

Gael Force Engineering Limited
Financial Statements
For the year ended 31 December 2017
Pages for filing with Registrar



Gael Force Engineering Limited

COMPANY INFORMATION

Directors	S Graham T R H Phillips FCA S J J Offord (Appointed 1 December 2017)
Secretary	T R H Phillips FCA
Company number	SC394817
Registered office	136 Anderson Street INVERNESS IV3 8DH
Auditor	Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH

Gael Force Engineering Limited

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GAEL FORCE ENGINEERING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	4	402,983		-	
Tangible assets	5	468,025		502,043	
			871,008		502,043
Current assets					
Stocks	6	207,336		167,570	
Debtors	7	2,430,915		1,283,691	
Cash at bank and in hand		451,891		41,304	
			3,090,142		1,492,565
Creditors: amounts falling due within one year	8	(2,712,116)		(982,971)	
Net current assets			378,026		509,594
Total assets less current liabilities			1,249,034		1,011,637
Creditors: amounts falling due after more than one year	9		(95,988)		(108,314)
Provisions for liabilities			(35,140)		(57,279)
Net assets			1,117,906		846,044
Capital and reserves					
Called up share capital	10		1		1
Profit and loss reserves			1,117,905		846,043
Total equity			1,117,906		846,044

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

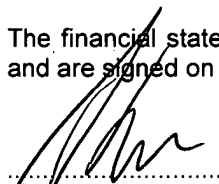
These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

Gael Force Engineering Limited

Balance Sheet (Continued)

As at 31 December 2017

The financial statements were approved by the board of directors and authorised for issue on 8/9/2018 and are signed on its behalf by:



S Graham
Director

Company Registration No. SC394817

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Gael Force Engineering Limited is a limited company domiciled and incorporated in Scotland. The registered office is 136 Anderson Street, INVERNESS, IV3 8DH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

Gael Force Engineering Limited is a wholly owned subsidiary of Gael Force Group Limited which itself is a wholly owned subsidiary of Gael Force Group Holding Limited. The results of Gael Force Engineering Limited are included in the consolidated financial statements of Gael Force Group Holdings Limited which are publicly available.

1.2 Turnover

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

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

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

1.3 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.

1.4 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	20% straight line
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Gael Force Engineering Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 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 equipment	- 10-33% straight line and 25% reducing balance
Fixtures and fittings	- 20-25% straight line
Computer equipment	- 20% straight line
Motor vehicles	- 25-33% straight line

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

Assets transferred at book value from other group companies are depreciated by reference to the original historic cost to the group.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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).

1.7 Stocks

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

Cost is calculated using the weighted average cost method.

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

1.8 Construction contracts

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

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

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.10 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

Financial assets 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.

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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future 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 company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

Gael Force Engineering Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

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

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

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

1.16 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.

1.17 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.

2 Exceptional costs

	2017	2016
	£	£
Site closure costs	-	100,862

During the prior year the company closed the site in Forres and relocated operations to its Inverness site.

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 62 (2016 - 53).

4 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2017	-
Additions	429,161
	<u>429,161</u>
At 31 December 2017	429,161
	<u>429,161</u>
Amortisation and impairment	
At 1 January 2017	-
Amortisation charged for the year	26,178
	<u>26,178</u>
At 31 December 2017	26,178
	<u>26,178</u>
Carrying amount	
At 31 December 2017	402,983
	<u>402,983</u>
At 31 December 2016	-
	<u>-</u>

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2017	732,603
Additions	112,701
Disposals	(22,504)
	<u>822,800</u>
At 31 December 2017	822,800
	<u>822,800</u>
Depreciation and impairment	
At 1 January 2017	230,560
Depreciation charged in the year	124,215
	<u>354,775</u>
At 31 December 2017	354,775
	<u>354,775</u>
Carrying amount	
At 31 December 2017	468,025
	<u>468,025</u>
At 31 December 2016	502,043
	<u>502,043</u>

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Stocks	2017	2016
	£	£
Stocks	207,336	167,570
	<u>207,336</u>	<u>167,570</u>

7 Debtors	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	1,210,166	462,061
Amounts due from group undertakings	833,768	674,707
Other debtors	386,981	146,923
	<u>2,430,915</u>	<u>1,283,691</u>

8 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	656,088	370,380
Amounts due to group undertakings	20,107	139,676
Corporation tax	48,125	69,780
Other taxation and social security	468,651	88,272
Other creditors	1,519,145	314,863
	<u>2,712,116</u>	<u>982,971</u>

Hire purchase agreements totalling £49,575 (2016 - £43,690) are included within other creditors and are secured against the assets to which they relate.

9 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Other creditors	95,988	108,314
	<u>95,988</u>	<u>108,314</u>

Hire purchase agreements totalling £95,988 (2016 - £108,314) are included within other creditors and are secured against the assets to which they relate.

GAEL FORCE ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

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

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was David McBain.

The auditor was Johnston Carmichael LLP.

12 Financial commitments, guarantees and contingent liabilities

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

13 Operating lease commitments

Lessee

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

2017	2016
£	£
6,295	16,458

14 Parent company

The immediate parent company is Gael Force Group Limited.

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