Company Registration No. SC393101 (Scotland)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S Martin E A D MacKinnon A Langlands
Secretaries	S Martin Blackwood Partners LLP
Company number	SC393101
Registered office	Blackwood House Union Grove Lane Aberdeen AB10 6XU
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL

GLACIER ENERGY SERVICES HOLDINGS LIMITED

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GLACIER ENERGY SERVICES HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report and financial statements for the year ended 31 March 2022. These financial statements represent Glacier Energy Services Holdings Limited ("the company") and its subsidiaries (collectively "the group").

Fair review of the business
In line with the previous year, the performance in the year to 31st March 2022 was significantly affected by the Covid 19 pandemic, especially in the second half of the year when the Omicron variant caused further market disruption for several months.

Although Revenue increased slightly overall from £19.6m to £20.4m, the difficult market conditions impacted Gross Margin which was down from 37% to 32%, with challenges including:

- Clients with operating facilities, both on and offshore, limited repair & maintenance activities to those vital to maintain ongoing production;
- Travel restrictions limited movement of personnel for onsite scopes, both domestically and internationally;
- Importing of materials moved at a much slower pace, especially from heavily locked down jurisdictions;
- Capital projects were postponed or cancelled due to the prevailing uncertainty.

From a profitability perspective, the group's primary performance metric is EBITDA before One-Off Costs, and this reduced from £1.6m to £0.5m, with the decrease in Gross Margin causing this reduction.

It should be noted that profits were reduced by the non-cash item, Amortisation of Goodwill, relating to previous acquisitions and which amounted to £1.2m, similar to last year. This Amortisation charge ends during the financial year to 31st March 2024 when Goodwill will be fully written off.

One Off Costs increased from £0.8m to £1.3m, due to to significant costs incurred relating to Covid testing for international mobilisations, mothballed facility costs and charges relating to the re-financing of the group's working capital facilities.

	31 March 2022 £'000	31 March 2021 £'000
Operating Loss	(2,265)	(1,577)
Depreciation / Amortisation	1,543	1,643
EBITDA	(722)	60
EBITDA from discontinued businesses	0	(771)
EBITDA from continuing businesses	(722)	831
One Off Costs	1,251	757
EBITDA from continuing businesses before one off costs	529	1,588

From the Balance Sheet perspective, the group had Net Liabilities of £21.0m at 31 March 2022 compared to £17.3m at the previous year end, but it should be noted that this results from total liabilities under its Institutional Loan Notes of £17.9m (2021: £16.9m) which are classified as Long-term Debt on the Balance Sheet and Scottish Loan Fund loan of £2.9m (2021: £3.0m), classified as due in one year but subsequent to the year end has been deferred for repayment.

The Loan Notes represent the majority of the Institutional shareholders' investment in the group, with a redemption date now of 31st March 2024, though the shareholders are unlikely to seek repayment of the Loan Notes until a change of control event occurs.

Cash Flow from Operations was a £0.3m outflow during the year, with the lower Gross Margin affecting this outcome. In addition, the group made payments of £1.0m to HMRC relating to PAYE/NIC liabilities that it had deferred during the Covid 19 and relating to previous years.

Fair review of the business (continued)

Prospects

The group operates in the Offshore Wind and Oil & Gas markets, along with an increasing diversification into other sectors, notably the emerging Alternative Energy markets such as Energy Storage, Hydrogen and Carbon Capture.

The external market environment for the group has changed considerably since the year end, both in terms of the Oil & Gas and Renewables sectors. The war in Ukraine, which commenced in March 2022, resulted in significant increases in commodity prices, a drive towards energy security and an impetus to accelerate Renewable Energy sources.

As a result, activity in the Oil & Gas sector has increased substantially, from both CAPEX and OPEX perspectives, whilst the energy security requirement is driving acceleration in the development of other energy sources, with all of this boosting the general prospects of the group.

As well as much improved market conditions, the group has moved forward in various areas that enhances its future prospects, with some examples being :

- The commencement of non destructive testing and inspection services for in-service wind farms
- The development on a in situ machining solution now deployed in oil & gas decommissioning relating to platform well abandonment
- Strategic positioning and business development to generate Carbon Capture Utilisation Storage and Hydrogen opportunities, where the group is well placed in respect of its heat exchanger and pressure vessel design & manufacturing capability
- The establishment of a predictive maintenance software solution for heat exchangers called HTX Digital.

Taking both the positive market dynamics and these various initiatives into account, the prospects of the group are positive.

Current Trading and Cash Flow

The improved market conditions and various key initiatives are positively impacting performance in the current financial year, and, for the 10 months to 31 January 2023, the Group has delivered an EBITDA Before One Off Costs of £2.3m compared with £0.5m for the full year to 31 March 2022.

This has been driven by higher Revenue, which, for the 10 months to 31 January 2023 £22.9m compared to £20.4m for the 12 months to 31 March 2022, with all four of the group's trading divisions contributing to the increase on the previous year at both Revenue and EBITDA levels.

Trading for the 10 months to 31st January 2023 is summarised on the table below:

	10 Mths to 31st March 2023 £'000
Operating Profit	582
Depreciation / Amortisation	1,403
EBITDA	1,985
One Off Costs	341
EBITDA before one off costs	2,326

Based on performance year to date and the remaining outlook, the group anticipates EBITDA Before One Off Costs of at least £2.5m, while it expects around 15% EBITDA growth in the following financial year, driven by the execution of its current Order Book, which is at record levels, and the anticipated improved market conditions for its Welding Solutions business.

From a cash flow perspective, and not dissimilar to other companies in its markets, the group experienced working capital challenges as it emerged from the Covid 19 pandemic. This involved the catch up of deferred amounts due to HMRC for PAYE/NIC under a Time to Pay arrangement, as well as the repayment of other short term loans.

However, due to a combination of improved trading, much reduced non recurring costs, the re-financing of its working capital facilities and the HMRC catch up being broadly complete, the group is now in a much stronger position from a working capital perspective and has returned its supplier payment activity to a normal position, with Creditor Days at 29 at the 31st January 2023 compared to 61 at this time last year.

Taking all of these factors into account, the Board believes that, based on current trading and prospects, the group should continue to generate good cash flow over the next twelve months.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the business include the following:

- Health & Safety : the group places paramount importance on Health & Safety, which is a key part of its culture, with established policies and regular management review.
- Market Factors : the group operates primarily within the Oil & Gas and Offshore Wind sectors, which provides good diversification, while it is increasing its presence in other Renewable Energy markets helps to position itself well for the future
- Commercial Relationships : the group has mainly blue chip customers and so payment risk is generally low, although payments from customers have generally become longer as they emerge out of the Covid 19 pandemic. In addition, suppliers have typically tightened their payment requirements, and, therefore, tight working capital management is an ongoing key focus of the business
- Funding Risks : the group retains the support of its long term funders in terms of its Private Equity backers and the Scottish Loan Fund, while boosting its working capital position with new support from Asset Based Lenders in IGF Group and Praetura Asset Finance
- Brexit : where the main risks relate to the greater requirements relating to the movement of personnel and equipment to and from the EU, and which continues to receive management attention to ensure compliance with local requirements.

Key Performance Indicators

The following represent the main financial key performance indicators used by the group for its continuing business :

KPI	2022	2021	Measure
Gross Margin	32%	37%	Gross Profit as a % of Turnover from Continuing Operations
EBITDA	(£0.7m)	£0.8m	Earnings before Interest, Tax, Depreciation and Amortisation from Continuing Operations
EBITDA Before One Off Costs	£0.5m	£1.6m	Earnings before Interest, Tax, Depreciation and Amortisation from Continuing Operations before One Off Costs
EBITDA Margin	(3.5%)	4.2%	Earnings before Interest, Tax, Depreciation and Amortisation as a percentage of Turnover from Continuing Operations.
EBITDA Margin Before One Off Costs	2.6%	8.1%	Earnings before Interest, Tax, Depreciation and Amortisation from Continuing Operations before One Off Costs as a percentage of Turnover from Continuing Operations
Cash Flow From Operations	(£0.3m)	£1.6m	Cash Flow From Continuing Operations (before Interest income and expenditure)

On behalf of the board

S Martin

Director

30 March 2023

GLACIER ENERGY SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities
The principal activity of the company is that of a holding company. The principal activities of the group are specialist onsite machining products and services, weld overlay services, heat exchanger repair, refurbishment, design and manufacture, and non destructive testing and inspection services.

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

S Martin
E A D MacKinnon
A Langlands

Results and dividends
The results for the year are set out on page 11.

No ordinary dividends were paid (2021: £nil). The directors do not recommend payment of a final dividend (2021: £nil).

Research and development
Members of the group have conducted research and development activities in relation to the development of bespoke components to be used in relation to engineered solutions across its operations in onsite machining, weld overlay and heat exchangers in particular. Successful R&D claims have been submitted to HMRC for the projects for the 2019, 2020 and 2021 year ends.

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

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

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

Going concern
As outlined further in note 1.4, the directors are comfortable that the group remains a going concern.

Financial management risk

The group does not use derivatives for either financial risk management or for speculative purposes. The group's financial risk management objectives. policies and exposure to financial risks are not considered material for the assessment of the group's assets, liabilities, financial position or result for the year and as such, no further disclosure is considered necessary.

On behalf of the board

S Martin
Director
30 March 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

GLACIER ENERGY SERVICES HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLACIER ENERGY SERVICES HOLDINGS LIMITED

Opinion

We have audited the financial statements of Glacier Energy Services Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including 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 the parent company's affairs as at 31 March 2022 and of the group's loss 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- UK Generally Accepted Accounting Practice
- Companies Act 2006
- VAT and Corporation Tax legislation

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, legal fees and relevant correspondence with regulatory bodies.

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

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

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

- Reviewing minutes of meetings of those charged with governance for references to breaches of laws and regulations or for any indication of any potential litigation and claims; and events or indications that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias; and
- Agreement of the financial statement disclosures to supporting documentation.

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

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

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.

Stephen McIlwaine (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP 31 March 2023

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Continuing operations	Discontinued operations	31 March 2022	Continuing operations as restated	Discontinued operations	31 March 2021 as restated
		£	£	£	£	£	£
Turnover	3	20,414,526	-	20,414,526	20,075,996	1,703,678	21,779,674
Cost of sales		(13,959,608)	-	(13,959,608)	(12,520,898)	(2,123,581)	(14,644,479)
Gross profit		6,454,918	-	6,454,918	7,555,098	(419,903)	7,135,195
Distribution costs		(25,991)	-	(25,991)	(42,054)	-	(42,054)
Administrative expenses		(8,883,583)	-	(8,883,583)	(8,616,300)	(644,714)	(9,261,014)
Other operating income	3	189,765	-	189,765	553,370	32,013	585,383
Operating loss	5	(2,264,891)	-	(2,264,891)	(549,886)	(1,032,604)	(1,582,490)
Interest payable and similar expenses	8	(1,730,656)	-	(1,730,656)	(1,585,077)	-	(1,585,077)
Loss before taxation		(3,995,547)	-	(3,995,547)	(2,134,963)	(1,032,604)	(3,167,567)
Taxation	10	104,906	-	104,906	62,735	96,946	159,681
Loss for the financial year	23	(3,890,641)	-	(3,890,641)	(2,072,228)	(935,658)	(3,007,886)

Loss for the financial year is all attributable to the owners of the parent company.

The discontinued operations are in respect of a subsidiaries, Glacier Whitely Read Limited and Glacier Energy Services (Birmingham division), which ceased during the previous financial year. All other group operations are continuing.

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Loss for the financial year	(3,890,641)	(3,007,886)
Other comprehensive expense		
Currency translation differences	(1,914)	(21,283)
Total comprehensive expense for the year	(3,892,555)	(3,029,169)

Total comprehensive expense for the year is all attributable to the owners of the parent company.

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Goodwill	**11**		2,684,038		3,918,659
Other intangible assets	**11**		148,954		82,525
Total intangible assets			2,832,992		4,001,184
Tangible assets	**12**		548,094		555,618
			3,381,086		4,556,802
Current assets					
Stocks	**15**	1,270,719		1,095,012	
Debtors	**16**	4,641,787		5,953,708	
Cash at bank and in hand		57,550		848,085	
		5,970,056		7,896,805	
Creditors: amounts falling due within one year	**17**	(11,707,750)		(9,901,443)	
Net current liabilities			(5,737,694)		(2,004,638)
Total assets less current liabilities			(2,356,608)		2,552,164
Creditors: amounts falling due after more than one year	**18**		(18,648,182)		(19,664,399)
Net liabilities			(21,004,790)		(17,112,235)
Capital and reserves					
Called up share capital	**22**		1,878,441		1,878,441
Share premium account	**23**		2,098,928		2,098,928
Profit and loss reserves	**23**		(24,982,159)		(21,089,604)
Deficit attributable to owners of the parent company			(21,004,790)		(17,112,235)

The financial statements were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

S Martin
Director

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	**11**		-		59,525
Tangible assets	**12**		9,678		15,542
Investments	**13**		11,217,087		11,217,087
			11,226,765		11,292,154
Current assets					
Debtors	**16**	8,255,030		8,189,055	
Cash at bank and in hand		42,137		331,246	
		8,297,167		8,520,301	
Creditors: amounts falling due within one year	**17**	(15,489,963)		(13,589,884)	
Net current liabilities			(7,192,796)		(5,069,583)
Total assets less current liabilities			4,033,969		6,222,571
Creditors: amounts falling due after more than one year	**18**		(18,601,417)		(19,598,505)
Net liabilities			(14,567,448)		(13,375,934)
Capital and reserves					
Called up share capital	**22**		1,878,441		1,878,441
Share premium account	**23**		2,098,928		2,098,928
Profit and loss reserves	**23**		(18,544,817)		(17,353,303)
Total deficit			(14,567,448)		(13,375,934)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,191,514 (2021 - £2,427,488 loss).

The financial statements were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

S Martin
Director

Company Registration No. SC393101

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2020	1,878,441	2,098,928	(18,060,435)	(14,083,066)
Year ended 31 March 2021:				
Loss for the year	-	-	(3,007,886)	(3,007,886)
Other comprehensive expense:				
Currency translation differences on overseas subsidiaries	-	-	(21,283)	(21,283)
Total comprehensive expense for the year	-	-	(3,029,169)	(3,029,169)
Balance at 31 March 2021	1,878,441	2,098,928	(21,089,604)	(17,112,235)
Year ended 31 March 2022:				
Loss for the year	-	-	(3,890,641)	(3,890,641)
Other comprehensive expense:				
Currency translation differences on overseas subsidiaries	-	-	(1,914)	(1,914)
Total comprehensive expense for the year	-	-	(3,892,555)	(3,892,555)
Balance at 31 March 2022	1,878,441	2,098,928	(24,982,159)	(21,004,790)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2020	1,878,441	2,098,928	(14,925,815)	(10,948,446)
Year ended 31 March 2021:				
Loss and total comprehensive expense for the year	-	-	(2,427,488)	(2,427,488)
Balance at 31 March 2021	1,878,441	2,098,928	(17,353,303)	(13,375,934)
Year ended 31 March 2022:				
Loss and total comprehensive expense for the year	-	-	(1,191,514)	(1,191,514)
Balance at 31 March 2022	1,878,441	2,098,928	(18,544,817)	(14,567,448)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(320,246)		1,647,111
Interest paid			(357,436)		(550,311)
Income taxes refunded			159,307		337,327
Net cash (outflow)/inflow from operating activities			(518,375)		1,434,127
Investing activities					
Purchase of intangible assets		(84,358)		(64,936)	
Purchase of tangible fixed assets		(208,300)		(209,178)	
Proceeds on disposal of tangible fixed assets		1,500		-	
Net cash used in investing activities			(291,158)		(274,114)
Financing activities					
Repayment of borrowings		(300,000)		-	
Proceeds from new bank loans		977,778		-	
Payment of finance leases obligations		(82,389)		(74,465)	
Net cash generated from/(used in) financing activities			595,389		(74,465)
Net (decrease)/increase in cash and cash equivalents			(214,144)		1,085,548
Cash and cash equivalents at beginning of year			(1,757,347)		(2,842,895)
Cash and cash equivalents at end of year			(1,971,491)		(1,757,347)
Relating to:					
Cash at bank and in hand			57,550		848,085
Bank overdrafts included in creditors payable within one year			(2,029,041)		(2,605,432)

1 Accounting policies

Company information

Glacier Energy Services Holdings Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Blackwood House, Union Grove Lane, Aberdeen, AB10 6XU.

The group consists of Glacier Energy Services Holdings Limited and all of its subsidiaries, collectively known as "the group."

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,191,514 (2021 - £2,427,488 loss).

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

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

1.2 Profit and loss account prior year reclassification

There has been a correction between revenue and cost of sales in the prior year as a result of intercompany trading eliminations. The overall position shows a net increase in revenue of £988,116 and the same increase in cost of sales. There has been no change in the prior year gross profit or operating profit with respect to this adjustment.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.4 Going concern

In the current year the group has recorded a consolidated loss of £3.9m (2021 - £3.0m consolidated loss), with net current liabilities of £5.3m (2021 - £2.0m) and net liabilities of £21.0m (2021 - £17.1m).

Within current liabilities is a Confidential Invoice Discounting ("CID") facility balance of £2.0m (2021 - £2.6m) plus a loan due to the Scottish Loan Fund of £2.7m that was due for repayment by 31 December 2022 (2021 - £3.0m classified within long-term liabilities) and accrued interest on this loan of £1.0m (2021 – £0.7m). While this loan is now due for repayment within 12 months, along with the accrued interest, the Scottish Loan Fund has provided a letter of comfort to the directors post year end, which confirms that they cannot reasonably foresee a situation where action would be taken to recover the loan and accrued interest, where it would undermine the assumption of the group and parent company being going concerns, for a period of at least 12 months from the signing of these financial statements. Within longer term liabilities are institutional loan notes and accrued interest of £17.8m (2021 - £16.9m) , formally extended and due for repayment by 31 March 2024. Longer term, the directors will work with both the institutional loan notes holders and the Scottish Loan Fund, to agree an appropriate refinancing of this debt and accrued interest as a separate strategic exercise. Excluding this combined debt and accrued interest of £24.0m (2021 - £23.2m), the group has significant net assets and positive current assets in both the current and prior years.

Current year trading is very strong, as a result of improved market conditions and some key management initiatives positively impacting financial performance, with significant improvements in the group's Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") being realised. As part of the directors' assessment of going concern, detailed projections have been prepared for the forthcoming 12 months beyond the anticipated signing of these financial statements, which demonstrate the group is able to generate sufficient cashflow to allow for adequate headroom within its CID facility. Appropriate stress testing scenarios have also been illustrated, to ensure the robustness of these projections. While the directors remain confident in these projections, it should be noted that projections by their very nature are uncertain and require a degree of estimation.

Based on the above considerations, the directors have reasonable assurance over the group's and parent company's financial resilience going forward and as such, have adopted the going concern basis of accounting in preparing these financial statements.

1 Accounting policies **(Continued)**

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts and is recognised in the financial statements when cash has been received or is receivable.

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

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

When the outcome of a contract can be assessed with reasonable certainty, profit is recognised as the difference between revenue and related costs. Any foreseeable loss is recognised immediately in profit or loss.

1.6 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of ten to fifteen years.

1.7 Intangible fixed assets other than goodwill

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

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

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

Development Costs	3 years on cost
Intellectual property & customer lists	10 years on cost

1.8 Tangible fixed assets

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

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

Plant and machinery	7.5% to 80% on cost
Office equipment	25% to 50% on cost
Motor vehicles	25% reducing balance

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

1 Accounting policies **(Continued)**

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.11 Stocks and work in progress

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Work in progress is valued at the lower of cost and net realisable value, and includes direct expenditure and an appropriate proportion of fixed and variable overheads.

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

1 Accounting policies **(Continued)**

1.12 Cash and cash equivalents

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

1.13 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts due from fellow group companies (parent company only), are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and similar debt and amounts due to fellow group companies (parent company only), are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

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

1.14 Equity instruments

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

1.15 Taxation

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

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

R&D tax credits are recognised at the fair value of the asset received or receivable when there is reasonable assurance that claims will be successful.

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

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

1 Accounting policies **(Continued)**

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

1.18 Leases

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

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

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

1.19 Government grants

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

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

1.20 Foreign exchange

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

Transactions with foreign subsidiaries are recorded at the rates of exchange prevailing at the dates of the transactions and balances with foreign subsidiaries are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of other comprehensive income for the period.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Group - Goodwill Impairment - carrying value of goodwill £2.7m (2021 - £3.9m)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The directors have concluded that the carrying value of goodwill is supportable at the year end.

Group - Useful lives of tangible assets - NBV £548k (2021 - £556k)

Tangible fixed assets are measured at cost and then depreciated over the estimated useful life of the asset. The group have used estimation to determine a useful life for each asset, and as such the depreciation charge is based on this estimation. The directors have concluded that the carrying value of tangible fixed assets is supportable at the year end.

Company - Investments - carrying value £11.2m (2021 - £11.2m)

Determining whether investments held by the company are impaired requires an estimation of the value in use of the cash generating units to which the investments relate. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of investments at the reporting end date is £11,217,087(2021 - £11,217,087) set out in note 13. The directors have concluded that the carrying value of investments is supportable at the year end.

3 Turnover and other revenue

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

	2022	2021
		As restated
	£	£
Turnover analysed by class of business		
Sale of goods and services	20,414,526	21,779,674

	2022	2021
	£	£
Other significant revenue		
Grants received	189,765	585,383

3 Turnover and other revenue **(Continued)**

	2022	2021
		As restated
	£	£
Turnover analysed by geographical market		
UK	13,686,119	13,882,683
Europe	6,108,223	7,508,260
Rest of the world	620,184	388,731
	20,414,526	21,779,674

Grants receivable are amounts received from the Government's Coronavirus Job Retention Scheme.

4 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	17,350	12,000
Audit of the financial statements of the company's subsidiaries	47,650	45,000
	65,000	57,000

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	58,483	94,028
Government grants	(189,765)	(585,383)
Depreciation of owned tangible fixed assets	193,585	338,332
Depreciation of tangible fixed assets held under finance leases	96,459	21,888
Profit on disposal of tangible fixed assets	(1,500)	-
Amortisation of intangible assets	1,252,550	1,241,229
Operating lease charges	238,001	161,279

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	155,000	147,500

7 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Manufacturing and production	138	156	-	-
Adminstration and management	51	55	7	8
	189	211	7	8

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	10,733,313	12,481,963	494,630	659,998
Social security costs	937,700	939,348	51,106	56,457
Pension costs	293,291	303,994	9,291	13,913
	11,964,304	13,725,305	555,027	730,368

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	590,934	442,760
Interest on finance leases and hire purchase contracts	7,547	10,141
Other interest	1,132,175	1,132,176
	1,730,656	1,585,077

9 Discontinued operations

Glacier Whiteley Read Limited

In the comparative period the operations of subsidiary Glacier Whitely Read Limited have been presented as discontinued as the operations of the business ceased during the year to 31 March 2021.

Birmingham division - Glacier Energy Services Limited

The operations of the Birmingham division of subsidiary Glacier Energy Services Limited have been presented as discontinued in the comparative period as the operations of the division ceased during the year to 31 March 2021.

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(298)
Adjustments in respect of prior periods	(104,906)	(159,307)
Total current tax	(104,906)	(159,605)
Deferred tax		
Origination and reversal of timing differences	-	(76)
Total tax credit	(104,906)	(159,681)

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

	2022	2021
	£	£
Loss before taxation	(3,995,547)	(3,167,567)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(759,154)	(601,838)
Tax effect of expenses that are not deductible in determining taxable profit	280,028	271,529
Adjustments in respect of prior years	(104,931)	(159,307)
Fixed asset differences	(15,996)	(524)
Deferred tax not recognised	1,209,139	330,459
Adjustments to rate of deferred tax	(713,992)	-
Taxation credit	(104,906)	(159,681)

11 Intangible fixed assets

Group	Goodwill	Development Costs	Intellectual property & customer lists	Total
	£	£	£	£
Cost				
At 1 April 2021	14,540,836	64,936	30,000	14,635,772
Additions	-	84,358	-	84,358
At 31 March 2022	14,540,836	149,294	30,000	14,720,130
Amortisation and impairment				
At 1 April 2021	10,622,177	5,411	7,000	10,634,588
Amortisation charged for the year	1,234,621	14,929	3,000	1,252,550
At 31 March 2022	11,856,798	20,340	10,000	11,887,138
Carrying amount				
At 31 March 2022	2,684,038	128,954	20,000	2,832,992
At 31 March 2021	3,918,659	59,525	23,000	4,001,184

Company	Development Costs
	£
Cost	
At 1 April 2021	64,936
Additions	36,232
Transfers	(101,168)
At 31 March 2022	-
Amortisation and impairment	
At 1 April 2021	5,411
Transfers	(5,411)
At 31 March 2022	-
Carrying amount	
At 31 March 2022	-
At 31 March 2021	59,525

The company transferred Development costs to its subsidiary Glacier Energy Services Limited, in line with the right of ownership.

12 Tangible fixed assets

Group	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2021	6,284,483	463,275	84,616	6,832,374
Additions	157,791	124,729	-	282,520
Disposals	(724,022)	-	(96,127)	(820,149)
At 31 March 2022	5,718,252	588,004	(11,511)	6,294,745
Depreciation and impairment				
At 1 April 2021	5,761,931	430,209	84,616	6,276,756
Depreciation charged in the year	233,864	56,180	-	290,044
Eliminated in respect of disposals	(724,022)	-	(96,127)	(820,149)
At 31 March 2022	5,271,773	486,389	(11,511)	5,746,651
Carrying amount				
At 31 March 2022	446,479	101,615	-	548,094
At 31 March 2021	522,552	33,066	-	555,618

Company	Plant and machinery	Office equipment	Total
	£	£	£
Cost			
At 1 April 2021	130,974	178,773	309,747
Additions	-	8,471	8,471
At 31 March 2022	130,974	187,244	318,218
Depreciation and impairment			
At 1 April 2021	115,883	178,322	294,205
Depreciation charged in the year	10,653	3,682	14,335
At 31 March 2022	126,536	182,004	308,540
Carrying amount			
At 31 March 2022	4,438	5,240	9,678
At 31 March 2021	15,091	451	15,542

12 Tangible fixed assets **(Continued)**

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

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Plant and machinery	314,686	37,401	-	-

13 Fixed asset investments

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Investments in subsidiaries	**14**	-	-	11,217,087	11,217,087

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£
Cost or valuation	
At 1 April 2021 and 31 March 2022	12,340,066
Impairment	
At 1 April 2021 and 31 March 2022	1,122,979
Carrying amount	
At 31 March 2022	11,217,087
At 31 March 2021	11,217,087

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
Glacier Energy DWC - LLC	1	Dormant	Ordinary	100.00	0
Glacier Energy Services Limited	2	Heat exchanger repair and refurbishment	Ordinary	100.00	0
Glacier Whiteley Read Limited	2	Design and manufacture of process equipment	Ordinary	100.00	0
Glacier Inspection Services Limited	2	Non destructive testing and inspection	Ordinary	0	100.00
Glacier Inspection Services UK Limited	2	Holding company	Ordinary	100.00	0
Glacier Machining Solutions Limited	2	Machining services	Ordinary	100.00	0
MSL Heat Transfer Limited	2	Dormant	Ordinary	0	100.00
Ross Offshore Consultancy Limited	2	Dormant	Ordinary	100.00	0
Site Machining Services Limited	4	Dormant	Ordinary	100.00	0
Ross Exchangers Limited	2	Dormant	Ordinary	100.00	0
Ross Offshore Limited	2	Dormant	Ordinary	100.00	0
Aberdeen Radiators Limited	2	Non trading	Ordinary	100.00	0
Glacier Energy LLP	6	Heat Exchanger repair and refurbishment	Ordinary	100.00	0
Glacier Energy Services PTE. Ltd	3	Non-trading	Ordinary	100.00	0
Glacier Welding Solutions Limited	2	Weld overlay services	Ordinary	100.00	0

1) LLC Business Centre - Logistics City, Dubai Aviation City, PO Box - 390667
2) Blackwood House, Union Grove Lane, Aberdeen, AB10 6XU
3) 60 Paya Lebar Square, #08-43 Paya Lebar Square, Singapore 409051
4) Unit 66 Gravelly Industrial Park, Walker Drive, Birmingham, B24 8TQ
5) Koppholen 25, 4313 Sandnes, Norway
6) 55 Aiteke Bi Street, River Palace Hotel, 1st Floor, office 4, Atyrau, Kazakhstan, 060011

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	44,712	121,431	-	-
Work in progress	685,910	547,933	-	-
Finished goods and goods for resale	540,097	425,648	-	-
	1,270,719	1,095,012	-	-

16 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	3,335,061	4,397,628	-	-
Corporation tax recoverable	104,906	159,307	-	-
Amounts owed by group undertakings	-	-	7,474,452	7,427,138
Other debtors	887,984	1,172,893	731,737	679,106
Prepayments and accrued income	313,836	223,880	48,841	82,811
	4,641,787	5,953,708	8,255,030	8,189,055

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

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	2,279,041	2,605,432	250,000	-
Obligations under finance leases	20	77,043	66,083	-	-
Other borrowings	19	2,900,000	300,000	2,900,000	300,000
Trade creditors		1,653,897	1,416,202	136,751	120,777
Amounts owed to group undertakings		-	-	10,497,236	10,478,926
Other taxation and social security		759,606	2,067,284	336,450	1,783,173
Other creditors		1,175,898	1,496,926	260,000	-
Accruals and deferred income		2,862,265	1,949,516	1,109,526	907,008
		11,707,750	9,901,443	15,489,963	13,589,884

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Bank loans and overdrafts above relate to a confidential invoice discounting facility. See note 19.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	727,778	-	727,778	-
Obligations under finance leases	20	46,765	65,894	-	-
Other borrowings	19	17,873,639	19,598,505	17,873,639	19,598,505
		18,648,182	19,664,399	18,601,417	19,598,505

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	977,778	-	977,778	-
Confidential invoice discounting facility	2,029,041	2,605,432	-	-
Other loans	20,773,639	19,898,505	20,773,639	19,898,505
	23,780,458	22,503,937	21,751,417	19,898,505
Payable within one year	5,179,041	2,905,432	3,150,000	300,000
Payable after one year	18,601,417	19,598,505	18,601,417	19,598,505

The confidential invoice discounting facility provider holds a floating charge over all of the assets of the company.

Simmons Parallel Private LP hold a floating charge over all of the assets of the company.

Maven Capital Partners UK LLP hold a floating charge over all of the assets of the company.

Scottish Loan Fund hold a floating charge over all of the assets of the company.

Net obligations under finance leases are secured over the assets financed.

Loans

The company has a £3m loan from the Scottish Loan Fund. £300k of this loan was repaid during the year and a further sum of £200k received from Scottish Loan Fund resulting in an outstanding balance at year end of £2.9m. Interest is payable at 8% on this loan plus payment in kind interest accruing at 6.5%. The balance was due for repayment on 31 December 2022.

During the year the company also received a loan from their confidential invoice discounting facility provider under the Recovery Loan Scheme for £1m. This loan is repayable in equal instalments over 4 years (the final repayment is December 2025) and bears interest at 7% over base rate.

Loan notes

The group had four tranches of loan notes in issue at the year end. Firstly there are £3,500,000 of loan notes which are repayable in one instalment on 31 March 2024. Interest is charged on these loan notes at 12.43%. The loan notes also carry a redemption premium of 10%.

Secondly there are £900,000 of loan notes which are repayable in one instalment on 31 March 2024 and attract interest of 12.43%. There is a fixed redemption premium of 10%.

Thirdly there are £2,093,750 of loan notes which are repayable in one instalment on 31 March 2024 and attract interest of 10.75%. There is a fixed redemption premium of 10%.

Fourthly there are £3,350,000 of loan notes which are repayable in one instalment on 31 March 2024 and attract interest of 10.75%. There is a fixed redemption premium of 10%.

The Loan Notes represent the majority of the Institutional shareholders' investment in the group, with a redemption date of 31st March 2024, though the shareholders are unlikely to seek repayment of the Loan Notes until a change of control event occurs.

20 Finance lease obligations

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	77,043	66,084	-	-
In two to five years	46,765	65,893	-	-
	123,808	131,977	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	293,291	303,994

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

22 Share capital

	Group and company 2022	2021
Ordinary share capital	£	£
Issued and fully paid		
885,000 A Ordinary of £1 each	885,000	885,000
1,342,670 B Ordinary of 1p each	13,427	13,427
850,000 C Ordinary of £1 each	850,000	850,000
65,000 D Ordinary of £1 each	65,000	65,000
65,000 E Ordinary of £1 each	65,000	65,000
1,361 Deferred of 1p each	14	14
	1,878,441	1,878,441

All classes of ordinary shares carry one vote per share. Ordinary A shares have a right to dividend and ranking rights to participate on release of capital. Deferred shares hold no voting rights.

23 Reserves

Share premium

The share premium account represents the premiums received on the issue of share capital in the company.

Profit and loss reserves

The profit and loss reserve represents accumulated comprehensive profits/losses for current and prior periods.

24 Financial commitments, guarantees and contingent liabilities

The company has provided an unlimited cross guarantee to the company's bankers between itself and its subsidiary undertakings, Glacier Welding Solutions Limited, Glacier Machining Solutions Limited, Glacier Energy Services Limited, Glacier Inspection Services Limited, Aberdeen Radiators Limited and Glacier Whiteley Read Limited. At 31 March 2022 the potential liability to the company under this guarantee was £2,404,147 (2021 - £2,704,470).

The group is engaged in an on-going dialogue with Belgian tax authorities in respect of the group's operations in this country. The directors believe that the group has no liability to settle and as discussions are still on-going, no provision has been included in these financial statements.

25 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	635,492	735,733	306,000	306,000
Between two and five years	1,048,458	1,531,228	945,500	1,186,500
In over five years	-	65,000	-	65,000
	1,683,950	2,331,961	1,251,500	1,557,500

26 Related party transactions

Group

During the year, the group incurred monitoring fees of £150,000 (2021 - £120,222), loan note interest of £1,132,175 (2021 - £1,132,175). The balance due to these parties at the year end was £17,873,639 (2021 - £16,898,505).

Key management personnel compensation for the group is not disclosed on the basis there is no difference between key management personnel and the directors, with directors remuneration disclosed at note 7.

Company

During the year the company received a loan of £200,000 from two directors (2021 - £nil). These loans bear an interest rate of 15% and are repayable on demand.

At 31 March 2022 a loan of £510,500 (2021 - £510,500) was due from the shareholders.

The company has taken advantage of the exemption available within FRS 102 Section 33 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

27 Cash generated from group operations

	2022	2021
	£	£
Loss for the year after tax	(3,890,641)	(3,007,886)
Adjustments for:		
Taxation credited	(104,906)	(159,681)
Finance costs	1,730,656	1,585,077
Gain on disposal of tangible fixed assets	(1,500)	-
Amortisation and impairment of intangible assets	1,252,550	1,241,229
Depreciation and impairment of tangible fixed assets	290,044	360,220
Movements in working capital:		
Increase in stocks	(175,707)	(195,574)
Decrease in debtors	1,101,314	2,392,837
Decrease in creditors	(522,056)	(569,111)
Cash (absorbed by)/generated from operations	(320,246)	1,647,111

28 Analysis of changes in net debt - group

	1 April 2021	Cash flows	New finance leases	31 March 2022
	£	£	£	£
Cash at bank and in hand	848,085	(790,535)	-	57,550
Bank overdrafts	(2,605,432)	576,391	-	(2,029,041)
	(1,757,347)	(214,144)	-	(1,971,491)
Borrowings excluding overdrafts	(19,898,505)	(1,852,912)	-	(21,751,417)
Obligations under finance leases	(131,977)	82,389	(74,220)	(123,808)
	(21,787,829)	(1,984,667)	(74,220)	(23,846,716)