

# **GEG (Holdings) Limited**

## **Report and Financial Statements**

31 March 2013

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COMPANIES HOUSE

**Directors**

R J MacGregor	(appointed 29 March 2012)
I R MacGregor	(appointed 29 March 2012)
D A MacGregor	(appointed 30 March 2012)
J D MacDonald	(appointed 29 March 2012)
Y Higa	(appointed 15 October 2012)
N Katsu	(appointed 30 March 2012)
M Ono	(appointed 30 March 2012, resigned 30 May 2013)
M Uno	(appointed 30 May 2013)

**Secretary**

J D MacDonald

**Registered number**

SC415463

**Auditors**

Ernst & Young LLP  
Registered auditor  
Barony House  
Stoneyfield Business Park  
Inverness IV2 7PA

**Bankers**

Bank of Scotland  
3/5 Albyn Place  
Aberdeen AB10 1PY

**Solicitors**

Stronachs  
34 Albyn Place  
Aberdeen AB10 6XF

**Registered Office**

13 Henderson Road  
Inverness IV1 1SN

Registered No: SC415463

## Directors' report

The directors present their report and financial statements from the date of incorporation on 26 January 2012 to 31 March 2013.

### Results and dividends

The group profit for the period after taxation amounted to £16,695K. The directors do not recommend a final dividend.

### Principal activities and review of the business

The GEG (Holdings) Group sells a range of services associated with the operations, maintenance and construction of critical assets in the natural resource sectors. These include assets used for drilling, producing and processing oil and gas reserves, as well as renewable power such as Nuclear, Hydro, and Offshore Wind/Tidal developments. The Group also supports non-energy infrastructure including water/utilities and onshore mining.

The group has six core offerings in the brownfield projects and ops/maintenance space:

- The repair, maintenance and enhancement of FPSO's Drilling Rigs and Subsea Construction Vessels.
- Controlled-environment construction of integrated and complex Subsea, Topside, Nuclear and Marine Renewables Devices.
- M&E construction/refurbishment for the utility, power and oil and gas sectors.
- Fast-track Integrity Repair and construction projects on ageing offshore/onshore Oil & Gas facilities.
- Inspection/Integrity identification services and innovative access management services.
- Offshore facility resourcing and competency services.

On 30 March 2012 the company acquired Global Energy (Holdings) Limited for a consideration of £70m. Compared to the numbers in that company's financial statements for the previous year, group trading increased by 43% with a turnover of £358 Million. The earnings before interest, tax, depreciation and amortisation were £34.7 Million.

The increase reflects the maturity of the group and the markets positive reaction to a value proposition that can reduce risks in construction and provide more effective maintenance to critical assets.

The increased capacity of the Nigg Yard and a strengthening North Sea market has influenced strong organic growth in our 'Projects Group'. A number of field-life extensions and new developments have ensured a steady flow of subsea projects and topside modifications for our fabrication business. The opening of the dry-dock at Nigg also increased the volume of rig/vessel projects attracted to the Cromarty Firth. The acquisitions of Ross-Shire Engineering and Prime Pumps also permitted entry to the onshore Utility and Power markets, widening the market and skillsets offered by the projects group.

The targeted acquisitions of A&B Welding (UK) and Vertech (Australia) fuelled further growth in the group's Operations & Maintenance offering during the year. The former enhanced the group's capacity to support the North Sea integrity market; increasing volumes of steel replacement on ageing infrastructure. The acquisition of Vertech strengthened a growing portfolio in Australia, adding integrity inspection and access solutions in the Asia Pacific region. Further organic growth in the Gulf of Mexico (USA) marked a successful campaign to broaden the group's international reach.

## Directors' report

### Future developments

As phase one of the redevelopment of the Nigg yard completes, the directors expect the group to achieve considerable growth in 2013/14. The number of secured projects for the yard, including the first FPSO to be converted at Nigg, will positively influence growth in our projects group in the coming year. Acquisition activity is likely to be small in 2013/14 as management focus on controlling the risks associated with an expected 40% organic growth from the current year. Strengthening of the core business will be achieved through the consolidation of some brands and activities – heightening governance as the group expects to exceed £500 Million sales turnover.

Acquisition growth in the latter part of the year will be focused in the operations and maintenance space, particularly in international markets. This reflects the director's strategy to develop a wider international reach – with hubs in strategic markets worldwide. The directors expect to replicate the successful footprint established in Australia, but in other mature oil and gas basins. Enhancing our existing propositions in the USA (Gulf of Mexico) and Norway are expected to take priority in 2013/14 – as well as further growth in Australia.

### Principal risks and uncertainties

The Board are confident that the business model mitigates the group from major trading risks. In a typical year, 50% of the group will be linked to customer's operating expenditure budgets and 50% to capital expenditure budgets. Moreover, our risks are spread across different segments of the natural resources industry, and increasingly in different geographical communities.

#### Financial instrument risks

These can be sub divided as follows:

##### *Liquidity risk*

The group policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Liquidity is achieved by overdraft and other long-term bank facilities.

##### *Interest rate risk*

The group finances its operations through bank borrowing at floating rates. The group policy is to borrow at the lowest rates for periods that do not carry excessive time premiums.

##### *Credit risk*

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

### Directors

The directors who served the company during the year were as follows:

R J MacGregor	(appointed 29 March 2012)
I R MacGregor	(appointed 29 March 2012)
D A MacGregor	(appointed 30 March 2012)
J D MacDonald	(appointed 29 March 2012)
Y Higa	(appointed 15 October 2012)
N Katsu	(appointed 30 March 2012)
M Ono	(appointed 30 March 2012, resigned 30 May 2013)
M Uno	(appointed 30 May 2013)

## Directors' report

### Employee involvement

During the year, the policy of providing employees with information about the Global Energy group has continued through the newsletter "My Global Round Up" in which employees have also been encouraged to present their suggestions and views in the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### Disabled employees

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

The Disability Discrimination Act defines 'disability' as a physical or mental impairment which has a substantial and long term adverse effect on a person's ability to carry out their normal day-to-day activities.

The Act makes it unlawful for employers to discriminate against current or prospective workers who have a disability or who have had a disability in the past. When an employer treats a person with a disability less favourably than he treats other people and this treatment cannot be justified then discrimination has taken place. The employer also has a duty to make a 'reasonable adjustment' in relation to the disabled person and failure to do so is again discrimination, if it cannot be justified.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



R J MacGregor  
Director

10 December 2013

## Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

## **to the members of GEG (Holdings) Limited**

We have audited the financial statements of GEG (Holdings) Limited for the period ended 31 March 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 March 2013 and of the group's profit for the period 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

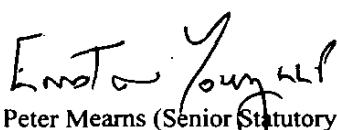
## **Independent auditors' report**

**to the members of GEG (Holdings) Limited**

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

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

- adequate accounting records have not been kept by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.



Peter Mearns (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Inverness

10 December 2013

**Group profit and loss account**

for the period ended 31 March 2013

	Notes	2013 £000
<b>Group turnover</b>	2	357,930
Continuing operations:		
Ongoing		300,965
Acquisitions		<u>53,480</u>
		354,445
Discontinued operations		<u>3,485</u>
 Cost of sales	3	<u>(285,050)</u>
<b>Gross profit</b>		72,880
Administrative expenses	3	(40,822)
Amortisation of intangibles	4	(5,225)
Other operating income	3	<u>225</u>
<b>Operating profit</b>		
Continuing operations:		
Ongoing		22,744
Acquisitions		<u>4,171</u>
		26,915
Discontinued operations		<u>143</u>
<b>Group operating profit</b>	4	27,058
Share of operating profit in associates		<u>-</u>
<b>Total operating profit: group and share of associate</b>		27,058
Continuing operations:		
Net loss on disposal of investments		(105)
Discontinued operations:		
Net loss on disposal of operations		<u>(491)</u>
Non-operating exceptional items	5	(596)
<b>Profit on ordinary activities before interest and taxation</b>		26,462
Interest receivable and similar income		83
Interest payable and similar charges	8	<u>(1,041)</u>
<b>Profit on ordinary activities before taxation</b>		25,504
Tax	9	<u>(7,275)</u>
<b>Profit on ordinary activities after taxation</b>		18,229
Minority interests		<u>(1,534)</u>
<b>Profit for the financial year</b>	20	<u>16,695</u>

## Group statement of total recognised gains and losses

for the period ended 31 March 2013

	2013
	£000
Profit for the financial year	16,695
Exchange difference on translation of foreign subsidiary	(360)
	<u>16,335</u>

## Group balance sheet

at 31 March 2013

	Notes	2013 £000
<b>Fixed assets</b>		
Intangible assets	10	76,220
Tangible assets	11	37,866
Investments	12	—
		<u>114,086</u>
<b>Current assets</b>		
Stocks	13	9,651
Debtors	14	85,407
Cash at bank and in hand		<u>19,639</u>
		114,697
<b>Creditors: amounts falling due within one year</b>	15	<u>(93,661)</u>
<b>Net current assets</b>		<u>21,036</u>
<b>Total assets less current liabilities</b>		135,122
<b>Creditors: amounts falling due after more than one year</b>	16	(44,549)
<b>Provisions for liabilities</b>		
Deferred taxation	9(c)	<u>(835)</u>
<b>Net assets</b>		<u>89,738</u>
<b>Capital and reserves</b>		
Called up share capital	19	430
Share premium	20	69,570
Profit and loss account	20	<u>16,335</u>
<b>Shareholders' funds</b>		86,335
Minority interests		<u>3,403</u>
		<u>89,738</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2013.

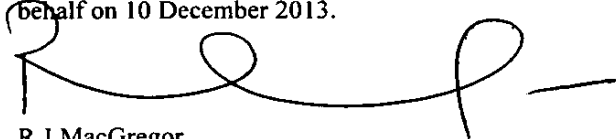
  
R J MacGregor  
Director

## Company balance sheet

at 31 March 2013

		Notes	2013 £000
<b>Fixed assets</b>			
Investments	12		70,000
			<u>70,000</u>
<b>Current assets</b>			
Stocks	13		—
Debtors	14		—
Cash at bank and in hand			—
			<u>—</u>
<b>Creditors: amounts falling due within one year</b>	15		—
			<u>—</u>
<b>Net current assets</b>			<u>—</u>
<b>Total assets less current liabilities</b>			70,000
<b>Creditors: amounts falling due after more than one year</b>	16		—
<b>Provisions for liabilities</b>	18		—
			<u>—</u>
<b>Net assets</b>			<u>70,000</u>
<b>Capital and reserves</b>			
Called up share capital	19		430
Share premium	20		69,570
Profit and loss account	20		—
			<u>—</u>
<b>Shareholders' funds</b>	20		<u>70,000</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2013.



R J MacGregor  
Director

**Group statement of cash flows**

for the period ended 31 March 2013

	<i>Notes</i>	<i>2013 £000</i>
<b>Net cash inflow from operating activities</b>	21(a)	12,178
<b>Returns on investments and servicing of finance</b>	21(b)	(1,149)
<b>Taxation</b>		(3,734)
<b>Capital expenditure and financial investment</b>	21(b)	(19,176)
<b>Acquisitions and disposals</b>	21(b)	16,885
<b>Equity dividends paid</b>		—
<b>Net cash inflow before financing</b>		5,004
<b>Financing</b>	21(c)	14,634
<b>Increase in cash in the year</b>		<u>19,638</u>

**Reconciliation of net cash flow to movement in net debt**

	<i>Notes</i>	<i>2013 £000</i>
<b>Increase in cash</b>		19,638
Cash outflow from decrease in debt and lease financing		<u>(14,634)</u>
<b>Change in net debt resulting from cash flows</b>		5,004
Finance leases and loans acquired with subsidiary		(33,866)
New finance lease		<u>(1,440)</u>
<b>Movement in net debt in the year</b>		(30,302)
<b>Net debt at 26 January</b>	21(c)	—
<b>Net debt at 31 March</b>	21(c)	<u>(30,302)</u>

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Group financial statements*

The group financial statements consolidate the financial statements of GEG (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries') drawn up to 31 March 2013. Acquisitions during the year, Global Energy (Holdings) Limited, Ross-Shire Engineering Limited, Prime Pumps Limited, A & B Welding Services Limited and Vertech Group Pty Ltd have been included in the group financial statements using the acquisition method of accounting.

Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of these entities as follows:

Global Energy (Holdings) Limited – 12 month period from its acquisition on 31 March 2012

Ross-shire Engineering Engineering Limited – 10.5 month period from its acquisition on 16 May 2012

Prime Pumps Limited – 10.5 month period from its acquisition on 16 May 2012

A & B Welding Services Limited – 9 month period from its acquisition on 2 July 2012

Vertech Group Pty Ltd – 5.5 month period from its acquisition on 16 October 2012

The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent undertaking financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

#### *Intangible fixed assets*

Goodwill is the difference between amounts paid on the acquisitions of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill – 5% straight-line per annum

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Other intangibles are stated at cost less amortisation. Amortisation is provided in order to write off each asset over its estimated useful life as follows:

Development costs – 10% straight line per annum

Software development – 25% straight line per annum

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the as follows:

Long term Leasehold Property	–	5% straight-line per annum
Plant and machinery	–	20% straight-line per annum
Motor vehicles	–	25% straight-line per annum
Office equipment	–	20% straight-line per annum
Computer equipment	–	33% straight-line per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

Investments held as fixed assets are shown at cost less provisions for their impairment.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Turnover*

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

#### *Government grants*

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	–	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Long-term contracts*

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

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing and hire purchase commitments*

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

Rentals under operating leases are charged on a straight line basis over the lease term. Lease incentive are recognised over the shorter of the lease term and the date of the next rent review.

#### *Pensions*

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the group to the fund in respect of the period.

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

## Notes to the financial statements

at 31 March 2013

### 2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

The group operates in two principal areas of activity, that of Projects and Operations & Maintenance. The group operates within three geographical markets, Europe, Australia and the rest of the world.

The discontinued operations comprise Kaymas Electrical Engineering Limited, the subsidiary that provided electrical engineering services in the Operations & Maintenance segment.

The results of the acquisitions in the year, Ross-shire Engineering Limited and Prime Pumps Limited, which were acquired during the year, all relate to Projects. Vertech Group Pty Ltd and A&B Welding Services Limited, which were acquired during the year, relate to Operations & Maintenance.

#### Area of activity

	<i>Projects</i>	<i>Operations &amp; Maintenance</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Group turnover</i>			
<i>Continuing operations:</i>			
Total sales	191,981	200,336	392,317
Inter-segment sales	(10,207)	(27,665)	(37,872)
Sales to third parties	181,774	172,671	354,445
<i>Discontinued operations:</i>			
Total sales	-	3,918	3,918
Inter-segment sales	-	(433)	(433)
Sales to third parties	-	3,485	3,485
	181,774	176,156	357,930
Turnover of acquisitions included above	45,575	7,905	53,480
<i>Profit:</i>			
Segment profit:			
Continuing operations	19,393	16,072	35,455
Discontinued operations	-	(348)	(348)
	19,383	15,724	35,107
Common costs			8,645
Profit on ordinary activities before interest and taxation			26,462
Net interest			(958)
Profit on ordinary activities before taxation			25,504
Operating profit of acquisitions included above	2,526	1,645	4,171

## Notes to the financial statements

at 31 March 2013

### 2. Turnover and segmental analysis (continued)

<i>Net assets</i>	<i>Projects £000</i>	<i>Operations &amp; Maintenance £000</i>	<i>Total £000</i>
Net assets by segment:			
Continuing operations	47,029	49,171	96,200
Discontinued operations	–	386	386
	<u>47,029</u>	<u>49,557</u>	<u>96,586</u>
Unallocated net liabilities			(6,848)
Total net assets			<u>89,738</u>
Net assets of acquisitions included above	<u>5,243</u>	<u>2,911</u>	<u>8,154</u>

Unallocated net liabilities comprise certain intangible assets, tangible assets and group financing.

## Notes to the financial statements

at 31 March 2013

### 2. Turnover and segmental analysis (continued)

#### Geographical area

<i>Group turnover</i>	<i>UK &amp; Europe £000</i>	<i>Australia £000</i>	<i>Rest of world £000</i>	<i>Total £000</i>
<i>Turnover by destination:</i>				
Sales to third parties:				
Continuing operations	300,111	40,498	13,836	354,445
Discontinued operations	3,485	–	–	3,485
	<u>303,596</u>	<u>40,498</u>	<u>13,836</u>	<u>357,930</u>
<i>Turnover by origin:</i>				
<i>Continuing operations:</i>				
Total sales	338,955	40,710	9,873	389,538
Inter-segment sales	(32,920)	(212)	(1,961)	(35,093)
Sales to third parties	<u>306,035</u>	<u>40,498</u>	<u>7,912</u>	<u>354,445</u>
<i>Discontinued operations:</i>				
Total sales	3,918	–	–	3,918
Inter-segment sales	(433)	–	–	(433)
Sales to third parties	<u>3,485</u>	<u>–</u>	<u>–</u>	<u>3,485</u>
	<u>309,520</u>	<u>40,498</u>	<u>7,912</u>	<u>357,930</u>
Turnover of acquisitions included above	<u>45,575</u>	<u>7,905</u>	<u>–</u>	<u>53,480</u>
<i>Profit:</i>				
<i>Segment profit:</i>				
Continuing operations	24,726	2,214	(130)	26,810
Discontinued operations	(348)	–	–	(348)
	<u>24,378</u>	<u>2,214</u>	<u>(130)</u>	<u>26,462</u>
Profit on ordinary activities before interest and taxation				26,462
Net interest				(958)
Profit on ordinary activities before taxation				<u>25,504</u>
<i>Operating profit of acquisitions included above</i>				
	<u>2,526</u>	<u>1,645</u>	<u>–</u>	<u>4,171</u>

## Notes to the financial statements

at 31 March 2013

### 2. Turnover and segmental analysis (continued)

Geographical area (continued)

<i>Net assets</i>	<i>UK &amp; Europe</i>	<i>Australia £000</i>	<i>Rest of world £000</i>	<i>Total £000</i>
Net assets by segment:				
Continuing operations	76,122	11,358	1,872	89,352
Discontinued operations	386	–	–	386
	<u>76,508</u>	<u>11,358</u>	<u>1,872</u>	<u>89,738</u>
Unallocated net liabilities				–
Total net assets				<u>89,738</u>
Net assets of acquisitions included above	<u>6,037</u>	<u>2,117</u>	<u>–</u>	<u>8,154</u>

### 3. Cost of sales and operating expenses

	<i>31 March 2013</i>		
	<i>Continuing £000</i>	<i>Discontinued £000</i>	<i>Total £000</i>
Cost of sales	282,346	2,704	285,050
Administrative expenses	45,410	637	46,047
Operating income	<u>225</u>	<u>–</u>	<u>225</u>

The total figures for continuing operations above include the following amounts relating to acquisitions: cost of sales £44,324K and administrative expenses £4,240K.

## Notes to the financial statements

at 31 March 2013

### 4. Operating profit

This is stated after charging/(crediting):

	<i>2013</i>
	<i>£000</i>
<b>Auditor's remuneration</b>	
Audit of the financial statements	6
Audit of subsidiary undertaking's financial statements (including overseas)	196
Taxation services	–
Corporate finance services	–
Other services	4
	<u>200</u>
	<u>206</u>
Amortisation – intangible fixed assets	5,225
Depreciation of tangible fixed assets – owned by the company	2,672
– held under finance leases	311
Difference on foreign exchange	(67)
Operating lease rentals – plant and machinery	<u>2,302</u>

### 5. Exceptional items

*Loss on disposal of investments:*

	<i>2013</i>
	<i>£000</i>
Loss on disposal of investments	<u>(596)</u>

### 6. Directors' remuneration

	<i>2013</i>
	<i>£000</i>
Remuneration	<u>413</u>
Company pension contributions to money purchase pension schemes	<u>16</u>

During the year retirement benefits were accruing to 2 directors in respect of money purchase pensions.

The highest paid director received remuneration of £123K.

The value of the company's contributions paid to a personal pension plan in respect of the highest paid director amounted to £6K.

## Notes to the financial statements

at 31 March 2013

### 7. Staff costs

	2013 £000
Wages and salaries	75,337
Social security costs	9,239
Other pension costs	982
	<u>85,558</u>

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

	No.
Management and administration	690
Blue collar/technical	4,012
	<u>4,702</u>

### 8. Interest payable and similar charges

	2013 £000
On bank overdrafts	15
On bank loans	860
On finance leases and hire purchase contracts	83
On other loans	83
	<u>1,041</u>

## Notes to the financial statements

at 31 March 2013

### 9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>2013</i>
	<i>£000</i>
<b>Current tax:</b>	
UK corporation tax on the profit for the year	6,700
Adjustments in respect of prior periods	(911)
	5,789
Double taxation relief	(36)
	5,753
Foreign tax	1,424
Adjustments in respect of prior periods	203
Total current tax (note 9(b))	7,380
<b>Deferred tax:</b>	
Origination and reversal of timing differences	(105)
Tax on profit on ordinary activities	7,275

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24%. The differences are explained below:

	<i>2013</i>
	<i>£000</i>
Profit on ordinary activities before tax	25,504
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 – 26%)	6,121
<b>Effects of:</b>	
Expenses not deductible for tax purposes and non taxable income	1,344
Capital allowances for year in excess of depreciation	(269)
Short-term timing differences	682
Others	210
Adjustments to tax charge in respect of prior periods	(708)
Current tax for the year (note 9(a))	7,380

## Notes to the financial statements

at 31 March 2013

### 9. Tax (continued)

(c) Deferred tax

	2013
	£000
The deferred tax included in the balance sheet is as follows:	
Included in debtors (note 15)	454
Included in provisions for liabilities	(835)
	<u>(381)</u>
Accelerated capital allowances	(846)
Other timing differences	465
Provision for deferred tax	<u>(381)</u>
	£
At 26 January 2012	—
Acquired during the year	(486)
Released during the year	105
At 31 March 2013	<u>(381)</u>

## Notes to the financial statements

at 31 March 2013

### 10. Intangible fixed assets

<i>Group</i>	<i>Goodwill £000</i>	<i>Other intangibles £000</i>	<i>Lease premium £000</i>	<i>Total £000</i>
Cost:				
At 26 January 2012	—	—	—	—
On acquisition of subsidiaries	75,532	64	1,107	76,703
Additions	5,109	42	—	5,151
Disposals	(453)	—	—	(453)
At 31 March 2013	80,188	106	1,107	81,401
Amortisation:				
At 1 April 2012	—	—	—	—
Charge for the year	5,195	11	19	5,225
Disposals	(44)	—	—	(44)
At 31 March 2013	5,151	11	19	5,181
Net book value:				
At 31 March 2013	75,037	95	1,088	76,220
At 26 January 2012	—	—	—	—

### 11. Tangible fixed assets

<i>Group</i>	<i>Freehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Furniture, fittings and equipment £000</i>	<i>Total £000</i>
Cost:					
At 26 January 2012	—	—	—	—	—
Additions	13,790	4,485	918	1,479	20,672
Disposals	(564)	(196)	(91)	(32)	(883)
Acquisition of subsidiary undertakings	15,181	3,390	1,159	1,205	20,935
Exchange adjustment	20	41	13	22	96
Transfers	(266)	3	—	263	—
At 31 March 2013	28,161	7,723	1,999	2,937	40,820
Depreciation:					
At 26 January 2012	—	—	—	—	—
Charge for the period	744	1,071	495	673	2,983
Exchange adjustment	1	15	8	7	31
Disposals	—	—	—	(60)	(60)
At 31 March 2013	745	1,086	503	620	2,954
Net book value:					
At 31 March 2013	27,416	6,637	1,496	2,317	37,866
At 26 January 2012	—	—	—	—	—

## Notes to the financial statements

at 31 March 2013

### 11. Tangible fixed assets (continued)

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

	<i>2013</i>
	<i>£000</i>
Plant and machinery	1,414
Furniture, fittings and equipment	50
Motor vehicles	681
	<u>2,145</u>

### 12. Investments

<i>Company</i>	<i>Subsidiary undertakings £000</i>
Cost:	
At 26 January 2012	—
Additions	70,000
At 31 March 2013	<u>70,000</u>
Amounts provided:	
At 26 January 2012	—
Provided in period	—
Disposals	—
At 31 March 2013	<u>—</u>
Net book value:	
At 31 March 2013	<u>70,000</u>
At 26 January 2012	<u>—</u>

Details of the investments in which the group and company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Subsidiary undertakings</i>	<i>Holding</i>	<i>%</i>	<i>Nature of business</i>
Global Energy (Holdings) Limited	Ordinary shares	100	Parent undertaking
Global Energy (Group) Limited	Ordinary shares	100	Parent undertaking
Isleburn Limited	Ordinary shares	100	Engineering services
GEG Marine & Offshore Limited	Ordinary shares	100	Parent undertaking
Global Energy Corporation Limited	Ordinary shares	100	Engineering, resource management
Rigfit Offshore Limited	Ordinary shares	70	Offshore installation refurbishment
Rigfit International LLC	Ordinary shares	70	Offshore installation refurbishment
Rigfit International FZC	Ordinary shares	70	Offshore installation refurbishment
Highland Stevedoring Limited	Ordinary shares	100	Stevedoring
Global Logistics Services Limited	Ordinary shares	80	Oil and gas services
Kaymas Electrical Engineering Limited	Ordinary shares	60	Electrical engineering

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

<i>Subsidiary undertakings</i>	<i>Holding</i>	<i>%</i>	<i>Nature of business</i>
Reel Group Limited	Ordinary shares	100	Parent undertaking
Reel Limited	Ordinary shares	100	NDT Inspection and testing
Reel Group Inc	Ordinary shares	100	NDT Inspection and testing
Reel Inspection and Rig Maintenance Pvt Ltd	Ordinary shares	100	NDT Inspection and testing
Reel Do Brazil	Ordinary shares	100	NDT Inspection and testing
Global Resource Management Limited	Ordinary shares	100	Resource management
Global Energy (SCS) Limited	Ordinary shares	100	Supply chain solutions
Global Energy Group Norge	Ordinary shares	100	Non-trading
Mountwest 795 Limited	Ordinary shares	100	Payroll services
Global Energy Group (West Africa) Limited	Ordinary shares	80	Non-trading
Project and Resource Limited	Ordinary shares	100	Resource management
Global Resource Gulf Facilities Management LLC	Ordinary shares	100	Resource management
Global Power & Process Limited	Ordinary shares	100	Parent undertaking
Global Project (Services) Limited	Ordinary shares	80	Project services
Global Energy Nigg Limited	Ordinary shares	100	Property management
Caledonian Petroleum Services Limited	Ordinary shares	100	Fabrication
Global Energy Group Asia Pacific Pty Ltd	Ordinary shares	100	Parent undertaking
Global Resource Network Australasia Pty Ltd	Ordinary shares	85	Resource Management
Vertech Group Pty Ltd	Ordinary shares	80	Rope access services
Global Energy Resource Management Limited	Ordinary shares	100	Parent undertaking
Training Competency Consultancy Limited	Ordinary shares	75	Training/consultancy
Ross-shire Engineering Limited	Ordinary shares	51	Engineering
Prime Pumps Limited	Ordinary shares	51	Pump solutions
A & B Welding Services Limited	Ordinary shares	100	Welding services

Global Energy (Group) Limited owns the shareholding in Isleburn Limited, Caledonian Petroleum Services Limited and Global Energy Corporation Limited.

GEG Marine & Offshore Limited holds the investment in Highland Stevedoring Limited, Global Energy Corporation Limited, Global Logistics Services Limited, Rigfit Offshore Limited, Rigfit International LLC, Rigfit International FZC, Reel Group Limited and Kaymas Electrical Engineering Limited.

Reel Group Limited owns 100% of the issued ordinary share capital of Reel Limited, Reel Group Inc, Reel Inspection and Rig Maintenance Pvt Ltd and Reel Do Brazil. Reel Group Inc is incorporated in the United States. Reel Inspection and Rig Maintenance Pvt Ltd is incorporated in India and Reel Do Brazil is incorporated in Brazil.

Rigfit International LLC is incorporated in Dubai and Rigfit International FZC is incorporated under the Sharjah Free Zone Authority. Both these companies have a 31 December year end.

Global Power & Process Limited owns 80% of the issued ordinary share capital of Global Project (Services) Limited.

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

Caledonian Petroleum Services owns 100% of the issued ordinary share capital of A & B Welding Services Limited.

Global Energy Group (West Africa) Limited is incorporated in Ghana. Project and Resource Limited is incorporated under the Jebel Ali Free Zone Authority, Dubai. Global Resource Gulf Facilities Management LLC is incorporated in Dubai. Global Energy Group (M) Sdn Bhd Malaysia is incorporated in Malaysia.

Global Energy Group Asia Pacific Pty Limited owns 85% of the issued ordinary share capital of Global Resource Network Australiasia Pty Limited and 80% of Vertech Group Pty Ltd. Global Energy Group Asia Pacific Pty Limited, Global Resource Network Australiasia Pty Limited and Vertech Group Pty Ltd are incorporated in Australia.

During the year the group acquired subsidiaries. The significant entities were:

On 30 March 2012 the group acquired Global Energy (Holdings) Limited for a consideration of £70m satisfied by the issue of 380,000 ordinary shares of £1 at £138.58 and a cash consideration of £17.5m. The investment in Global Energy (Holdings) Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

An analysis of the acquisition of Global Energy (Holdings) Limited is given below.

<i>Net assets at date of acquisition</i>	<i>Book value £000</i>	<i>Revaluation adjustments £000</i>	<i>Fair value to group £000</i>
Tangible fixed assets	16,211	–	16,211
Intangible assets	18,144	(17,037)	1,107
Stock	9,933	–	9,933
Debtors	47,917	–	47,917
Cash	24,082	–	24,082
Creditors due within one year	(69,665)	–	(69,665)
Creditors due after one year	(14,434)	–	(14,434)
Deferred taxation	(268)	–	(268)
Deferred government grants	(785)	–	(785)
Net assets	31,135	(17,037)	14,098
Minority interest	(2,656)	–	(2,656)
	<u>28,479</u>	<u>(17,037)</u>	<u>11,442</u>
Goodwill arising on acquisition			58,558
			<u>70,000</u>
Discharged by:			
Cash consideration			17,500
Fair value of shares issued (note 19)			52,500
			<u>70,000</u>

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

Global Energy (Holdings) Limited earned a consolidated profit after tax of £8,952K in the year to 31 March 2012 (2011 - £7,873K) of which £8,952K arose in the period from 1 April 2011 to 30 March 2012. The summarised profit and loss account for the period from 1 April 2011 to 30 March 2012 is as follows:

	2013 £000
Turnover	<u>249,855</u>
Operating profit	<u>10,686</u>
Profit before tax	12,685
Taxation	(3,127)
Minority interests	<u>(606)</u>
Profit for the year to 31 March 2012	<u>8,952</u>

On 16 May 2012 the group acquired 51% of the issued ordinary share capital of Ross-shire Engineering Limited and Prime Pumps Limited from GEG Capital Limited for a cash consideration of £5m. A put and call option agreement is in place for a further 24% and the fair value of this option has been included in the consideration below. The investment in Ross-shire Engineering Limited and Prime Pumps Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

An analysis of the acquisition of Ross-shire Engineering Limited and Prime Pumps Limited is given below.

<i>Net assets at date of acquisition</i>	<i>Book value £000</i>	<i>Revaluation adjustments £000</i>	<i>Fair value to group £000</i>
Tangible fixed assets	3,244	–	3,244
Intangible assets	44	–	44
Stock	552	–	552
Debtors	1,621	–	1,621
Cash	4,551	–	4,551
Creditors due within one year	(4,805)	–	(4,805)
Creditors due after one year	(899)	–	(899)
Deferred taxation	(185)	–	(185)
Deferred government grants	(248)	–	(248)
Net assets	<u>3,875</u>	–	3,875
Minority interest			(969)
Goodwill arising on acquisition			<u>7,671</u>
			<u>10,577</u>
Discharged by:			
Cash consideration			5,000
Fair value of put and call option			5,534
Costs associated with acquisition			<u>43</u>
			<u>10,577</u>

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

Ross-shire Engineering Limited and Prime Pumps Limited earned a profit after tax of £2,482K in the 18 month period to 31 March 2013 (12 months ended 30 September 2011 - £739K) of which £723K arose in the period from 1 October 2011 to 16 May 2012. The summarised profit and loss account for the period from 1 October 2011 to 16 May 2012 is as follows:

	<i>2013</i>
	<i>£000</i>
Turnover	<u>19,811</u>
Operating profit	<u>980</u>
Profit before tax	960
Taxation	<u>(237)</u>
Profit for the 7.5 months to 16 May 2012	<u>723</u>

On 2 July 2012 the group acquired A & B Welding Services Limited for a cash consideration of £4.3m and a deferred consideration of £0.8m. The investment in A & B Welding Services Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

An analysis of the acquisition of A & B Welding Services Limited is given below.

<i>Net assets at date of acquisition</i>	<i>Book value</i>	<i>Revaluation</i>	<i>Fair value to</i>
	<i>£000</i>	<i>adjustments</i>	<i>group</i>
		<i>£000</i>	<i>£000</i>
Tangible fixed assets	547	–	547
Stock	215	–	215
Debtors	3,332	–	3,332
Cash	612	–	612
Creditors due within one year	(2,386)	–	(2,386)
Creditors due after one year	(74)	–	(74)
Deferred taxation	(33)	–	(33)
Net assets	<u>2,213</u>	–	<u>2,213</u>
Goodwill arising on acquisition			<u>2,949</u>
			<u>5,162</u>
Discharged by:			
Cash consideration			4,300
Deferred consideration			800
Costs associated with acquisition			<u>62</u>
			<u>5,162</u>

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

A & B Welding Services Limited earned a profit after tax of £1,236K in the 17 month period to 31 March 2013 (12 months ended 31 October 2011 - £718K) of which £620K arose in the period from 1 November 2011 to 2 July 2012. The summarised profit and loss account for the period from 1 November 2011 to 2 July 2012 is as follows:

	<i>2013</i> <i>£000</i>
Turnover	<u>6,526</u>
Operating profit	<u>844</u>
Profit before tax	832
Taxation	<u>(212)</u>
Profit for the 8 months to 16 May 2012	<u>620</u>

On 16 October 2012 the group acquired 80% of the issued share capital of Vertech Group Pty Ltd for a cash consideration of £1.6m and a deferred consideration of £3.4m. A put and call option agreement was reached for a further 20% and the fair value of this option has been included in the consideration below. The investment in Vertech Group Pty Ltd has been included in the company's balance sheet at its fair value at the date of acquisition.

An analysis of the acquisition of Vertech Group Pty Ltd is given below.

<i>Net assets at date of acquisition</i>	<i>Book value</i> <i>£000</i>	<i>Revaluation</i> <i>adjustments</i> <i>£000</i>	<i>Fair value to</i> <i>group</i> <i>£000</i>
Tangible fixed assets	934	–	934
Intangible fixed assets	20	–	20
Debtors	2,524	–	2,524
Cash	981	–	981
Creditors due within one year	<u>(3,110)</u>	–	<u>(3,110)</u>
Net assets	1,349	–	1,349
Goodwill arising on acquisition			<u>6,354</u>
			<u>7,703</u>
Discharged by:			
Cash consideration			1,603
Deferred consideration			3,431
Fair value of put and call option			2,624
Costs associated with acquisition			<u>45</u>
			<u>7,703</u>

## Notes to the financial statements

at 31 March 2013

### 12. Investments (continued)

Vertech Group Pty Ltd earned a profit after tax of £1,983K in the 9 month period to 31 March 2013 (12 months ended 30 June 2012 - £490K) of which £811K arose in the period from 1 July 2012 to 16 October 2012. The summarised profit and loss account for the period from 1 July 2012 to 16 October 2012 is as follows:

	<i>2013</i> <i>£000</i>
Turnover	<u>4,998</u>
Operating profit	<u>1,157</u>
Profit before tax	1,162
Taxation	<u>351</u>
Profit for the 8 months to 16 May 2012	<u>811</u>

### 13. Stocks

	<i>Group</i> <i>2013</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
Raw materials	3,080	–
Work in progress	6,571	–
	<u>9,651</u>	<u>–</u>

### 14. Debtors

	<i>Group</i> <i>2013</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
Trade debtors	68,349	–
Other debtors	4,641	–
Prepayments and accrued income	6,732	–
Amounts recoverable on long term contracts	5,231	–
Deferred tax asset	454	–
	<u>85,407</u>	<u>–</u>

## Notes to the financial statements

at 31 March 2013

### 15. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Company</i>
	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts	19,271	—
Net obligation under finance leases and hire purchase contracts	720	—
Trade creditors	20,369	—
Corporation tax	5,142	—
Social security costs and other taxes	11,479	—
Other creditors	14,542	—
Accruals and deferred income	22,138	—
	<u>93,661</u>	<u>—</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain exceptions) and a group composite guarantee.

### 16. Creditors: amounts falling due after more than one year

	<i>Group</i>	<i>Company</i>
	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Bank loans	29,062	—
Net obligations under finance leases and hire purchase contracts	887	—
Other creditors	11,850	—
Deferred government grants (note 18)	2,750	—
	<u>44,549</u>	<u>—</u>

The bank loans and overdraft are secured by a floating charge from each group company (excluding those companies incorporated overseas and certain exceptions) and a group composite guarantee.

### 17. Obligations under finance leases and hire purchase contracts

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<i>Group</i>	<i>Company</i>
	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Amounts payable:		
Within one year	720	—
In two to five years	887	—
	<u>1,607</u>	<u>—</u>

## Notes to the financial statements

at 31 March 2013

### 18. Deferred government grants

The movement in deferred government grants, included above, is as follows:

	<i>Group</i> £000	<i>Company</i> £000
At 26 January 2012	—	—
Acquired in year	1,033	—
Received in year	1,792	—
Released in year	(75)	—
At 31 March 2013	<u>2,750</u>	<u>—</u>

### 19. Issued share capital

	<i>No.</i>	<i>2013</i> £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	430,188	<u>430</u>

On 30 March 2012, 380,000 ordinary shares with an aggregate nominal value of £380,000 were issued at £138.158 each in exchange for the issued share capital of Global Energy (Holdings) Limited (note 12).

On 30 March 2012, 50,188 ordinary shares with an aggregate nominal value of £50,188 were allotted for cash at £348.69 each.

## Notes to the financial statements

at 31 March 2013

### 20. Reconciliation of shareholders' funds and movements on reserves

<i>Group</i>	<i>Share capital</i> £000	<i>Share premium</i> £000	<i>Profit and loss account</i> £000	<i>Total share-holders' funds</i> £000
At 26 January 2012	—	—	—	—
Issued in the year	430	69,570	—	70,000
Profit for the year	—	—	16,695	16,695
Exchange differences on retranslation of net assets of subsidiary undertakings	—	—	(360)	(360)
At 31 March 2013	430	69,570	16,335	86,335

<i>Company</i>	<i>Share capital</i> £000	<i>Share premium</i> £000	<i>Profit and loss account</i> £000	<i>Total share-holders' funds</i> £000
At 26 January 2012	—	—	—	—
Issued in the year	430	69,570	—	70,000
Profit for the year	—	—	—	—
At 31 March 2013	430	69,570	—	70,000

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the financial statements of the company was £nil.

## Notes to the financial statements

at 31 March 2013

### 21. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	<i>2013</i>
	<i>£000</i>
Operating profit	27,058
Amortisation of intangible fixed assets	5,225
Depreciation of tangible fixed assets	2,983
Deferred government grant release	(75)
Decrease in stocks	1,049
Increase in debtors	(29,559)
Increase in creditors	5,871
Exchange difference	(374)
Net cash inflow from operations	<u>12,178</u>

(b) Analysis of cash flows for headings netted in statement of cash flows

	<i>2013</i>
	<i>£000</i>
Returns on investments and servicing of finance:	
Interest received	83
Interest paid	(958)
Hire purchase interest	(83)
Dividend paid to minority shareholders	(191)
Net cash outflow from returns on investments and servicing of finance	<u>(1,149)</u>

	<i>2013</i>
	<i>£000</i>
Capital expenditure and financial investment:	
Purchase of tangible fixed assets	(19,232)
Purchase of intangible fixed assets	(2,559)
Sale of tangible fixed assets	823
Receipt of government grants	1,792
Net cash outflow from capital expenditure	<u>(19,176)</u>

## Notes to the financial statements

at 31 March 2013

### 21. Notes to the statement of cash flows (continued)

	<i>2013</i> <i>£000</i>
Acquisitions and disposals:	
Purchase of subsidiary undertakings	(13,341)
Net cash acquired with subsidiary undertaking	30,226
Net cash outflow from acquisitions and disposals	<u>16,885</u>
	<i>2013</i> <i>£000</i>
Financing:	
Net movement in short term borrowings	(317)
Net movement in long term borrowings	15,754
Repayment of finance leases	(803)
Net cash inflow from financing	<u>14,634</u>

#### (c) Analysis of net debt

	<i>At</i> <i>26 January</i> <i>2012</i> <i>£000</i>	<i>Cash flow</i> <i>£000</i>	<i>Other</i> <i>changes</i> <i>£000</i>	<i>Acquisitions/</i> <i>disposals</i> <i>£000</i>	<i>At</i> <i>31 March</i> <i>2013</i> <i>£000</i>
Cash at bank and in hand	—	19,638	—	—	19,638
Debt:					
Finance leases	—	803	(1,440)	(970)	(1,607)
Debts due within one year	—	317	—	(19,588)	(19,271)
Debts falling due after one year	—	(15,754)	—	(13,308)	(29,062)
Net debt	<u>—</u>	<u>5,004</u>	<u>(1,440)</u>	<u>(33,866)</u>	<u>(30,302)</u>

## Notes to the financial statements

at 31 March 2013

### 22. Pensions

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the group to the fund in respect of the period. Contributions totalling £nil (2012 – £nil) were payable to the fund at the balance sheet date and are included in creditors.

### 23. Other financial commitments

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as set out below:

<i>Group</i>	<i>2013</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>
Operating leases which expire:		
Within one year	58	21
In two to five years	1,749	227
Over five years	603	–
	<u>2,410</u>	<u>248</u>

## Notes to the financial statements

at 31 March 2013

### 24. Related party transactions

#### *Group*

During the period the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding are as follows:

	<i>Sales</i>	<i>Debtor</i>	<i>Purchases</i>	<i>Creditor</i>
		<i>31 March</i>		<i>31 March</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
MacGregor Industrial Supplies Limited	—	—	2,492	233
Global Infrastructure Scotland Limited	14	—	2,922	355

MacGregor Industrial Supplies Limited is a related party as J MacGregor, a close family member of R J MacGregor, had an interest in these transactions due to his shareholding in MacGregor Industrial Supplies Limited.

Global Infrastructure Scotland Limited is a subsidiary of GEG Capital Limited, a company owned and controlled by the MacGregor family.

#### *Company*

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with directly or indirectly wholly owned subsidiaries.

### 25. Ultimate parent undertaking and controlling party

The controlling party identified by the company is the MacGregor family.