Company Registration No. SC393101 (Scotland)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY INFORMATION

Director	S Martin
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 2023

The director presents the strategic report and financial statements for the year ended 31 March 2023. These financial statements represent Glacier Energy Services Holdings Limited ("the company") and its subsidiaries (collectively "the group").

Fair review of the business

Performance improved in the year to 31st March 2023, with Revenue increasing overall from £20.4m to £27.8m and Gross Margin up from 32% to 34% due to the following factors:

- Increase in repair and maintenance activities across all sectors, boosting activity in the onsite machining and heat transfer divisions in particular
- Higher volumes in the non destructive testing business relating to offshore wind foundation manufacture
- The launch of new capability providing inspection and associated services for in-service onshore wind farms
- A step up in heat exchanger and pressure vessel manufacture across various industrial markets following proactive business development efforts in this regard.

From a profitability perspective, the group's primary performance metric is EBITDA before One-Off and Exceptional Costs, and this increased from £0.5m to £2.4m arising mainly from the higher Revenue and improved Gross Margin.

One Off Costs reduced from £1.3m to £0.8m in the year to 31st March 2023, with the prior year being unusually high due to Covid 19 related costs.

In the year to 31st March 2023, the group recognised an Exceptional Item of £1.2m relating to a settlement with the tax authorities in Belgian relating to a long running dispute as to whether the group had a permanent establishment for tax purposes there.

It should be noted also 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 31 st March 2024 when Goodwill will be fully written off.

	31 March 2023 **£'000**	**31 March 2022** **£'000**
Operating Loss	(1,324)	(2,265)
Depreciation / Amortisation	1,441	1,528
EBITDA	117	(722)
One Off Costs	778	1,251
Exceptional Costs	1,263	0
EBITDA from continuing businesses before one off and exceptional costs	2,158	529

From the Balance Sheet perspective, the group had Net Liabilities of £24.1m at 31 March 2023 compared to £21.0m at the previous year end, but it should be noted that this largely results from total liabilities under its Institutional Loan Notes of £19.0m (2022: £17.9m) which are classified as Long-term Debt on the Balance Sheet along with a loan due to Scottish Loan Fund of £2.7m (2022: £2.9m).

Cash Flow from Operations was a £0.4m outflow during the year, though this was after £0.5m of deferred payments to HMRC as part of a payment plan agreed as part of the Covid 19 pandemic support from the government.

Current Trading

Since the year end date of 31st March 2023, there has been a notable step up in the performance of the group which can be attributed to the following factors :

- Increased levels of Heat Exchanger and Pressure Vessel manufacture across several industrial sectors
- A large increase in activity in the weld overlay business resulting from a global Oil & Gas Subsea market recovery
- General increases in repair and maintenance activities in all sectors requiring support from the various divisions of the group

As a result, there has been around a 30% increase compared to the previous year in the group's key metrics such as Revenue, EBITDA and Order Book, with the EBITDA outturn expected to be at least £3.5m for the year to 31st March 2024.

Prospects

The group operates in the Wind and Oil & Gas markets, as well as diversifying into other sectors, notably the emerging Renewable Energy markets such as Energy Storage, Hydrogen and Carbon Capture.

The activity levels in its established markets has increased considerably over the last year and looks set to continue for the foreseeable future, while there is significant positive momentum in the Renewable Energy markets creating new substantial opportunities for 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 :

- Ongoing development of non destructive testing and inspection services for in-service wind farms, including establishing various strategic partnerships
- The execution of bespoke in situ machining for oil & gas decommissioning relating to platform well abandonment
- Progressing Carbon Capture Utilisation Storage and Hydrogen opportunities, where the group is well placed in respect of its heat exchanger and pressure vessel capability
- Partnering with companies to provide design and manufacture expertise to support their development of Energy Storage solutions

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

Principal risks and uncertainties

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

- Health, Safety and Environmental : the group places paramount importance on these matters, which are a key part of its culture, with established policies and regular management review.
- Market Factors : the group is currently exposed to Wind, Oil & Gas and the general Industrials markets, and this sector diversification helps mitigate market risk, while it is pursuing several positive opportunities in the emerging markets of Energy Storage, Carbon Capture and Hydrogen
- Commercial Relationships : inherent commercial risk across the group is low, given that it is typically charges its clients on a reimbursable basis. The main exception to this are projects relating to the manufacture of heat exchangers and pressure vessels, which are typically fixed price, and so substantial controls are in place to reduce its exposure in this area
- Funding Risks : the group manages its cash flow tightly and retains the support of its long term financial backers
- 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.

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

KPI	2023	2022	Measure
Gross Margin	34%	32%	Gross Profit as a % of Turnover from Continuing Operations
EBITDA	£0.1m	(£0.7m)	Earnings before Interest, Tax, Depreciation and Amortisation from Continuing Operations
EBITDA Before One Off and Exceptional Costs	£2.2m	£0.5m	Earnings before Interest, Tax, Depreciation and Amortisation from Continuing Operations before One Off and Exceptinoal Costs
EBITDA Margin	0.4%	(3.5%)	Earnings before Interest, Tax, Depreciation and Amortisation as a percentage of Turnover from Continuing Operations.
EBITDA Margin Before One Off Costs	7.9%	2.6%	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	(£0.4m)	(£0.3m)	Cash Flow From Continuing Operations (before Interest income and expenditure)

Post Balance Sheet Date Investment

On 15th December 2023, the group was acquired by Averroes Capital in a management buy out, facilitating the exit of its long standing institutional investors in Maven Capital and the Simmons Parallel Energy Fund, as well as other individual shareholders. The buy out resulted in the significant restructuring of the group's Balance Sheet, as well as an injection of capital, which is very positive for the business.

In addition, the transaction will enable the recommencement of the group's "buy & build" growth strategy as it seeks to add complementary capability to its existing offering.

Overall, the Board considers that the buy out is a positive move for the group and will enable it to capitalise further on its current positive momentum.

On behalf of the board

S Martin
Director

21 December 2023

GLACIER ENERGY SERVICES HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The director presents his annual report and financial statements for the year ended 31 March 2023.

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

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

No ordinary dividends were paid (2022: £nil). The directors do not recommend payment of a final dividend (2022: £nil).

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

S Martin	
E A D MacKinnon	(Resigned 18 December 2023)
A Langlands	(Resigned 18 December 2023)

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its director during the year. These provisions remain in force at the reporting date.

Post reporting date events
On 20 June 2023, the company repurchased 130,360 A Ordinary shares of £1 each and 65,000 D Ordinary shares of £1 each for a total consideration of £2. The shares were subsequently cancelled on repurchase.

On 15th December 2023, the group was acquired by Averroes Capital in a management buy out, facilitating the exit of its long standing institutional investors in Maven Capital and the Simmons Parallel Energy Fund, as well as other individual shareholders. The buy out resulted in the significant restructuring of the group's Balance Sheet, as well as an injection of capital.

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 (where applicable).

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

Going concern
As outlined further in note 1.3, 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.

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.

On behalf of the board

S Martin
Director

21 December 2023

GLACIER ENERGY SERVICES HOLDINGS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is 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. He is 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.

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 2023 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 2023 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 director's 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 director 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLACIER ENERGY SERVICES HOLDINGS LIMITED

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's 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 director
As explained more fully in the Directors' Responsibility Statement set out on page 6, the director is 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 director is 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 director either intends 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.

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

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

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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
- UK tax legislation

We gained an understanding of how the group and the parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, 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 group's procurement of legal and professional services;
- Performing audit work procedures over completeness of revenue including reconciling sales orders to sales invoices and sales ledger and undertaking appropriate sales cut-off procedures;
- 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;
- Completion of appropriate checklists and use of our experience to assess the company's compliance with Companies Act 2006; 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 would become aware of it.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent 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

21 December 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 2023

	Notes	2023 £	2022 £
Turnover	3	27,808,457	20,414,526
Cost of sales		(18,307,476)	(13,959,608)
Gross profit		9,500,981	6,454,918
Distribution costs		(42,316)	(25,991)
Administrative expenses		(9,519,315)	(8,883,583)
Other operating income		-	189,765
Exceptional item	4	(1,263,436)	-
Operating loss	6	(1,324,086)	(2,264,891)
Interest payable and similar expenses	9	(1,849,754)	(1,730,656)
Loss before taxation		(3,173,840)	(3,995,547)
Tax on loss	10	60,566	104,906
Loss for the financial year	23	(3,113,274)	(3,890,641)

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Loss for the year	(3,113,274)	(3,890,641)
Other comprehensive income/(expenditure)		
Currency translation differences	10,331	(1,914)
Total comprehensive expenditure for the year	(3,102,943)	(3,892,555)

Total comprehensive expenditure 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 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Goodwill	**11**		1,518,810		2,684,038
Other intangible assets	**11**		103,867		148,954
Total intangible assets			1,622,677		2,832,992
Tangible assets	**12**		572,622		548,094
			2,195,299		3,381,086
Current assets					
Stocks	**15**	1,457,314		1,270,719	
Debtors	**16**	7,293,303		4,641,787	
Cash at bank and in hand		114,342		57,550	
		8,864,959		5,970,056	
Creditors: amounts falling due within one year	**17**	(15,187,367)		(11,707,750)	
Net current liabilities			(6,322,408)		(5,737,694)
Total assets less current liabilities			(4,127,109)		(2,356,608)
Creditors: amounts falling due after more than one year	**18**		(20,020,624)		(18,648,182)
Net liabilities			(24,147,733)		(21,004,790)
Capital and reserves					
Called up share capital	**22**		1,838,441		1,878,441
Share premium account	**23**		2,098,928		2,098,928
Profit and loss reserves	**23**		(28,085,102)		(24,982,159)
Total deficit			(24,147,733)		(21,004,790)

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

S Martin
Director

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**12**		1,936		9,678
Investments	**13**		11,217,087		11,217,087
			11,219,023		11,226,765
Current assets					
Debtors	**16**	9,039,290		8,255,030	
Cash at bank and in hand		44,133		42,137	
		9,083,423		8,297,167	
Creditors: amounts falling due within one year	**17**	(15,785,399)		(15,489,963)	
Net current liabilities			(6,701,976)		(7,192,796)
Total assets less current liabilities			4,517,047		4,033,969
Creditors: amounts falling due after more than one year	**18**		(19,466,925)		(18,601,417)
Net liabilities			(14,949,878)		(14,567,448)
Capital and reserves					
Called up share capital	**22**		1,838,441		1,878,441
Share premium account	**23**		2,098,928		2,098,928
Profit and loss reserves	**23**		(18,887,247)		(18,544,817)
Total deficit			(14,949,878)		(14,567,448)

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 £342,430 (2022 - £1,191,514 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

S Martin
Director

Company Registration No. SC393101

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 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		-	-	(1,914)	(1,914)
Total comprehensive expenditure 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)
Year ended 31 March 2023:					
Loss for the year		-	-	(3,113,274)	(3,113,274)
Other comprehensive income:					
Currency translation differences		-	-	10,331	10,331
Total comprehensive expenditure for the year		-	-	(3,102,943)	(3,102,943)
Reduction of shares	22	(40,000)	-	-	(40,000)
Balance at 31 March 2023		1,838,441	2,098,928	(28,085,102)	(24,147,733)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 April 2021		1,878,441	2,098,928	(17,353,303)	(13,375,934)
Year ended 31 March 2022:					
Loss and total comprehensive expenditure 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)
Year ended 31 March 2023:					
Loss and total comprehensive expenditure for the year		-	-	(342,430)	(342,430)
Reduction of shares	22	(40,000)	-	-	(40,000)
Balance at 31 March 2023		1,838,441	2,098,928	(18,887,247)	(14,949,878)

GLACIER ENERGY SERVICES HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash absorbed by operations	**28**		(365,933)		(320,246)
Interest paid			(917,579)		(357,436)
Income taxes refunded			165,497		159,307
Net cash outflow from operating activities			(1,118,015)		(518,375)
Investing activities					
Purchase of intangible assets		(10,467)		(84,358)	
Purchase of tangible fixed assets		(150,932)		(208,300)	
Proceeds on disposal of tangible fixed assets		5,510		1,500	
Net cash used in investing activities			(155,889)		(291,158)
Financing activities					
Redemption of shares		(40,000)		-	
Repayment of borrowings		(266,667)		(300,000)	
Proceeds from new bank loans		-		977,778	
Repayment of hire purchase		(275,165)		(82,389)	
Refinancing of hire purchase		850,000		-	
Net cash generated from financing activities			268,168		595,389
Net decrease in cash and cash equivalents			(1,005,736)		(214,144)
Cash and cash equivalents at beginning of year			(1,971,491)		(1,757,347)
Cash and cash equivalents at end of year			(2,977,227)		(1,971,491)
Relating to:					
Cash at bank and in hand			114,342		57,550
Bank overdrafts included in creditors payable within one year			(3,091,569)		(2,029,041)

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.

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 (where applicable):

- 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 financial instruments not measured at fair value; 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 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Glacier Energy Services Holdings Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1 Accounting policies **(Continued)**

1.3 Going concern

In the current year the group has recorded a consolidated loss of £3.1m (2022 - £3.9m consolidated loss), with net current liabilities of £6.3m (2022 - £5.7m) and net liabilities of £24.1m (2022 - £21.0m).

Within current liabilities is a Confidential Invoice Discounting ("CID") facility balance of £3.1m (2022 - £2.0m) plus a loan due to the Scottish Loan Fund ("SLF") of £2.7m (2022 - £2.9m) and associated accrued interest of £1.3m (2022 - £1.0m), which was due for repayment by 31 December 2022. Within longer term liabilities are institutional loan notes and accrued interest of £19.0m (2022 - £17.9m), which have been extended by the loan note holders. Excluding this combined debt and accrued interest of £26.1m (2022 - £23.8m), the group has net assets and positive current assets in both the current and prior years.

On 15 December 2023, the parent company was majority acquired by Averroes Capital Limited ("Averroes") and as part of this deal, the SLF loan, associated accrued interest and the institutional loan notes and associated accrued interest were all settled, with appropriate long-term funding being provided by Averroes. As part of this transaction, a £2.5m, 3-year term loan was issued by the lender providing the CID facility coupled with a further £1.35m in excess cash arising from settlement of the transaction, meaning the group's balance sheet post Averroes acquisition is significantly stronger going forward.

Current year trading for the group continues to be strong and as part of the director's assessment of going concern, detailed projections have been prepared for the future period out to March 2028, 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 director remains 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 director has reasonable assurance over the group's and the parent company's financial resilience going forward and as such, have adopted the going concern basis of accounting in preparing these financial statements.

1.4 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.

1.5 Research and development expenditure

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

1 Accounting policies **(Continued)**

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.

Amortisation is recognised so as to write off the cost 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.

1.9 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 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.

1 Accounting policies **(Continued)**

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 is measured on a first in, first out basis. 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.

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 the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

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 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.

1 Accounting policies **(Continued)**

Impairment of financial assets

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

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

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 the profit and loss account.

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.

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.

1 Accounting policies **(Continued)**

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.

1.16 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 Accounting policies **(Continued)**

1.19 Government grants

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

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

1.20 Foreign exchange

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

1.21 Exceptional items

Exceptional items comprise costs which the directors consider as material to the profit and loss account, that their separate disclosure is necessary for an appropriate understanding of the company's financial performance.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

2 Judgements and key sources of estimation uncertainty **(Continued)**

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

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.

The carrying value of goodwill at the reporting date is outlined at note 11.

Group - Useful lives of tangible assets

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.

The carrying value of tangible fixed assets at the reporting date is outlined at note 12.

Company - Carrying value of investments

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 directors have concluded that the carrying value of investments is supportable at the year end.

The carrying value of investments at the reporting date is outlined at note 13.

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods and services	27,808,457	20,414,526

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	18,004,141	13,686,119
Europe	8,745,726	6,108,223
Rest of the world	1,058,590	620,184
	27,808,457	20,414,526

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other significant revenue		
Grants received	-	189,765

Grants received in the prior reporting period are in relation to the Government's Coronavirus Job Retention Scheme.

4 Exceptional item

	2023	2022
	£	£
Expenditure		
Exceptional costs on settlement	1,263,436	-
	1,263,436	-

The group have had on-going dialogue with Belgium tax authorities regarding its operations in Belgium. A settlement agreement has been reached with the Belgium tax authorities and has been fully provided within the financial statements.

5 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	18,500	17,350
Audit of the financial statements of the company's subsidiaries	51,500	47,650
	70,000	65,000

6 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	24,485	58,483
Government grants	-	(189,765)
Depreciation of owned tangible fixed assets	168,833	193,585
Depreciation of tangible fixed assets held under finance leases	50,991	96,459
Profit on disposal of tangible fixed assets	(5,510)	(1,500)
Amortisation of intangible assets	1,220,782	1,252,550
Operating lease charges	451,928	238,001

7 Director's remuneration

	2023	2022
	£	£
Remuneration for qualifying services	230,071	155,000

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

	2023
	£
Remuneration for qualifying services	200,071

8 Employees

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

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
Manufacturing and production	135	138	-	-
Adminstration and management	57	51	8	7
Total	192	189	8	7

Their aggregate remuneration comprised:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	12,637,267	10,733,313	484,836	494,630
Social security costs	1,099,720	937,700	52,481	51,106
Pension costs	315,090	293,291	8,165	9,291
	14,052,077	11,964,304	545,482	555,027

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	605,772	590,934
Interest on finance leases and hire purchase contracts	111,807	7,547
Other interest	1,132,175	1,132,175
Total finance costs	1,849,754	1,730,656

10 Taxation

	2023	2022
	£	£
Current tax		
Adjustments in respect of prior periods	(60,566)	(104,906)

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:

	2023	2022
	£	£
Loss before taxation	(3,173,840)	(3,995,547)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(603,030)	(759,154)
Tax effect of expenses that are not deductible in determining taxable profit	33,202	280,028
Adjustments in respect of prior years	(60,566)	(104,931)
Amortisation on assets not qualifying for tax allowances	221,131	-
Effect of overseas tax rates	25,435	-
Fixed asset differences	(275)	(15,996)
Deferred tax not recognised	416,779	1,209,139
Adjustments to rate of deferred tax	(93,242)	(713,992)
Taxation credit	(60,566)	(104,906)

11 Intangible fixed assets

Group	Goodwill	Development costs	Intellectual property & customer lists	Total
	£	£	£	£
Cost				
At 1 April 2022	14,540,836	149,294	30,000	14,720,130
Additions - internally developed	-	10,467	-	10,467
At 31 March 2023	14,540,836	159,761	30,000	14,730,597
Amortisation and impairment				
At 1 April 2022	11,856,798	20,340	10,000	11,887,138
Amortisation charged for the year	1,165,228	53,254	2,300	1,220,782
At 31 March 2023	13,022,026	73,594	12,300	13,107,920
Carrying amount				
At 31 March 2023	1,518,810	86,167	17,700	1,622,677
At 31 March 2022	2,684,038	128,954	20,000	2,832,992

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

GLACIER ENERGY SERVICES HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible fixed assets **(Continued)**

12 Tangible fixed assets

Group	Plant and machinery	Office equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2022	5,718,252	588,004	-	33,721	6,339,977
Additions	238,410	-	5,942	-	244,352
Disposals	(14,917)	-	-	-	(14,917)
At 31 March 2023	5,941,745	588,004	5,942	33,721	6,569,412
Depreciation and impairment					
At 1 April 2022	5,271,773	486,389	-	33,721	5,791,883
Depreciation charged in the year	201,973	17,188	663	-	219,824
Eliminated in respect of disposals	(14,917)	-	-	-	(14,917)
At 31 March 2023	5,458,829	503,577	663	33,721	5,996,790
Carrying amount					
At 31 March 2023	482,916	84,427	5,279	-	572,622
At 31 March 2022	446,479	101,615	-	-	548,094

Company	Plant and machinery	Office equipment	Total
	£	£	£
Cost			
At 1 April 2022 and 31 March 2023	130,974	187,244	318,218
Depreciation and impairment			
At 1 April 2022	126,536	182,004	308,540
Depreciation charged in the year	3,626	4,116	7,742
At 31 March 2023	130,162	186,120	316,282
Carrying amount			
At 31 March 2023	812	1,124	1,936
At 31 March 2022	4,438	5,240	9,678

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 2023	2022	Company 2023	2022
	£	£	£	£
Plant and machinery	61,705	314,686	-	-

13 Fixed asset investments

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Investments in subsidiaries	**14**	-	-	11,217,087	11,217,087

Movements in fixed asset investments

Company	**Shares in subsidiaries**
	£
Cost or valuation	
At 1 April 2022 and 31 March 2023	12,340,066
Impairment	
At 1 April 2022 and 31 March 2023	1,122,979
Carrying amount	
At 31 March 2023	11,217,087
At 31 March 2022	11,217,087

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking and registered address		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Glacier Energy Services Limited	1	Heat exchanger repair and refurbishment	Ordinary	100.00	-
Glacier Whiteley Read Limited	1	Non trading	Ordinary	100.00	-
Glacier Inspection Services Limited	1	Non destructive testing and inspection	Ordinary	-	100.00
Glacier Inspection Services UK Limited	1	Holding company	Ordinary	100.00	-
Glacier Machining Solutions Limited	1	Machining services	Ordinary	100.00	-
MSL Heat Transfer Limited	1	Dormant	Ordinary	-	100.00
Ross Offshore Consultancy Limited	1	Dormant	Ordinary	100.00	-
Site Machining Services Limited	2	Dormant	Ordinary	100.00	-
Ross Exchangers Limited	1	Dormant	Ordinary	100.00	-
Ross Offshore Limited	1	Dormant	Ordinary	100.00	-
Aberdeen Radiators Limited	1	Non trading	Ordinary	100.00	-
Glacier Energy LLP	3	Heat Exchanger repair and refurbishment	Ordinary	-	100.00
Glacier Welding Solutions Limited	1	Weld overlay services	Ordinary	100.00	-

1) Blackwood House, Union Grove Lane, Aberdeen, AB10 6XU
2) Unit 66 Gravelly Industrial Park, Walker Drive, Birmingham, B24 8TQ
3) 55 Aiteke Bi Street, River Palace Hotel, 1st Floor, office 4, Atyrau, Kazakhstan, 060011

15 Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	190,992	44,712	-	-
Work in progress	759,324	685,910	-	-
Finished goods and goods for resale	506,998	540,097	-	-
	1,457,314	1,270,719	-	-

16 Debtors

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,379,208	3,335,061	-	-
Corporation tax recoverable	-	104,906	-	-
Amounts owed by group undertakings	-	-	8,341,082	7,474,452
Other debtors	977,042	887,984	649,468	731,737
Prepayments and accrued income	937,053	313,836	48,740	48,841
	7,293,303	4,641,787	9,039,290	8,255,030

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

17 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	19	3,341,569	2,279,041	250,000	250,000
Obligations under finance leases	20	238,364	77,043	-	-
Other borrowings	19	2,700,000	2,900,000	2,700,000	2,900,000
Trade creditors		1,764,120	1,653,897	84,352	136,751
Amounts owed to group undertakings		-	-	11,261,467	10,497,236
Corporation tax payable		25	-	-	-
Other taxation and social security		388,571	759,606	-	336,450
Other creditors		895,380	1,175,898	-	260,000
Accruals and deferred income		5,859,338	2,862,265	1,489,580	1,109,526
		15,187,367	11,707,750	15,785,399	15,489,963

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

Obligations under finance leases are secured over the assets concerned.

18 Creditors: amounts falling due after more than one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	19	461,111	727,778	461,111	727,778
Obligations under finance leases	20	553,699	46,765	-	-
Other borrowings	19	19,005,814	17,873,639	19,005,814	17,873,639
		20,020,624	18,648,182	19,466,925	18,601,417

Obligations under finance leases are secured over the assets concerned.

19 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	711,111	977,778	711,111	977,778
Confidential invoice discounting facility	3,091,569	2,029,041	-	-
Other loans	21,705,814	20,773,639	21,705,814	20,773,639
	25,508,494	23,780,458	22,416,925	21,751,417
Payable within one year	6,041,569	5,179,041	2,950,000	3,150,000
Payable after one year	19,466,925	18,601,417	19,466,925	18,601,417

Security

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.

Loans

The company has a £3m loan from the Scottish Loan Fund and has an outstanding balance at year end of £2.7m. Interest is payable at 8% on this loan plus payment in kind interest accruing at 6.5%. The balance outstanding is repayable on demand although the lender is unlikely to seek repayment of the balance until a change of control event occurs.

The company also has a £1m loan from their confidential invoice discounting facility provider under the Recovery Loan Scheme. This loan is repayable in equal instalments over 4 years (the final repayment is December 2025) and bears interest at 7% over base rate. The loan balance outstanding at 31 March 2023 is £0.7m.

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		Company	
	2023	2022	2023	2022
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	238,364	77,043	-	-
In two to five years	553,699	46,765	-	-
	792,063	123,808	-	-

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

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	315,090	293,291

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	**2023**	**2022**	**2023**	**2022**
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
A Ordinary of £1 each	885,000	885,000	845,000	885,000
B Ordinary of 1p each	1,342,670	1,342,670	13,427	13,427
C Ordinary of £1 each	850,000	850,000	850,000	850,000
D Ordinary of £1 each	65,000	65,000	65,000	65,000
E Ordinary of £1 each	65,000	65,000	65,000	65,000
Deferred of 1p each	1,361	1,361	14	14
	3,209,031	3,209,031	1,838,441	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. A Ordinary shares that were part-paid at 31 March 2023 were returned to the company, totalling £40,000.

23 Reserves

Share premium

The share premium account represents the premiums received on the issue of share capital in the company where issued in excess of nominal value.

23 Reserves **(Continued)**

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 2023 the potential liability to the company under this guarantee was £4,139,615 (2022 - £2,404,147).

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	
	2023	2022	2023	2022
	£	£	£	£
Within one year	513,085	635,492	337,750	306,000
Between two and five years	1,482,791	1,048,458	1,296,167	945,500
In over five years	562,500	-	562,500	-
	2,558,376	1,683,950	2,196,417	1,251,500

26 Events after the reporting date

On 20 June 2023, the company repurchased 130,360 A Ordinary shares of £1 each and 65,000 D Ordinary shares of £1 each for a total consideration of £2. The shares were subsequently cancelled on repurchase.

On 15th December 2023, the group was acquired by Averroes Capital in a management buy out, facilitating the exit of its long standing institutional investors in Maven Capital and the Simmons Parallel Energy Fund, as well as other individual shareholders. The buy out resulted in the significant restructuring of the group's Balance Sheet, as well as an injection of capital.

27 Related party transactions

Group

During the year, the group incurred monitoring fees of £150,236 (2022 - £150,000) as well as loan note interest of £1,132,175 (2022 - £1,132,175). The balance due to these parties at the year end was £19,005,814 (2022 - £17,873,639).

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 £nil (2022 - £200,000) from company directors. The loan, which was repayable on demand and incurred interest at 15%, was fully repaid by the end of the current reporting period.

At 31 March 2023 a loan of £510,500 (2022 - £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.

28 Cash absorbed by group operations

	2023	2022
	£	£
Loss for the year after tax	(3,113,274)	(3,890,641)
Adjustments for:		
Taxation credited	(60,566)	(104,906)
Finance costs	1,849,754	1,730,656
Gain on disposal of tangible fixed assets	(5,510)	(1,500)
Amortisation and impairment of intangible assets	1,220,782	1,252,550
Depreciation and impairment of tangible fixed assets	219,824	290,044
Movements in working capital:		
Increase in stocks	(186,595)	(175,707)
(Increase)/decrease in debtors	(2,756,422)	1,257,520
Increase/(decrease) in creditors	2,466,074	(678,262)
Cash absorbed by operations	(365,933)	(320,246)

29 Analysis of changes in net debt - group

	1 April 2022	Cash flows	New finance leases	Other non-cash changes	31 March 2023
	£	£	£	£	£
Cash at bank and in hand	57,550	56,792	-	-	114,342
Bank overdrafts	(2,029,041)	(1,062,528)	-	-	(3,091,569)
	(1,971,491)	(1,005,736)	-	-	(2,977,227)
Borrowings excluding overdrafts	(21,751,417)	(665,508)	-	-	(22,416,925)
Obligations under finance leases	(123,808)	275,165	(93,420)	(850,000)	(792,063)
	(23,846,716)	(1,396,079)	(93,420)	(850,000)	(26,186,215)