

**Company Registration No. SC394817 (Scotland)**

**Gael Force Engineering Limited**

**Annual report and financial statements  
for the year ended 31 December 2022**

**Gael Force Engineering Limited**

**Company information**

---

<b>Directors</b>	R Foster S Graham S J J Offord J M Young R Swanson	(Appointed 1 February 2023)
<b>Secretary</b>	R Foster	
<b>Company number</b>	SC394817	
<b>Registered office</b>	136 Anderson Street Inverness IV3 8DH	
<b>Independent auditor</b>	Saffery LLP Kintail House Beechwood Park Inverness IV2 3BW	

---

**Gael Force Engineering Limited**

**Contents**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Statement of income and retained earnings	10
Balance sheet	11
Notes to the financial statements	12 - 29

---

## **Gael Force Engineering Limited**

### **Strategic report**

**For the year ended 31 December 2022**

---

The directors present the strategic report for the year ended 31 December 2022.

#### **Review of the business**

The principal activities of the company continued to be the manufacture and supply of feed barges to the aquaculture industry; the manufacture and supply of pontoons; and general marine engineering services.

Turnover in 2022 was reduced slightly to £5.228m (2021: £5.866m).

The Directors continue to believe that the markets in which we operate, provide strong and sustainable underlying growth opportunities for the business over the medium to long term. The company's focus on reinvestment in continual business improvement and product development across the group continues to position us strongly for long term sustained and significant growth.

We have revised and refreshed our ambitious growth strategy which is focussed on: Elevating our Workforce; Next generation Product Development; Sector Leading Customer Service which will Retain and Build Market Share and support further Export Sales Growth. Underpinning that strategy and all our activities and business planning are our Gael Force Group Vision and Core Values, which remain our guiding principles.

#### **Principal risks and uncertainties**

The main risk to the company is a serious downturn in the Scottish aquaculture industry or loss of, or financial failure of, a major customer within that sector. The company works to a detailed Annual Business Plan which seeks to achieve continuing growth within a long term strategy for the group as a whole. There are clear financial and other key targets and objectives for the business, which are monitored and managed continuously. A high priority continues to be managing working capital and to improving free cash flow for ongoing investment in growth.

#### **Key performance indicators**

Performance is measured against financial and other KPIs. The following financial KPIs are derived from values as stated in the audited accounts.

	Annual Movement
P&L	2022 / 2021
Gross profit %	16.9% / 14.1%
Pre-tax profit %	-8.0% / -9.4%
Balance sheet	
Net Asset Value	£1.56m / £1.87m

With funding and cash management provided on a group basis by the company's parent, Gael Force Group Limited, KPI's relating to capital are measured at group rather than company level and are reported on in the consolidated accounts.

**Gael Force Engineering Limited**

**Strategic report (continued)**  
**For the year ended 31 December 2022**

---

On behalf of the board

S Graham  
**Director**

29 September 2023

## **Gael Force Engineering Limited**

### **Directors' report**

**For the year ended 31 December 2022**

---

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

#### **Principal activities**

The principal activity of the company continued to be that of the manufacture and supply of feed barges to the aquaculture industry; the manufacture and supply of pontoons; and general marine engineering services.

#### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

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

R Foster  
S Graham  
S J J Offord  
J M Young  
R Swanson

(Appointed 1 February 2023)

#### **Auditor**

Saffery LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Strategic report**

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

#### **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 company's auditor 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 company's auditor is aware of that information.

**Gael Force Engineering Limited**

**Directors' report (continued)**  
**For the year ended 31 December 2022**

---

On behalf of the board

S Graham  
**Director**

29 September 2023

**Gael Force Engineering Limited**

**Directors' responsibilities statement  
For the year ended 31 December 2022**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



## **Gael Force Engineering Limited**

### **Independent auditor's report**

**To the members of Gael Force Engineering Limited**

---

#### **Opinion**

We have audited the financial statements of Gael Force Engineering Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet 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 company's affairs as at 31 December 2022 and of its 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's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

## **Gael Force Engineering Limited**

### **Independent auditor's report (continued)**

**To the members of Gael Force Engineering Limited**

---

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

**Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

**Audit response to risks identified**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

**Gael Force Engineering Limited**

**Independent auditor's report (continued)**

**To the members of Gael Force Engineering Limited**

---

There are inherent limitations in the audit procedures described above 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. Also, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Eunice McAdam (Senior Statutory Auditor)**

**For and on behalf of Saffery LLP**

29 September 2023

**Chartered Accountants**

**Statutory Auditors**

Kintail House  
Beechwood Park  
Inverness  
IV2 3BW

**Gael Force Engineering Limited**

**Statement of income and retained earnings  
For the year ended 31 December 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	5,228,166	5,866,025
Cost of sales		(4,342,324)	(5,040,005)
<b>Gross profit</b>		885,842	826,020
Administrative expenses		(1,309,353)	(1,505,086)
Other operating income		-	129,442
<b>Operating loss</b>	<b>4</b>	(423,511)	(549,624)
Interest payable and similar expenses	<b>8</b>	(647)	(1,401)
<b>Loss before taxation</b>		(424,158)	(551,025)
Tax on loss	<b>9</b>	99,605	154,768
<b>Loss for the financial year</b>		(324,553)	(396,257)
Retained earnings brought forward		1,874,185	2,270,442
Retained earnings carried forward		1,549,632	1,874,185

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

**Gael Force Engineering Limited**

**Balance sheet**

**As at 31 December 2022**

		<b>2022</b>		<b>2021</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>10</b>		835,855		16,684
Tangible assets	<b>11</b>		171,425		250,573
			<u>1,007,280</u>		<u>267,257</u>
<b>Current assets</b>					
Stocks	<b>12</b>	144,341		722,358	
Debtors	<b>13</b>	4,344,895		2,803,080	
Cash at bank and in hand		971,276		1,114,592	
		<u>5,460,512</u>		<u>4,640,030</u>	
<b>Creditors: amounts falling due within one year</b>	<b>14</b>	<u>(4,442,605)</u>		<u>(2,986,970)</u>	
<b>Net current assets</b>			<u>1,017,907</u>		<u>1,653,060</u>
<b>Total assets less current liabilities</b>			<u>2,025,187</u>		<u>1,920,317</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>15</b>		(429,253)		(16,397)
<b>Provisions for liabilities</b>					
Deferred tax liability	<b>17</b>	46,301		29,734	
		<u>(46,301)</u>		<u>(29,734)</u>	
<b>Net assets</b>			<u>1,549,633</u>		<u>1,874,186</u>
<b>Capital and reserves</b>					
Called up share capital	<b>20</b>		1		1
Profit and loss reserves	<b>21</b>		1,549,632		1,874,185
<b>Total equity</b>			<u>1,549,633</u>		<u>1,874,186</u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 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 2022**

---

#### **1 Accounting policies**

##### **Company information**

Gael Force Engineering Limited is a private company limited by shares incorporated in Scotland. The registered office is 136 Anderson Street, Inverness, IV3 8DH.

##### **1.1 Accounting convention**

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

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

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

This 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:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches.

##### **1.2 Going concern**

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

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

##### **1.3 Turnover**

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

**1 Accounting policies (continued)**

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 it is probable will be recovered.

**1.4 Research and development expenditure**

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

**1.5 Intangible fixed assets other than goodwill**

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development costs	20% straight line
Intellectual property	20% straight line

**1.6 Tangible fixed assets**

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



**1 Accounting policies (continued)**

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

Leasehold improvements	20% reducing balance
Plant and equipment	10-33% straight line and 25% reducing balance
Fixtures and fittings	20-25% straight line
Computers	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 credited or charged to profit or loss.

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

**1.7 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).

**1.8 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 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 Accounting policies (continued)**

**1.9 Construction contracts**

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

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

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

**1.10 Cash and cash equivalents**

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

**1.11 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.

**1 Accounting policies (continued)**

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***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.

***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.

**1 Accounting policies (continued)**

***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

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

**1.12 Equity instruments**

Equity instruments issued by the company 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 company.

**1.13 Taxation**

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

***Current tax***

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

**1 Accounting policies (continued)**

***Deferred tax***

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

**1.14 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.

**1.15 Retirement benefits**

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

**1.16 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 leases asset are consumed.

**1 Accounting policies (continued)**

**1.17 Government grants**

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

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

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

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

**1.18 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 in the period are included in profit or loss.

## 2 Critical accounting judgements and key sources of estimation uncertainty

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

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

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

### Construction Contracts

The company's turnover recognition and margin recognition policies are central to how the company values the work it has carried out in each financial year. These policies require forecasts to be made of the expected outcomes of construction contracts, which require assessments and judgements to be made on the recovery of pre-contract costs, changes in work scope, contract programmes, defects, and maintenance liabilities, changes in expected costs to complete and retentions receivables and payable. The company regularly reviews these estimates to ensure they reflect the latest known position. Related balances recognised at the year end include gross amounts due from contract customers of £795,367 (2021 - £585,594) and contract accruals and deferred income of £1,578,490 (2021 - £112,130).

## 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Engineering works	5,228,166	5,866,025
	<u>5,228,166</u>	<u>5,866,025</u>
	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
UK	4,964,356	3,476,674
International	263,810	2,389,351
	<u>5,228,166</u>	<u>5,866,025</u>

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Other significant revenue</b>		
Grants received/released	-	129,442
	<b>=====</b>	<b>=====</b>

**4 Operating loss**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(1,341)	(24,927)
Government grants	-	(129,442)
Depreciation of owned tangible fixed assets	73,660	90,585
Amortisation of intangible assets	15,293	13,677
Loss on disposal of intangible assets	2,300	-
Operating lease charges	6,674	-
	<b>=====</b>	<b>=====</b>

**5 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Management, back-office and sales	9	10
Shop, yard, warehouse and workshop	33	32
	<b>=====</b>	<b>=====</b>
Total	42	42
	<b>=====</b>	<b>=====</b>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,459,000	1,838,715
Social security costs	159,021	123,235
Pension costs	30,284	27,906
	<b>=====</b>	<b>=====</b>
	1,648,305	1,989,856
	<b>=====</b>	<b>=====</b>



**Gael Force Engineering Limited****Notes to the financial statements (continued)****For the year ended 31 December 2022****6 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	90,000	19,665
Company pension contributions to defined contribution schemes	1,321	-
	<u>91,321</u>	<u>19,665</u>

**7 Auditors' remuneration**

The audit fee payable has been incurred by the parent company, Gael Force Group Limited.

**8 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	647	1,401
	<u>647</u>	<u>1,401</u>

**9 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	(116,172)	(54,766)
Adjustments in respect of prior periods	-	(99,194)
	<u>(116,172)</u>	<u>(153,960)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	33,565	(10,579)
Changes in tax rates	10,599	7,136
Adjustment in respect of prior periods	(27,597)	2,635
	<u>16,567</u>	<u>(808)</u>
<b>Total tax credit</b>	<u>(99,605)</u>	<u>(154,768)</u>

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

**9 Taxation (continued)**

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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(424,158)	(551,025)
	<u>          </u>	<u>          </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(80,590)	(104,695)
Tax effect of expenses that are not deductible in determining taxable profit	627	-
Tax effect of income not taxable in determining taxable profit	(2,663)	(4,878)
Adjustments in respect of prior years	-	(97,765)
Deferred tax adjustments in respect of prior years	(27,578)	-
Tax rate changes	10,599	7,136
Effects of reliefs	-	45,434
	<u>          </u>	<u>          </u>
Taxation credit for the year	(99,605)	(154,768)
	<u>          </u>	<u>          </u>

Gael Force Engineering Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

10 Intangible fixed assets

	Development costs	Intellectual property	Total
	£	£	£
<b>Cost</b>			
At 1 January 2022	112,246	19,328	131,574
Additions - internally developed	822,181	-	822,181
Disposals	(51,468)	-	(51,468)
Transfers	(24,001)	-	(24,001)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	858,958	19,328	878,286
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
At 1 January 2022	112,246	2,644	114,890
Amortisation charged for the year	13,971	1,322	15,293
Disposals	(13,410)	-	(13,410)
Transfers	(74,342)	-	(74,342)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	38,465	3,966	42,431
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
At 31 December 2022	820,493	15,362	835,855
	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	16,684	16,684
	<hr/>	<hr/>	<hr/>

Gael Force Engineering Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

11 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2022	7,809	665,977	129,588	111,019	3,636	918,029
Additions	-	44,049	804	-	-	44,853
Transfers	-	357,027	(83,173)	-	(3,636)	270,218
	<u>7,809</u>	<u>1,067,053</u>	<u>47,219</u>	<u>111,019</u>	<u>-</u>	<u>1,233,100</u>
<b>Depreciation and impairment</b>						
At 1 January 2022	1,562	546,843	7,780	107,636	3,635	667,456
Depreciation charged in the year	1,562	68,690	720	2,687	1	73,660
Transfers	-	288,593	36,727	(1,125)	(3,636)	320,559
	<u>3,124</u>	<u>904,126</u>	<u>45,227</u>	<u>109,198</u>	<u>-</u>	<u>1,061,675</u>
<b>Carrying amount</b>						
At 31 December 2022	<u>4,685</u>	<u>162,927</u>	<u>1,992</u>	<u>1,821</u>	<u>-</u>	<u>171,425</u>
At 31 December 2021	<u>6,247</u>	<u>119,134</u>	<u>121,808</u>	<u>3,383</u>	<u>1</u>	<u>250,573</u>

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

	2022 £	2021 £
Plant and equipment	<u>53,500</u>	<u>69,550</u>

12 Stocks

	2022 £	2021 £
Raw materials and consumables	102,006	61,675
Work in progress	42,335	660,683
	<u>144,341</u>	<u>722,358</u>

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

**13 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	328,006	72,531
Amounts owed by group undertakings	3,318,857	2,050,232
Other debtors	61,099	680,317
Prepayments and accrued income	636,933	-
	<u>4,344,895</u>	<u>2,803,080</u>

**14 Creditors: amounts falling due within one year**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Obligations under finance leases	<b>16</b>	-	12,366
Trade creditors		255,545	252,333
Amounts owed to group undertakings		1,339,866	1,113,590
Taxation and social security		734,032	640,769
Deferred income	<b>18</b>	1,578,490	61,816
Other creditors		4,948	152,612
Accruals and deferred income		529,724	753,484
		<u>4,442,605</u>	<u>2,986,970</u>

**15 Creditors: amounts falling due after more than one year**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Obligations under finance leases	<b>16</b>	11,611	16,397
Other creditors		417,642	-
		<u>429,253</u>	<u>16,397</u>

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

**16 Finance lease obligations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:		
Within one year	11,611	12,366
In two to five years	-	16,397
	<u>11,611</u>	<u>28,763</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured over the related assets.

**17 Deferred taxation**

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

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
Accelerated capital allowances	<u>46,301</u>	<u>29,734</u>
<b>Movements in the year:</b>		<b>2022</b>
		<b>£</b>
Liability at 1 January 2022		29,734
Charge to profit or loss		<u>16,567</u>
Liability at 31 December 2022		<u><u>46,301</u></u>

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

**18 Deferred income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Arising from government grants	-	61,816
Other deferred income	1,578,490	-
	<u>1,578,490</u>	<u>61,816</u>

**19 Retirement benefit schemes**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	30,284	27,906
	<u>30,284</u>	<u>27,906</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**20 Share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary share of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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.

**21 Profit and loss reserves**

Retained earnings represent accumulated profits less losses and distributions.

**22 Financial commitments, guarantees and contingent liabilities**

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

Local Enterprise government grants (Note 3) are subject to terms and conditions, any breach of which, may result in the grants having to be repaid in part or full.

**Gael Force Engineering Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2022**

---

**23 Related party transactions**

**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	<b>Sales</b>	<b>Sales</b>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other related parties	12,369	36,385
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts due from related parties</b>		
Other related parties	625	2,098
	<u>          </u>	<u>          </u>

Other related parties represents other group entities which are not wholly owned within the group. Amounts owed by/to other related parties are included within debtors/creditors at the year end. These amounts are unsecured, interest-free and have no fixed terms of repayment.

The company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33. 1A from the requirement to disclose transactions with its parent company.

**24 Ultimate controlling party**

The immediate parent company and the smallest group which the company is consolidated in 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.



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.