, our group wide focus on achieving NetZero by 2045.

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

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

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

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

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

The board has little appetite for reputational risk and tries to ensure that decisions made are in the business interests of all stakeholders where possible.

GEG (HOLDINGS) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Section 172 statement (continued)

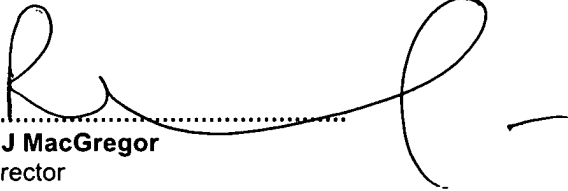
(f) The need to act fairly as between the members of the company

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

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

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

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



.....
R J MacGregor
Director

Date: 14/12/2023

GEG (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £17,435,000 (2022 - £259,000).

Directors

The directors who served during the year were:

R J MacGregor
I R MacGregor
D A MacGregor
J D MacDonald
J A MacGregor
G J Farmer
H Takani (resigned 1 April 2023)
T Kobayashi (resigned 1 April 2023)
K Tanahashi (resigned 1 August 2022)
R Ando (appointed 1 August 2022)
T Suzue (appointed 1 August 2022)

Political contributions

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

GEG (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Future developments

The directors continue to operate a diverse revenue base in nuclear, infrastructure, offshore and onshore wind and Oil and Gas by adapting its people and assets where possible to service customer requirements. The directors believe it is important to invest in its people during this time and to continue to work with our clients to provide solutions for their energy assets and projects. This strategy is designed to enable the Group to service an ever evolving energy landscape and to grow with sustainability in mind, linked to the government's energy policy around energy affordability, security, and transitioning to low carbon solutions.

The Group has placed a significant focus on the development of the Port of Nigg to support future energy infrastructure projects as well as service existing customer needs. The construction of an additional quayside at Nigg was completed in summer 2022 and is now fully operational. The Group continues its plans to develop an offshore wind rolling facility and HV cable factory at the Port of Nigg with both projects making good traction at present.

The Green Freeports award is a significant landmark for the group. The directors believe it will attract further inward investment, create high-quality, well-paid new jobs, promote growth and regeneration, and make a significant contribution to the government's net zero aspirations.

The Board will continue to focus on harnessing the opportunity presented throughout the tax relief period maximising on the growth opportunities for Port of Nigg and the supporting businesses within the group.

The expected additional benefit to the region is in excess of £3Bn of inward investment with an estimated £6bn economic contribution. The board are confident, given the readiness of Port of Nigg, that GEG are ideally positioned to maximise on the opportunity and realise the full potential of the facility and associated GEG businesses.

The Group is committed to building a sustainable energy business for the future and ensuring sustainable revenues and employment for the region. The directors have continued to make significant investment in onshore Wind sector with additional plant and equipment procured and as well as investment in personnel to support future projects.

The directors continue to forecast a period of lower capital spend in the oil and gas market longer term particularly in the UKCS, driven by increased societal focus on climate change and emissions reductions. However, short term energy affordability and security will have a key role to play which may delay the pace of transition. GEG has seen an improvement in its backlog of subsea and topside fabrication projects which helps gives a sustainable trading platform for the next 12 18 months in oil and gas activities. The directors continue to position the business to adapt to the fast changing energy marketplace and support the existing industry to reduce its operating emissions.

Despite the evolving energy landscape, the directors see the opportunity to build a sustainable group supporting a diversified market and customer base.

Engagement with employees

An essential part of GEG's strategy is to encourage and promote effective communication with all employees, which includes an annual employee opinion survey and a Group-wide Employee Engagement Forum, which discusses the outcome of the employee survey each year. These engagements support the Group in its decision making, ensuring it takes employees' views into account. The employee opinions captured are then presented to the executive team as part of a regular review of employee matters. KPIs such as labour turnover and responses to key questions are also monitored, to measure staff morale and review culture. The employee opinion surveys also provide the executive team with insight into what factors concern and motivate the Group's employees and contribute to action plans and/or focus groups across the Group. The employee survey process is regularly evaluated and developed, to maximise the validity and reliability of the data captured.

GEG (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Equality, diversity, and inclusion

We adopt a zero-tolerance approach to discrimination on any of the protected grounds in the Equality Act 2010. We are committed to providing equal opportunities to all current and prospective employees regardless of age, disability, sex, sexual orientation, pregnancy and maternity, race or ethnicity, religion or belief, gender identity, or marriage and civil partnership.

We aspire to have a diverse workforce because, in our view, diversity enables better business outcomes. We also believe that a more inclusive workplace, where people of different backgrounds work together, ensures better outcomes for all staff. From application to interview, we place inclusion at the heart of all we do, in particular, we strongly encourage suitably qualified applicants from a wide range of backgrounds to apply and join Global Energy Group.

We continue to take positive steps to ensure that our employees, stakeholders, contractors, and clients can enjoy an experience that is fair, equitable and free from discrimination in their dealings with us. To help us achieve our goal of a diverse and inclusive workplace, we have implemented the following initiatives to promote equality, diversity and inclusion, for example: diversity and inclusion training, including unconscious bias training for line managers; employee representative and focus groups; and conducting equality impact assessments across our company policies.

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

GEG has policies and procedures to achieve its objective that upon employment, reasonable adjustments will be made to accommodate individuals with disabilities wherever the requirements of the organisation will allow and where applications for employment are received from suitable individuals. If during their employment, existing employees become disabled, every reasonable effort is also made to ensure that their employment with GEG can continue on a worthwhile basis, with career opportunities remaining available to the employee.

GEG (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Greenhouse gas emissions, energy consumption and energy efficiency action

Due to the diverse nature of the group and the number of operating units the directors have chosen to report for those companies within the group which have a reporting obligation rather than a consolidated group at this stage. It is the directors view that they will report as a group for future periods as we monitor this internally.

The group recognise how important managing our environmental impact is to our business, and have recruited a group Sustainability Officer in July 2021. The role is currently prioritising the following:

- Reviewing the sustainability performance of the company
- Defining the company sustainability strategy
- Developing action plans in relation to NetZero and other key sustainability topics
- Internal and external reporting of plans and performance

Methodology / Reporting

The directors undertook the reporting in line with the GHG protocol corporate standard. The following gross emissions / intensity ratios are noted below;

	2022-23 Gross Emissions (tCO ₂ e)	2022-23 Intensity Emissions (tCO ₂ e/£M)	2021-22 Gross Emissions (tCO ₂ e)	2021-22 Intensity Emissions (tCO ₂ e/£M)
Global Energy Group Limited	1,844	15.6	1,850	13.7
Global Port Services (Scotland) Limited	4,167	58.7	3,508	66.2

The increased intensity in GPSS was driven by an increase in fuel consumed by the vehicles and plant, increased numbers on the fleet and travelling to and from client locations that were further afield compared with the prior year. GEG on the other hand has seen a reduced intensity which has largely been driven by change in the work activities performed in the business with reduction in manufacturing activities.

GEG (Holdings) Limited is exempt from providing this information as its energy consumption in the United Kingdom is 40,000kWh or lower in the current reporting period.

Energy Efficiency Actions

The directors are aware of the environmental challenges of operating a group with a significant mobile workforce and operating heavy plant. There has been consolidation/rationalisation of sites, resulting in reduction of emissions, plus installation of LED lighting, we have also committed to the governments Energy Saving Opportunity Scheme (ESOS) with our next assessments due in Q4 2023 and Q1 2024.

The directors acknowledge that we have a significant journey ahead in reducing our carbon footprint and are committed to looking for improvements in how we run the business day to day. The strategic direction of the group highlights the role the business plays in supporting the transition to Net Zero.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

GEG (HOLDINGS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Post balance sheet events

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

Auditor

The auditor, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to be 'R J MacGregor', written over a dotted line.

R J MacGregor
Director

Date: 14/12/2023

GEG (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 will continue in business.

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

GEG (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of GEG (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the consolidated profit and loss account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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's or the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED (CONTINUED)

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 Group financial statements.

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 within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Timing and completeness of revenue recognition
- Management judgement applied in calculating provisions
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing a sample of sales and purchases around the year end to ensure income and costs have been recorded accurately in the correct period
- Reviewing a sample of sales and purchases transactions
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

GEG (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED (CONTINUED)

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.

Anderson Anderson & Brown Audit LLP

James Pirrie (senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View

Prime Four Business Park

Kingswells

Aberdeen

AB15 8PU

Date:

18th December 2023

GEG (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Note	Continuing operations 2023 £000	Discontinued operations 2023 £000	Total 2023 £000	Continuing operations 2022 £000	Discontinued operations 2022 £000	Total 2022 £000
Turnover	4	185,794	87,405	273,199	185,241	39,534	224,775
Cost of sales		(147,039)	(73,081)	(220,120)	(147,598)	(32,703)	(180,301)
Gross profit		38,755	14,324	53,079	37,643	6,831	44,474
Administrative expenses		(34,442)	(8,606)	(43,048)	(35,214)	(4,831)	(40,045)
Exceptional administrative expenses	12	(1,822)	-	(1,822)	(4,205)	-	(4,205)
Other operating income	5	556	-	556	491	-	491
Operating profit	6	3,047	5,718	8,765	(1,285)	2,000	715
Net profit on sale of tangible assets		1,531	-	1,531	706	-	706
Profit on ordinary activities before interest		4,578	5,718	10,296	(579)	2,000	1,421
Share of profit of associate	15	51	-	51	56	-	56
Gain on disposal of investment	34	12,253	-	12,253	2,727	-	2,727
Interest payable and similar expenses	10	(1,563)	(61)	(1,624)	(1,262)	(22)	(1,284)
Profit before tax		15,319	5,657	20,976	942	1,978	2,920
Tax on profit	11	(2,266)	(1,024)	(3,290)	(1,228)	(1,310)	(2,538)
Profit for the financial year		13,053	4,633	17,686	(286)	668	382
Profit for the year attributable to:							
Non-controlling interests		251	-	251	123	-	123
Owners of the parent		12,802	4,633	17,435	(409)	668	259
		13,053	4,633	17,686	(286)	668	382

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £000	2022 £000
Profit for the financial year	17,686	382
Other comprehensive income		
Currency translation differences	-	(7)
Increase in controlling stake of subsidiary	-	(400)
Other comprehensive income for the year	-	(407)
Total comprehensive income for the year	17,686	(25)
Profit/(loss) for the year attributable to:		
Non-controlling interest	251	123
Owners of the parent Company	17,435	(148)
	17,686	(25)

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**REGISTERED NUMBER: SC415463****CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023**

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	33,520	44,375
Tangible assets	14	107,316	95,995
Investments	15	550	2,061
		<u>141,386</u>	<u>142,431</u>
Current assets			
Stocks	16	620	961
Debtors	17	35,827	61,768
Cash at bank and in hand	18	13,830	10,168
		<u>50,277</u>	<u>72,897</u>
Creditors: amounts falling due within one year	19	(44,878)	(75,024)
Net current assets/(liabilities)		<u>5,399</u>	<u>(2,127)</u>
Total assets less current liabilities		<u>146,785</u>	<u>140,304</u>
Creditors: amounts falling due after more than one year	20	(17,152)	(31,679)
Provisions for liabilities			
Deferred taxation	23	(5,817)	(4,001)
Other provisions	25	-	(250)
		<u>(5,817)</u>	<u>(4,251)</u>
Government grants		(14,023)	(12,167)
Net assets		<u><u>109,793</u></u>	<u><u>92,207</u></u>
Capital and reserves			
Called up share capital	30	316	316
Share premium account	31	69,570	69,570
Capital redemption reserve	31	39	39
Profit and loss account	31	39,005	21,670
Equity attributable to owners of the parent Company		<u>108,930</u>	<u>91,595</u>
Non-controlling interests		863	612
		<u><u>109,793</u></u>	<u><u>92,207</u></u>

GEG (HOLDINGS) LIMITED

REGISTERED NUMBER: SC415463

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023**

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



.....

R J MacGregor
Director

Date: 14/12/2023

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**REGISTERED NUMBER: SC415463****COMPANY BALANCE SHEET
AS AT 31 MARCH 2023**

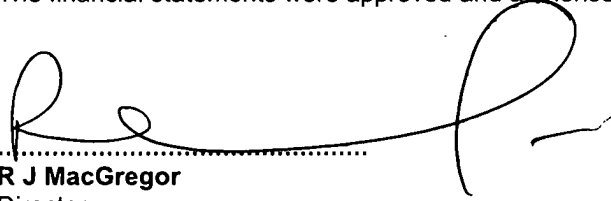
	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	-	1,349
Tangible assets	14	87	181
Investments	15	88,445	88,442
		<u>88,532</u>	<u>89,972</u>
Current assets			
Debtors	17	52,318	44,471
		<u>52,318</u>	<u>44,471</u>
Creditors: amounts falling due within one year	19	(37,650)	(10,639)
Net current assets		<u>14,668</u>	<u>33,832</u>
Total assets less current liabilities		<u>103,200</u>	<u>123,804</u>
Creditors: amounts falling due after more than one year	20	-	(17,250)
Net assets		<u><u>103,200</u></u>	<u><u>106,554</u></u>
Capital and reserves			
Called up share capital	30	316	316
Share premium account	31	69,570	69,570
Capital redemption reserve	31	39	39
Profit and loss account brought forward		36,629	27,517
Loss/(profit) for the year		(3,354)	9,112
Profit and loss account carried forward		<u>33,275</u>	<u>36,629</u>
		<u><u>103,200</u></u>	<u><u>106,554</u></u>

GEG (HOLDINGS) LIMITED

REGISTERED NUMBER: SC415463

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

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

A handwritten signature in black ink, appearing to be 'R J MacGregor', written over a dotted line.

R J MacGregor
Director

Date: 14/12/2023

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 April 2021	316	69,570	39	21,978	91,903	489	92,392
Profit for the year	-	-	-	259	259	123	382
Currency translation differences	-	-	-	(7)	(7)	-	(7)
Dividends	-	-	-	(160)	(160)	-	(160)
Increase in controlling stake in subsidiary	-	-	-	(400)	(400)	-	(400)
At 1 April 2022	316	69,570	39	21,670	91,595	612	92,207
Profit for the year	-	-	-	17,435	17,435	251	17,686
Dividends	-	-	-	(100)	(100)	-	(100)
At 31 March 2023	316	69,570	39	39,005	108,930	863	09,793

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	316	69,570	39	27,517	97,442
Profit for the year	-	-	-	9,112	9,112
At 1 April 2022	316	69,570	39	36,629	106,554
Loss for the year	-	-	-	(3,354)	(3,354)
At 31 March 2023	316	69,570	39	33,275	103,200

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the financial year	17,686	382
Adjustments for:		
Amortisation of intangible assets	4,073	4,010
Depreciation of tangible assets	7,112	5,995
Gain on disposal of subsidiary	(12,253)	(2,727)
Gain on disposal of tangible assets	(1,531)	(706)
Interest paid	1,624	1,284
Taxation charge	3,290	2,538
Increase in stocks	(169)	(142)
Increase in debtors	(5,777)	(22,596)
Increase in creditors	2,430	18,806
Corporation tax paid	(704)	(1,057)
Deferred government grant release	(296)	(190)
Other movements	-	(7)
Impairment of associate	1,562	-
Income from associates	(51)	(56)
Net cash generated from operating activities	16,996	5,534
Cash flows from investing activities		
Purchase of intangible fixed assets	(371)	(1,519)
Purchase of tangible fixed assets	(11,695)	(18,364)
Sale of tangible fixed assets	4,390	3,666
Sale of subsidiary undertakings	18,762	6,913
HP interest paid	(532)	(676)
Acquisition of non-controlling interest	-	(400)
Net cash disposed with subsidiary undertakings	(258)	(600)
Payment of deferred consideration of subsidiaries acquired in prior periods	(700)	(1,723)
Receipt of amounts due on disposal of subsidiary	10,256	-
Net cash from investing activities	19,852	(12,703)
Cash flows from financing activities		
Net movement in bank borrowings	(21,250)	9,900
Repayment of finance leases	(5,611)	(9,571)
Dividends paid	(100)	(160)
Interest paid	(1,092)	(608)
Government grants received	2,152	6,356
Net cash used in financing activities	(25,901)	5,917
Net increase/(decrease) in cash and cash equivalents	10,947	(1,252)

GEG (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £000	2022 £000
Cash and cash equivalents at beginning of year	2,517	3,769
Cash and cash equivalents at the end of year	13,464	2,517
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,830	10,168
Bank overdrafts	(366)	(7,651)
	13,464	2,517

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £000	Cash flows £000	New finance leases £000	At 31 March 2023 £000
Cash at bank and in hand	10,168	3,662	-	13,830
Bank overdrafts	(7,651)	7,285	-	(366)
Debt due after 1 year	(17,250)	17,250	-	-
Debt due within 1 year	(4,000)	4,000	-	-
Finance leases	(11,998)	5,611	(11,434)	(17,821)
	<u>(30,731)</u>	<u>37,808</u>	<u>(11,434)</u>	<u>(4,357)</u>

The notes on pages 28 to 55 form part of these financial statements.

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

The directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the group's liquidity and covenant headroom is adequate. Therefore, the directors are confident that the group has sufficient covenant headroom as well as adequate cash resources to meet all its liabilities as they fall due over the next 12 months. For these reasons the directors consider it appropriate to prepare the group financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company and the Group's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

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

Rendering of services

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.6 Operating leases: the group as lessee

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

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

2.7 Leased assets: the group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Government grants

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

Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

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

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

2.12 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the consolidated profit and loss account over its useful economic life.

Other intangible assets

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

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

2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Land & Buildings	- 4 - 25%
Plant and machinery	- 10 - 20%
Motor vehicles	- 25%
Fixtures, fittings & equipment	- 20 - 33%

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.16 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated profit and loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.17 Stocks

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

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

2.18 Debtors

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

2.19 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.20 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.21 Provisions for liabilities

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

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

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

2.22 Financial instruments

The group has elected to apply the provisions of Section 11 "Basic Financial Instruments" 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, with 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

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

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**
3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Long term contracts

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

Share options

The value of the share options creditor (note 20) is based on an estimate of the amounts payable to minority shareholders of subsidiary companies on exercise of the put and call options related to these shareholdings. The amounts payable are determined by the underlying legal agreements and are subject to the future performance of the subsidiary companies to which they relate. The directors have prepared a projection of future performance of these subsidiaries taking into account the environment in which they operate and have based the expected obligation on these projections.

Goodwill

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

4. Turnover

The whole of the turnover is attributable to the group's principal activity as disclosed in the strategic report.

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	266,205	219,387
Rest of Europe	4,516	1,471
Rest of the world	2,478	3,917
	<u>273,199</u>	<u>224,775</u>

GEG (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****5. Other operating income**

	2023 £000	2022 £000
Research & development tax credit	556	491
	<u>556</u>	<u>491</u>

6. Operating profit

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

	2023 £000	2022 £000
Amortisation of government grants	(296)	(190)
Depreciation of tangible fixed assets - owned by the company	4,218	3,889
Depreciation of tangible fixed assets - held under finance leases	2,896	2,106
Amortisation of goodwill	3,831	3,960
Amortisation of intangible assets	242	50
Exchange differences	5	(5)
Other operating lease rentals	3,101	2,885
Research and development credit	(556)	(491)
	<u></u>	<u></u>

7. Auditor's remuneration

During the year, the group obtained the following services from the Company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for the audit of the consolidated and parent Company's financial statements	179	159
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	124	16
All non-audit services not included above	72	55
	<u></u>	<u></u>

GEG (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****8. Employees**

Staff costs were as follows:

	Group 2023 £000	Group 2022 £000
Wages and salaries	52,214	46,783
Social security costs	6,327	5,457
Cost of defined contribution scheme	1,473	1,531
	<u>60,014</u>	<u>53,771</u>

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

	2023 No.	2022 No.
Management and administration	344	328
Blue collar/technical	816	622
	<u>1,160</u>	<u>950</u>

9. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	374	557
Group contributions to defined contribution pension schemes	24	21
	<u>398</u>	<u>578</u>

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £291,000 (2022 - £251,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,000 (2022 - £21,000).

GEG (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****10. Interest payable and similar expenses**

	2023 £000	2022 £000
Bank interest payable	1,062	608
Finance leases and hire purchase contracts	532	676
Other interest payable	30	-
	<u>1,624</u>	<u>1,284</u>

11. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	1,415	1,310
Adjustments in respect of previous periods	45	(138)
	<u>1,460</u>	<u>1,172</u>
Foreign tax		
Foreign tax on income for the year	-	474
	<u>-</u>	<u>474</u>
Total current tax	<u>1,460</u>	<u>1,646</u>
Deferred tax		
Origination and reversal of timing differences	1,897	636
Adjustments in respect of prior years	(67)	256
	<u>1,830</u>	<u>892</u>
Total deferred tax	<u>1,830</u>	<u>892</u>
Tax on profit	<u>3,290</u>	<u>2,538</u>

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	20,976	2,921
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	3,985	555
Effects of:		
Expenses not deductible for tax purposes	1,108	2,408
Fixed asset differences	122	304
Adjustments to tax charge in respect of prior periods	(22)	450
Other timing differences leading to an increase (decrease) in taxation	-	(46)
Non-taxable income	(2,365)	(2,293)
Foreign tax adjustments	-	197
Effect of rate change on deferred tax	462	963
Total tax charge for the year	3,290	2,538

12. Exceptional items

	2023 £000	2022 £000
Provision for onerous lease	-	865
Dilapidation costs	-	1,800
Deal fee written off	-	898
Group restructuring costs	-	642
Software cost write off	260	-
Impairment on associate	1,562	-
	1,822	4,205

During the current and prior year the group had a number of one off non-recurring exceptional costs. The directors believed these costs are exceptional in nature and require to be disclosed separately as a result.

GEG (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Intangible assets

Group

	Lease premium £000	Software £000	Goodwill £000	Total £000
Cost				
At 1 April 2022	1,124	2,626	77,548	81,298
Additions	-	371	-	371
Disposals	(9)	(4)	(5,786)	(5,799)
On disposal of subsidiaries	-	(1,648)	-	(1,648)
At 31 March 2023	1,115	1,345	71,762	74,222
Amortisation				
At 1 April 2022	195	31	36,697	36,923
Charge for the year on owned assets	19	223	3,831	4,073
On disposals	-	-	(68)	(68)
On disposal of subsidiaries	-	(226)	-	(226)
At 31 March 2023	214	28	40,460	40,702
Net book value				
At 31 March 2023	901	1,317	31,302	33,520
At 31 March 2022	929	2,595	40,851	44,375

GEG (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Intangible assets (continued)

Company

	Software £000
At 1 April 2022	1,349
Transfer to subsidiary	(1,349)
At 31 March 2023	-
Net book value	
At 31 March 2023	-
At 31 March 2022	1,349

GEG (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Tangible fixed assets

Group

	Land and Buildings £000	Plant and machinery £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
Cost or valuation					
At 1 April 2022	78,350	46,985	1,239	1,910	128,484
Additions	6,517	15,303	707	614	23,141
Disposals	(610)	(6,723)	(261)	(121)	(7,715)
Disposal of subsidiary	(1,179)	(587)	(44)	(688)	(2,498)
At 31 March 2023	83,078	54,978	1,641	1,715	141,412
Depreciation					
At 1 April 2022	13,405	17,107	671	1,306	32,489
Charge for the year on owned assets	2,332	1,218	337	331	4,218
Charge for the year on financed assets	-	2,867	29	-	2,896
Disposals	(500)	(4,040)	(240)	(76)	(4,856)
Disposal of subsidiary	(180)	(135)	(50)	(286)	(651)
At 31 March 2023	15,057	17,017	747	1,275	34,096
Net book value					
At 31 March 2023	68,021	37,961	894	440	107,316
At 31 March 2022	64,945	29,878	568	604	95,995

GEG (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Tangible fixed assets (continued)

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

	2023 £000	2022 £000
Plant and machinery	29,221	19,714
Motor vehicles	125	-
	<u>29,346</u>	<u>19,714</u>

Company

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 April 2022	78	84	267	429
Additions	-	23	8	31
Disposals	(64)	(28)	(85)	(177)
At 31 March 2023	<u>14</u>	<u>79</u>	<u>190</u>	<u>283</u>
Depreciation				
At 1 April 2022	64	20	164	248
Charge for the year on owned assets	-	11	34	45
Disposals	(50)	(7)	(40)	(97)
At 31 March 2023	<u>14</u>	<u>24</u>	<u>158</u>	<u>196</u>
Net book value				
At 31 March 2023	<u>-</u>	<u>55</u>	<u>32</u>	<u>87</u>
At 31 March 2022	<u>14</u>	<u>64</u>	<u>103</u>	<u>181</u>

GEG (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****15. Fixed asset investments****Group**

	Investments in associates £000
Cost or valuation	
At 1 April 2022	2,061
Share of profit	51
At 31 March 2023	2,112
Impairment	
Charge for the period	1,562
At 31 March 2023	1,562
Net book value	
At 31 March 2023	550
At 31 March 2022	2,061

As at 31 March 2023 the group owned a 49.1% share of Rig Surveys Group Limited and its subsidiaries, and is recognised as an associate in these financial statements. Prior to the year end the directors entered into discussions to dispose of their remaining interest in the Rig Surveys Group and accordingly impaired the carrying value of the investment to the expected disposal value. The disposal of this interest took place post year end.

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2022	88,444
At 31 March 2023	<u>88,444</u>
Net book value	
At 31 March 2023	<u>88,444</u>
At 31 March 2022	<u>88,444</u>

For the year ended 31 March 2023, the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: Apollo Engineering Consultants Limited (SC385735), Caledonian Petroleum Services Limited (SC117992), GEG (Marine & Logistics) Limited (SC329184), Global Energy (Group) Limited (SC106415), Global Energy (Holdings) Limited (SC369646), Global Energy Corporation Limited (SC346781), Global Energy Fabrication Limited (SC310507), Global Energy Nigg Limited (SC390769), Global Energy Services Limited (SC673486), Global Logistics Services Limited (SC358901), Global Port Services (Scotland) Limited (SC456679), Global Power & Process Limited (SC369296), Isleburn Limited (SC118161), Nigg Energy Park Limited (SC437150), Nigg Offshore Wind Asset Company Limited (SC673517), Nigg Offshore Wind Holding Company Limited (SC705427), Port of Nigg Limited (SC476357), REEL Group Limited (SC166662), SLLP 344 Limited (SC708322), TOWER XL Limited (SC696817).

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
GEG (Marine & Logistics) Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy Nigg Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Port of Nigg Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Nigg Energy Park Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Global Energy Fabrication Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy (Group) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy (Engineering & Construction) Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	81%
Global Energy (Holdings) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Group Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Port Services (Scotland) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
Global Logistics Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
Global Energy Corporation Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Apollo Engineering Consultants Limited*	Nautilus House, 35 Waterloo Quay, Aberdeen, AB11 5BS	Ordinary	58.4%
Caledonian Petroleum Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Isleburn Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Power & Process Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Project (Services) Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Project Services Norge* **	Solheimsgaten 7E, 5058 Bergen, Norway	Ordinary	100%
Magma Products Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	81%
Global Energy Services Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Nigg Offshore Wind Asset Company Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Nigg Offshore Wind Holding Company Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
SLLP 344 Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
TOWER XL Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Fixed asset investments (continued)

Subsidiary undertakings (continued)

* Held by a subsidiary undertaking

** During the year, the Group disposed of its investment in Global Energy (Engineering & Construction) Limited and subsidiary, and Global Project (Services) Limited (note 34).

16. Stocks

	Group 2023 £000	Group 2022 £000
Raw materials and consumables	620	961
	<u>620</u>	<u>961</u>

17. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	22,472	24,675	1,186	306
Amounts owed by group undertakings	-	-	49,185	42,314
Other debtors	1,672	2,088	389	565
Prepayments and accrued income	3,590	7,713	516	512
Amounts recoverable on long-term contracts	8,093	27,292	-	-
Deferred taxation	-	-	1,042	774
	<u>35,827</u>	<u>61,768</u>	<u>52,318</u>	<u>44,471</u>

18. Cash and cash equivalents

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash at bank and in hand	13,830	10,168	-	-
Less: bank overdrafts	(366)	(7,651)	(366)	(1,457)
	<u>13,464</u>	<u>2,517</u>	<u>(366)</u>	<u>(1,457)</u>

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank overdrafts	366	7,651	366	1,457
Bank loans	-	4,000	-	4,000
Trade creditors	20,190	25,405	431	335
Amounts owed to group undertakings	-	-	33,773	1,915
Corporation tax	-	1,399	-	-
Other taxation and social security	4,014	2,977	764	139
Obligations under finance lease and hire purchase contracts	4,169	3,120	-	-
Other creditors	2,517	1,379	1,263	351
Accruals and deferred income	13,622	29,093	1,053	2,442
	<u>44,878</u>	<u>75,024</u>	<u>37,650</u>	<u>10,639</u>

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loans	-	17,250	-	17,250
Net obligations under finance leases and hire purchase contracts	13,652	8,879	-	-
Other creditors	3,500	5,550	-	-
	<u>17,152</u>	<u>31,679</u>	<u>-</u>	<u>17,250</u>

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

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Amounts falling due within one year				
Bank loans	-	4,000	-	4,000
Amounts falling due 1-2 years				
Bank loans	-	5,000	-	5,000
Amounts falling due 2-5 years				
Bank loans	-	12,250	-	12,250
	<u>-</u>	<u>21,250</u>	<u>-</u>	<u>21,250</u>

Following the disposal of certain subsidiaries during the year, the company and group settled all banking facilities.

As at 31 March 2023 a revolving credit facility of £15,000,000 remains in place, repayable on its final maturity date in October 2024. Interest is payable on the loan at a margin over LIBOR set by the terms of the loan agreement.

The banking facilities are secured by a bond and floating charge over the assets of each group company and a group composite guarantee.

22. Obligations under leases and hire purchase contracts

The Group and Company use finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee.

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £000	Group 2022 £000
Within one year	4,169	3,120
Between 1-5 years	13,652	8,879
	<u>17,821</u>	<u>11,999</u>

The hire purchase creditors are secured on the assets to which they relate.

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23. Deferred taxation

Group

	2023 £000	2022 £000
At beginning of year	(4,001)	(3,740)
Charged to profit or loss	(1,830)	(889)
On disposal of subsidiaries	14	628
At end of year	(5,817)	(4,001)

Company

	2023 £000	2022 £000
At beginning of year	774	126
Charged to profit or loss	268	648
At end of year	1,042	774

The provision for deferred taxation is made up as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Fixed asset timing differences	(6,824)	(5,474)	124	137
Short term timing differences	63	78	7	8
Other timing differences	943	1,395	911	629
	(5,818)	(4,001)	1,042	774

24. Deferred government grants

The movement in deferred government grants in the year is as follows:

	Group £000
At 31 March 2022	12,167
Received in year	2,152
Released in year	(296)
At 31 March 2023	14,023

GEG (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

25. Provisions

Group

	HSE provision £000
At 1 April 2022	250
Charged to profit or loss	(250)
At 31 March 2023	-

Following an incident at one of the group's premises, a provision was recognised for the expected financial penalty. This was settled during the year and the remaining provision was released.

26. Financial instruments

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Financial assets				
Financial assets measured at fair value through profit or loss	13,830	10,168	-	-
Financial assets measured at amortised cost	23,974	27,734	50,396	42,419
	<u>37,804</u>	<u>37,902</u>	<u>50,396</u>	<u>42,419</u>
Financial liabilities				
Financial instruments measured at fair value through profit or loss	(366)	7,651	(366)	1,457
financial liabilities measured at fair value through profit or loss	(41,126)	91,729	(70,477)	24,687
	<u>(41,492)</u>	<u>99,380</u>	<u>(70,843)</u>	<u>26,144</u>

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

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amount owed from group undertakings and other debtors.

Financial liabilities measured at fair value through profit and loss comprise of bank overdrafts.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, other creditors and amounts owed to group undertakings.

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

27. Capital commitments

At 31 March 2023 the Group and Company had capital commitments as follows:

	Group 2023 £000	Group 2022 £000
Contracted for but not provided in these financial statements	8,188	12,492

28. Pension commitments

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £787,000 (2022 - £1,531,000). Contributions totaling £191,000 (2022 - £316,000) were payable to the fund at the reporting date.

29. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	Group 2022 £000
Not later than 1 year	1,650	3,346
Later than 1 year and not later than 5 years	5,324	8,419
Later than 5 years	29,070	20,390
	<u>36,044</u>	<u>32,155</u>
	Group 2023 £000	Group 2022 £000
Not later than 1 year	519	184
Later than 1 year and not later than 5 years	497	251
	<u>1,016</u>	<u>435</u>

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
1,058 (2022 - 1,058) B Ordinary shares of £298.74 each	316	316

31. Reserves

Share premium account

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

Capital redemption reserve

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

32. Contingent liabilities

The Company is party to a group composite guarantee. At 31 March 2023, the aggregate bank position for the Group amounted to £13,738,000 (2022 - borrowings of £18,787,000).

33. Disposal of subsidiaries

During the year, the group disposed of its entire controlling stake in Global Project Services Limited, and its subsidiary, Global Project Norge and Global Energy (Engineering & Construction) Limited and its subsidiary Magma Products Limited.

An element of the disposal proceeds relating to Global Energy (Engineering & Construction) Limited and its subsidiary Magma Products Limited was subject to trading performance following the disposal of the entities. At the time of approval of these financial statements no formal agreement has been reached in respect of these final amounts and while the directors consider the receipt probable, it is not virtually certain and accordingly the amount totaling £4.86m has not been recognised in these financial statements and is considered to be a contingent asset.

The following table summarises this transaction for the year ended 31 March 2023:

	Global (Engineering & Construction) Limited £000	Global Project (Services) Limited £000	Total £000
Proceeds from sale	17,465	1,297	18,762
Net asset at point of sale	(5,407)	(992)	(6,399)
Deal costs	(50)	(60)	(110)
Gain on disposal	12,008	245	12,253

GEG (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

34. Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March 2023 are as follows:

	Sales £000	Purchases £000	Year end balance £000
Entities under common control	-	24,198	179
Entities under the control of a close family member of a controlling party	-	762	(154)
Entities with a common shareholder	51	365	(97)
	<u>51</u>	<u>25,325</u>	<u>(72)</u>

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

Key management personnel

All individuals who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration, which includes amounts disclosed in note 9, in respect of these individuals is £339,000 (2022: £1,235,000).

35. Post balance sheet events

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

36. Ultimate parent undertaking and controlling party

The ultimate parent entity is GEG Capital Investments Limited, a company owned and controlled by R J MacGregor.