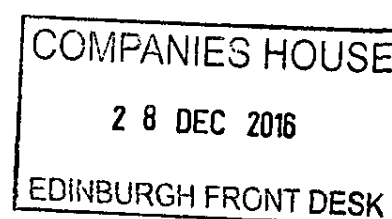


# **GEG (Holdings) Limited**

## **Report and Financial Statements**

1 April 2016



## GEG (Holdings) Limited

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Company number: SC415463

<b>Table of contents</b>	<i>Page</i>
Strategic report	1-2
Directors' report	3-4
Directors' responsibility statement	5
Independent auditors' report	6-7
Group income statement	8
Group statement of comprehensive income	9
Statement of changes in equity	10-11
Group statement of financial position	12
Company statement of financial position	13
Group statement of cash flows	14
Notes to the financial statements	15-36

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## **Company Information**

### **Directors**

R J MacGregor  
I R MacGregor  
D A MacGregor  
J D MacDonald  
J A MacGregor  
Y Higa (Resigned 15 February 2016)  
M Nakamoto  
N Katsu/T Osaki  
J Bryce (Resigned 30 March 2016)  
H Tsurushima (Appointed 15 February 2016)

### **Secretary**

J D MacDonald

### **Auditors**

Ernst & Young LLP  
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

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## Strategic report

The directors present their strategic report and the financial statements for the year ended 1 April 2016.

### Principal activities and review of the business

The Global Energy Group is an international service company operating in the natural resources support services area, offering integrity, construction and manufacturing solutions to the Process and Marine markets. The group combines a collection of niche offerings designed to reduce risks in early stage developments as well as enhancing performance in late-life assets.

Those services typically include managing the integrity, replacement, enhancement and construction of critical systems for the Oil & Gas, Nuclear, Water and Mining Markets and of marine facilities for the drilling, offshore construction and floating production markets.

The key financial and other performance indicators during the year were as follows:

	2016 £'000	2015 £'000	Change %
Turnover	292,383	375,773	-22%
Group operating profit	3,713	24,825	-85%
Profit after tax	1,717	14,289	-88%
Shareholders' funds	119,638	122,742	-3%
Average number of employees	3,590	4,154	-14%

Group trading decreased by 22% compared to the previous year with a turnover of £292 million (2015 – £376 million). Profit for the financial year was £1.7 million, compared to £14.3 million in 2015.

Much of the decline in revenue was apportioned to drilling rig repair and maintenance work, which followed a similar trend to the previous period. Despite the sharp decline in major projects at the Nigg Yard, the group was able to successfully diversify the offering with increased revenue in logistics and operations support to non-drilling assets such as subsea construction vessels and the renewable energy projects.

The group manages its risks by diversifying across a number of highly regulated end markets, which includes a number of sub-segments of the oil and gas industry. Sustaining revenues at £301 million reflects a robust diversification policy that covers non-oil and gas infrastructure and a strong balance of operating expenditure/capital expenditure activities. The declining oil price also proved to be a catalyst for offshore asset owners to challenge conventional methods of maintaining their ageing infrastructure. The group experienced a positive response to its innovative and high performance methods of delivering critical repairs and maintenance. This enabled the Process and Equipment business to maintain its revenue base despite declining spends in the sector.

The balance sheet at 1 April 2016 notes net current liabilities of £34 million. The financial year end fell during the period the group was finalising its bank facilities and therefore all the group's bank debt technically fell due within one year at the balance sheet date. The successful conclusion of our negotiations has meant that £43m of bank debt now falls due between 1 and 5 years.

### Principal risks and uncertainties

The Board and Directors 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 a mixture of Brownfield and Greenfield capital expenditure budgets. Moreover, our risks are spread across different segments of the natural resources industry, and increasingly in different geographical communities. The directors have successfully built a portfolio of operations that are resilient

Strategic report

**Principal risks and uncertainties (continued)**

to economic and political influences. Coupled with an organisational culture that can react fast to changing circumstances, we are confident in the continuing trading of the group.

**Financial instrument risks**

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives.

Financial instrument risks 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.

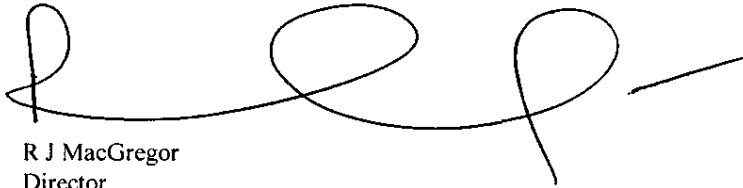
***Interest rate risk***

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.

On behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a series of loops and a horizontal line extending to the right.

R J MacGregor  
Director

20 December 2016

Registered No: SC415463

## **Directors' report**

The directors present their report and financial statements for the year ended 1 April 2016.

### **Directors of the company**

The current directors are shown on the Company Information page.

H Tsurushima was appointed on 15 February 2016.

In addition, Y Higa was a director until 15 February 2016 and J Bryce was a director until 30 March 2016.

### **Results and dividends**

The group profit for the year after taxation amounted to £1.7m (2015 – £14.3m). Ordinary dividends of £5m (2015: £5m) were declared during the year.

### **Future developments**

The impact of declining oil prices will continue to affect the group's revenue base and profitability despite the diversification strategy. The directors expect a full year impact of low activity in the drilling market, alongside the initial phase of reduced spending on offshore production projects. The directors will re-focus their strategy to grow market share and protect its core business through the oil and gas downturn.

At the same time, the directors will continue to develop the revenue base in non-oil and gas markets such as nuclear, petrochemical, renewables and utilities. The directors will also focus on widening the revenue base in core international hubs such as the USA and the Middle East. This strategy is designed to enable the group to be robust through the downturn and able to grow sustainably on a strengthening market.

### **Going concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Political donations**

The company did not make any political donations during the year.

### **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.

## **Directors' report (continued)**

### **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 on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

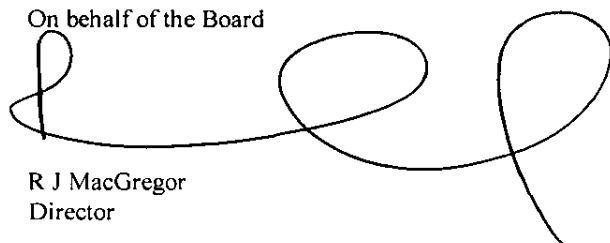
### **Disclosure of information to the auditors**

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 company'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

A large, stylized handwritten signature in black ink, consisting of a series of loops and curves, positioned to the right of the text "On behalf of the Board".

R J MacGregor  
Director

20 December 2016

## Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' 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 the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' 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 estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **Independent auditors' report**

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

We have audited the financial statements of GEG (Holdings) Limited for the year ended 1 April 2016 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Financial Position, the Group Statement of Cash flows and the related notes 1 to 24. 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, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland").

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 company'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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on 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 company's affairs as at 1 April 2016 and of the group's profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditors' report (continued)**

to the members of GEG (Holdings) Limited

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

In our opinion 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.

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

*Ernst & Young LLP*

Jamie Dixon (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Aberdeen

20 December 2016

## Group Income Statement

for the year ended 1 April 2016

	Notes	2016 £000	2015 £000
Turnover	2	292,383	375,773
Cost of sales	3	(231,668)	(286,615)
<b>Gross profit</b>		<b>60,715</b>	<b>89,158</b>
Administration expenses	3	(53,179)	(59,676)
Amortisation of intangibles	3,4	(5,338)	(4,910)
Other operating income	3	1,515	253
<b>Group operating profit</b>		<b>3,713</b>	<b>24,825</b>
Profit/(loss) on disposal of tangible fixed assets		807	(1,295)
<b>Profit on ordinary activities before interest and taxation</b>		<b>4,520</b>	<b>23,530</b>
Interest receivable and similar income		123	12
Interest payable and similar charges	7	(1,511)	(1,663)
<b>Profit on ordinary activities before taxation</b>		<b>3,132</b>	<b>21,879</b>
Tax on profit on ordinary activities	8	(1,384)	(6,601)
<b>Profit for the financial year</b>		<b>1,748</b>	<b>15,278</b>
<b>Profit for the financial year attributable to:</b>			
Non-controlling interests		31	989
Owners of the parent company		1,717	14,289
		<b>1,748</b>	<b>15,278</b>

All amounts above relate to continuing operations of the group.

## Group statement of comprehensive income

for the year ended 1 April 2016

	2016 £000	2015 £000
Profit for the financial year	1,748	15,278
Exchange difference on retranslation of foreign subsidiary	179	1,287
<b>Total comprehensive income for the year</b>	<b>1,927</b>	<b>16,565</b>
<i>Total comprehensive income for the year attributable to:</i>		
<i>Non-controlling interests</i>	31	989
<i>Owners of the parent company</i>	1,896	15,576
	<b>1,927</b>	<b>16,565</b>

## Statement of changes in equity

for the year ended 1 April 2016

<i>Group</i>	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Share- holders equity</i>	<i>Non controlling interest</i>	<i>Total equity</i>
	£000	£000	£000	£000	£000	£000
At 1 April 2014	430	69,570	42,166	112,166	3,291	115,457
Profit/loss for the year	–	–	14,289	14,289	989	15,278
Other comprehensive income	–	–	1,287	1,287	–	1,287
<b>Total comprehensive income for the year</b>	–	–	15,576	15,576	989	16,565
Equity dividends paid (Note 19)	–	–	(5,000)	(5,000)	(782)	(5,782)
Acquisition of non-controlling interest	–	–	–	–	(78)	(78)
<b>At 31 March 2015</b>	<b>430</b>	<b>69,570</b>	<b>52,742</b>	<b>122,742</b>	<b>3,420</b>	<b>126,162</b>
Profit/loss for the year	–	–	1,717	1,717	31	1,748
Other comprehensive income	–	–	179	179	–	179
<b>Total comprehensive income for the year</b>	–	–	1,896	1,896	31	1,927
Equity dividends paid (Note 19)	–	–	(5,000)	(5,000)	(300)	(5,300)
Acquisition of non-controlling interest	–	–	–	–	(422)	(422)
<b>At 1 April 2016</b>	<b>430</b>	<b>69,570</b>	<b>49,638</b>	<b>119,638</b>	<b>2,729</b>	<b>122,367</b>

## Statement of changes in equity

for the year ended 1 April 2016

<i>Company</i>	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£000	£000	£000	£000
At 1 April 2014	430	69,570	–	70,000
Profit/loss for the year	–	–	5,272	5,272
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the year</b>	<u>–</u>	<u>–</u>	<u>5,272</u>	<u>5,272</u>
Equity dividends paid (Note 20)	–	–	(5,000)	(5,000)
<b>At 31 March 2015</b>	<u>430</u>	<u>69,570</u>	<u>272</u>	<u>70,272</u>
Profit/loss for the year	–	–	8,639	8,639
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the year</b>	<u>–</u>	<u>–</u>	<u>8,639</u>	<u>8,639</u>
Equity dividends paid (Note 20)			(5,000)	(5,000)
<b>At 1 April 2016</b>	<u>430</u>	<u>69,570</u>	<u>3,911</u>	<u>73,911</u>

**Group statement of financial position**

at 1 April 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Intangible assets	9	84,663	89,410
Tangible assets	10	97,278	97,723
		<u>181,941</u>	<u>187,133</u>
<b>Current assets</b>			
Stocks	12	4,053	4,264
Debtors:	13		
amounts falling due within one year		78,346	68,014
amounts falling due after one year		1,167	-
Cash at bank and in hand		<u>25,797</u>	<u>1,001</u>
		109,363	73,279
<b>Creditors: amounts falling due within one year</b>	14	(143,052)	(81,693)
<b>Net current liabilities</b>		<u>(33,689)</u>	<u>(8,414)</u>
<b>Total assets less current liabilities</b>		<u>148,252</u>	<u>178,719</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(16,800)	(44,194)
<b>Provisions for liabilities</b>			
Deferred taxation	8	(2,269)	(1,945)
<b>Accruals and deferred income</b>			
Deferred government grants	17	(6,816)	(6,418)
<b>Net assets</b>		<u>122,367</u>	<u>126,162</u>
<b>Capital and reserves</b>			
Called up share capital	18	430	430
Share premium account		69,570	69,570
Profit and loss account		<u>49,638</u>	<u>52,742</u>
Equity attributable to owners of the parent company		119,638	122,742
Non-controlling interests		<u>2,729</u>	<u>3,420</u>
		<u>122,367</u>	<u>126,162</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2016.

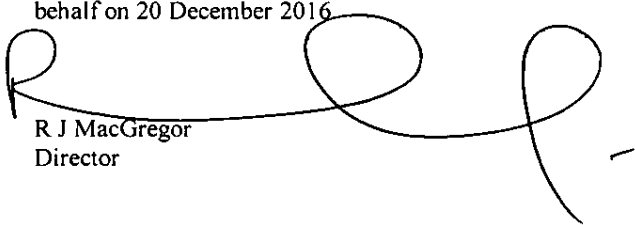
R J MacGregor  
Director

## Company statement of financial position

at 1 April 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	10	141	89
Investments	11	98,367	70,000
		<u>98,508</u>	<u>70,089</u>
<b>Current assets</b>			
Debtors:	13		
amounts falling due within one year		13,913	6,193
amounts falling due after one year		500	—
Cash at bank and in hand		—	—
		<u>14,413</u>	<u>6,193</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(38,970)</u>	<u>(5,960)</u>
<b>Net current (liabilities)/assets</b>		<u>(24,557)</u>	<u>233</u>
<b>Total assets less current liabilities</b>		<b>73,951</b>	<b>70,322</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(40)</u>	<u>(50)</u>
<b>Net assets</b>		<u><b>73,911</b></u>	<u><b>70,272</b></u>
<b>Capital and reserves</b>			
Called up share capital	18	430	430
Share premium		69,570	69,570
Profit and loss account		3,911	272
		<u>73,911</u>	<u>70,272</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2016

  
R J MacGregor  
Director



**Group statement of cash flows**

for the year ended 1 April 2016

	Notes	2016 £000	2015 £000
<b>Net cash (outflow)/inflow from operating activities</b>	21a	<u>(9,397)</u>	<u>58,474</u>
<b>Investing activities</b>			
Interest received		123	12
Payments to acquire intangible fixed assets		(96)	(121)
Payments to acquire tangible fixed assets		(12,386)	(24,288)
Receipts from sales of tangible fixed assets		5,615	1,559
Receipt of government grants		562	2,949
Purchase of subsidiary undertaking		(2,808)	(10,439)
Net cash acquired with subsidiary undertaking		1,167	2,596
Acquisition of non-controlling interest		(422)	-
Net cash flow from investing activities		<u>(8,245)</u>	<u>(27,732)</u>
<b>Financing activities</b>			
Dividends paid to non-controlling interests		(300)	(782)
Equity dividends paid		-	(5,000)
Interest paid		(1,511)	(1,663)
Net movement in short-term borrowings		3,004	(1,413)
Net movement in long-term borrowings		(13,103)	(17,158)
Repayments of capital element of finance leases and Hire purchase contracts		<u>(7,902)</u>	<u>(9,299)</u>
Net cash flow from financing activities		<u>(19,812)</u>	<u>(35,315)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(37,454)</u>	<u>(4,573)</u>
<b>Effect of exchange rates on cash and cash equivalents</b>		<u>(325)</u>	<u>1,394</u>
<b>Cash and cash equivalents at 31 March 2015</b>		<u>1,001</u>	<u>4,180</u>
<b>Cash and cash equivalents at 1 April 2016</b>		<u>(36,778)</u>	<u>1,001</u>

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies

#### 1.1 Statement of compliance

GEG (Holdings) Limited is a private limited liability company incorporated in Scotland. The Registered Office is 13 Henderson Road, Inverness, IV1 1SN.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 1 April 2016.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. No adjustments arose on transition to FRS 102.

#### 1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102.

The financial statements of GEG (Holdings) Limited were authorised for issue by the Board of Directors on 20 December 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

Balances presented as work in progress in the prior year have been reclassified to amounts recoverable on long term contracts.

#### *Basis of consolidation*

The group financial statements consolidate the financial statements of GEG (Holdings) Limited and all its subsidiary undertakings ('subsidiaries') drawn up to 31 March each year. No profit and loss account is presented for GEG (Holdings) Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Acquisitions have been included in the group financial statements using the acquisition method of accounting.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over who's operating and financial policies the group exercises a significant influence are treated as associates.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies (continued)

#### 1.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the company's key sources of estimation uncertainty:

##### 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.

##### Goodwill

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

#### 1.4 Significant accounting policies

##### Goodwill

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

##### Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies (continued)

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Development costs	10 years
Software development	4 years

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

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

Land & buildings	—	5% straight-line
Plant and machinery	—	20% straight-line
Motor vehicles	—	25% straight-line
Furniture, fittings and equipment	—	20% to 33% straight-line

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.

#### ***Impairment of non-financial assets***

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates recoverable amount of the asset.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment loss recognised in the income statement.

#### ***Revenue recognition***

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the company will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and costs to complete the contract can be measured reliably.

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies (continued)

#### *Government grants*

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### *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.

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

#### *Provisions for liabilities*

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### *Current and deferred taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item recognised directly in equity is recognised directly in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- Provision is made for deferred tax that would arise on remittance of retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies (continued)

#### *Foreign currencies*

##### *Company*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange 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 income statement.

##### *Group*

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### *Investments*

Investments in subsidiaries are measured at cost less accumulated 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.

#### *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

#### *Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment.

## Notes to the financial statements

at 1 April 2016

### 1. Accounting policies (continued)

#### *Leasing and hire purchase commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

#### *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.

### 2. Turnover

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 one principal area of activity - natural resources support services.

The group operates within three geographical markets - Europe, Australia and the rest of the world.

In the opinion of the Directors, disclosure of segmental analysis of turnover, profit and net assets would be seriously prejudicial to the interests of the Group therefore the information has not been disclosed. An analysis of turnover by geographical market is given below:

	2016 £000	2015 £000
Europe	212,658	323,852
Australia	33,566	38,408
Rest of world	46,159	13,513
	<u>292,383</u>	<u>375,773</u>

## Notes to the financial statements

at 1 April 2016

### 3. Group operating profit

This is stated after charging/(crediting):

		2016 £000	2015 £000
Depreciation of tangible fixed assets	– owned by the company	6,496	5,328
	– held under finance leases	3,420	3,851
Amortisation of goodwill		5,236	4,846
Amortisation of other intangible assets		102	64
Operating lease rentals		5,796	4,446
Foreign exchange differences		(732)	(85)
Auditors' remuneration (Note 5)		235	207

### 4. Auditor's remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2016 £000	2015 £000
Audit of the financial statements	175	7
Audit of subsidiaries	-	200
Total audit	175	207
Audit related assurance services		
Other non-audit services	60	-
	60	-



## Notes to the financial statements

at 1 April 2016

### 5. Staff costs

#### (a) Staff costs

	2016 £000	2015 £000
Wages and salaries	82,101	95,005
Social security costs	8,682	11,107
Other pension costs	1,273	1,250
	<u>92,056</u>	<u>107,362</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Management and administration	653	772
Blue collar/technical	2,937	3,382
	<u>3,590</u>	<u>4,154</u>

#### (b) Directors' remuneration

	2016 £000	2015 £000
Aggregate remuneration in respect of qualifying services	585	585
Company pension contributions to money purchase pension schemes	<u>6</u>	<u>6</u>

	2016 £000	2015 £000
In respect of the highest paid director:		
Aggregate remuneration	179	179
Accrued pension at the end of the year	<u>-</u>	<u>6</u>

During the year retirement benefits were accruing to one director (2015 – one) in respect of money purchase pensions.

### 6. Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on bank loans and overdrafts	962	950
Finance charges payable under finance leases and hire purchase contracts	549	710
Other loans	<u>-</u>	<u>3</u>
	<u>1,511</u>	<u>1,663</u>

## Notes to the financial statements

at 1 April 2016

### 7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
<b>Current tax:</b>		
UK corporation tax at 20% (2015: 21%)	2,380	5,136
Tax overprovided in previous years	(21)	(15)
	2,359	5,121
Double taxation relief	(13)	(153)
	2,346	4,968
Foreign tax	179	982
Adjustments in respect of prior years	–	(34)
Group current tax	2,525	5,916
(b) Tax on profit on ordinary activities		
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(1,141)	685
Effect of decreased tax rate on opening liability	–	–
Group deferred tax	(1,141)	685
Group current tax	2,525	5,916
Group deferred tax	(1,141)	685
Group tax on profit on ordinary activities	1,384	6,601

(c) Factors affecting the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	3,132	21,879
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 21%)	626	4,594
<b>Effects of:</b>		
Expenses not deductible for tax purposes and non-taxable income	1,500	1,348
Losses arising in year not relieviable against current tax	362	–
Utilisation of tax losses	(1,450)	(281)
Higher rate on overseas earnings	–	213
Others	312	776
Adjustments to tax charge in respect of prior years	34	(49)
Total tax expense	1,384	6,601

## Notes to the financial statements

at 1 April 2016

### 7. Tax (continued)

#### d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2016 £000	2015 £000
Included in debtors (Note 13)	2,016	618
Included in provisions for liabilities	(2,269)	(1,945)
	<u>(253)</u>	<u>(1,327)</u>
Accelerated capital allowances	(1,814)	(1,525)
Accumulated losses	1,658	–
Other timing differences	(97)	198
Provision for deferred tax	<u>(253)</u>	<u>(1,327)</u>
		£000
At 1 April 2015		(1,327)
Provided during the year		1,141
Acquisition of subsidiary undertaking		(67)
At 1 April 2016		<u>(253)</u>

The UK corporation tax rate will reduce to 19% for financial years beginning 1 April 2017 and will reduce to 18% for financial years beginning 1 April 2018. Deferred tax balances have been calculated at a rate of 18% as this is the rate at which the majority of the timing differences are expected to reverse.

## Notes to the financial statements

at 1 April 2016

### 8. Intangible assets

<i>Group</i>	<i>Goodwill</i> <i>£000</i>	<i>Other</i> <i>intangibles</i> <i>£000</i>	<i>Lease</i> <i>premium</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:				
At 1 April 2015	103,404	257	1,107	104,768
Additions	–	96	–	96
Acquisition of subsidiary undertaking	907	–	–	907
Adjustments	(835)	–	8	(827)
Exchange adjustment	483	7	–	490
At 1 April 2016	103,959	360	1,115	105,434
Amortisation:				
At 1 April 2015	15,219	83	56	15,358
Provided during the year	5,236	83	19	5,338
Adjustments	–	–	8	8
Exchange adjustment	64	3	–	67
At 1 April 2016	20,519	169	83	20,771
Carrying amount at 1 April 2016	83,440	191	1,032	84,663
Carrying amount at 1 April 2015	88,185	174	1,051	89,410

Goodwill is being amortised evenly over the directors' estimate of its useful life of 20 years.

The estimated useful life is based on a variety of factors such as the expected use of the acquired business, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Having considered these factors the directors believe that a useful life of 20 years is appropriate for goodwill.

## Notes to the financial statements

at 1 April 2016

### 9. 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 1 April 2015	55,952	48,709	2,761	5,056	112,478
Additions	6,346	4,638	935	467	12,386
Acquisition of subsidiary undertakings	770	821	76	145	1,812
Disposals	(325)	(4,711)	(668)	(561)	(6,265)
Exchange adjustment	66	39	(3)	21	123
At 1 April 2016	62,809	49,496	3,101	5,128	120,534
Depreciation and impairment:					
At 1 April 2015	3,506	8,142	1,085	2,022	14,755
Provided during the year	1,864	5,948	831	1,273	9,916
Disposals	(113)	(491)	(494)	(359)	(1,457)
Exchange adjustment	23	8	(5)	16	42
At 1 April 2016	5,280	13,607	1,417	2,952	23,256
Carrying amount at 1 April 2016	57,529	35,889	1,684	2,176	97,278
Carrying amount at 1 April 2015	52,446	40,567	1,676	3,034	97,723

Included in land and buildings are £26,457k (2015 – £20,914k) of assets under construction.

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

	<i>2016 £000</i>	<i>2015 £000</i>
Plant and machinery	26,103	22,979
Motor vehicles	347	275
	<u>26,450</u>	<u>23,254</u>

## Notes to the financial statements

at 1 April 2016

### 9. Tangible fixed assets (continued)

<i>Company</i>	<i>Tenant's Improvements £000</i>	<i>Motor vehicles £000</i>	<i>Computer and office equipment £000</i>	<i>Total £000</i>
Cost:				
At 1 April 2015	–	97	11	108
Additions	71	–	35	106
Disposals	–	(28)	(5)	(33)
Transfers	–	–	–	–
At 31 March 2015	71	69	41	181
Depreciation:				
At 1 April 2015	–	13	6	19
Provided during the year	4	23	3	30
Disposals	–	(7)	(2)	(9)
At 31 March 2015	4	29	7	40
Carrying amount at 1 April 2016	67	40	34	141
Carrying amount at 1 April 2015	–	84	5	89

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

	<i>2016 £000</i>	<i>2015 £000</i>
Motor vehicles	40	63

## Notes to the financial statements

at 1 April 2016

### 10. Investments

<i>Company</i>	<i>Subsidiary undertakings £000</i>
Cost:	
At 1 April 2015	70,000
Additions	28,367
Disposals	—
At 1 April 2016	<u>98,367</u>
Carrying amount at 1 April 2016	<u>98,367</u>
Carrying amount at 1 April 2015	<u>70,000</u>

During the year, the group completed an internal restructure which resulted in additional investment of £28.4m in previously held subsidiaries.

Details of the investments in which the group holds 100% of the issued ordinary share capital are as follows:

Name of company	Country of Incorporation
GEG (Process & Equipment) Limited	UK
GEG (Marine & Logistics) Limited	UK
Global Energy (Group) Limited*	UK
Caledonian Petroleum Services Limited*	UK
Global Energy (Holdings) Limited*	UK
Global Energy Corporation Limited*	UK
Global Energy Nigg Limited*	UK
Isleburn Limited*	UK
Training Competency Consultancy Limited*	UK
A & B Welding Services Limited*	UK
Caledonian Towage Limited*	UK
S & D Fabricators Limited*	UK
Global Energy Group (West Africa) Limited*	Ghana
Global Highland Limited*	UK
Global Energy Fabrication Limited*	UK
Global Resources (Project and Recruitment) Limited*	UK
Reel Group Limited*	UK
Reel Limited*	UK
Reel Do Brazil*	Brazil
Reel Group Inc*	USA
Reel Inspection and Rig Maintenance Pvt Ltd*	India
Global Resource Management Limited*	UK
Global Energy (SCS) Limited*	UK
Global Power & Process Limited*	UK
Vertech Integrity Services Limited*	UK
MF Marine Operations Limited*	UK

## Notes to the financial statements

at 1 April 2016

### 10. Investments (continued)

GPS Norway*	Norway
Global Energy Group Asia Pacific Pty Ltd*	Australia
Global Resource Network Australasia Pty Ltd*	Australia
Vertech New Zealand Pty Limited*	New Zealand
Seven Seas Services LLC*	UAE
Seven Seas Maintenance LLC*	UAE
Seven Seas Décor SPC*	Bahrain

\* Held by a subsidiary undertaking

Details of the investments in which the group holds 20% or more of the issued ordinary share capital are as follows:

Name of company	Proportion of voting rights and shares held	Country of Incorporation
Global Energy Group (Access and Coatings) Limited	85%	UK
Rigfit Offshore Limited	70%	UK
Rigfit International LLC	70%	UAE
Rigfit International FZC	70%	Sharjah Free Zone Authority
Global Port Services (Scotland) Limited	89%	UK
Global Logistics Services Limited	89%	UK
Global Project (Services) Limited	80%	UK
Vertech Group Pty Ltd	80%	Australia
Cunningham Construction (Australia) Pty Ltd	80%	Australia
Geo Oceans Pty Limited	76%	Australia
Ross-shire Engineering Limited	75%	UK
Prime Pumps Limited	51%	UK
Pipework Systems and Installations Limited	75%	UK
Langfields Limited	85%	UK

\* Held by a subsidiary undertaking

All of the companies in the group are involved in the principal activity of natural resources support services.

#### Acquisition of subsidiary

During the year the group acquired a number of subsidiaries. The significant entities were as follows:

On 28 May 2015 the group acquired 100% of the issued share capital of MF Marine Operations Limited.  
On 8 September 2015 the group acquired 100% of the issued share capital of Seven Seas Services LLC, Seven Seas Ship Maintenance LLC and Seven Seas Décor SPC.  
On 12 February 2016 the group acquired 76% of the issued share capital of Geo Oceans Pty Limited. A put and call option agreement is in place for the remaining 24% of the issued share capital.

These investments have been included in the group's balance sheet at their fair value at the date of acquisition.



## Notes to the financial statements

at 1 April 2016

### 10. Investments (continued)

A summary analysis of these acquisitions 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 assets	1,812	—	1,812
Stock	817	—	817
Debtors	5,689	—	5,689
Cash	1,167	—	1,167
Creditors due within one year	(4,270)	—	(4,270)
Creditors due after one year	(2,747)	—	(2,747)
Net assets	<u>2,468</u>	<u>—</u>	2,468
Minority interest			-
Goodwill arising on acquisition			<u>907</u>
			<u>3,375</u>
Discharged by:			
Cash consideration			2,682
Deferred consideration			209
Fair value of put and call option			358
Costs associated with acquisition			<u>126</u>
			<u>3,375</u>

Revenue of £4,427k and loss after tax of £66k arose in the period from acquisition to 1 April 2016.

On 22 October 2015 the group acquired the remaining 25% minority interest in Prime Pumps Limited under a put/call option agreement. The acquisition resulted in a release of the 25% minority interest as the investment is now 100% consolidated in the group financial statements.

For the year ended 1 April 2016 the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: GEG (Process & Equipment) Limited, GEG (Marine & Offshore) Limited; Isleburn Limited; Training Competency Consultancy Limited; Global Energy (Holdings) Limited; Reel Group Limited; Reel Limited; Global Energy Group (Access & Coatings) Limited; Rigfit Offshore Limited; Global Resource Management Limited; Global Resources (Project Recruitment) Limited; Caledonian Towage Limited; Global Energy Nigg Limited; Global Energy (Group) Limited; Global Energy (SCS) Limited; Global Power & Process Limited; Global Energy Fabrication Limited; Global Energy Corporation Limited; Global Project Services Limited; Global Port Services (Scotland) Limited; Global Highland Limited; Langfields Limited; S&D Fabricators Limited; Pipework Systems & Installation Limited; Ross-shire Engineering Limited; Prime Pumps Limited; MF Marine Operations Limited; Caledonian Petroleum Services Limited and Vertech Integrity Services Limited.

## Notes to the financial statements

at 1 April 2016

### 11. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials and consumables	4,053	4,264	–	–
	<u>4,053</u>	<u>4,264</u>	<u>–</u>	<u>–</u>

### 12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	46,669	38,609	50	5
Amounts due from group undertakings	–	–	13,624	6,066
Amounts recoverable on long term contracts	16,903	12,712	–	–
Prepayments and accrued income	9,539	9,051	151	37
Deferred tax asset	2,016	618	–	–
Other debtors	4,386	7,024	588	85
	<u>79,513</u>	<u>68,014</u>	<u>14,413</u>	<u>6,193</u>

Amounts falling due after more than one year included above are:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other debtors	1,167	–	500	–
	<u>1,167</u>	<u>–</u>	<u>500</u>	<u>–</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts	70,575	4,996	32,958	5,209
Obligation under finance leases and hire purchase contracts	5,769	6,365	10	10
Amounts owed to group undertakings	–	–	257	–
Trade creditors	17,614	13,018	339	176
Current corporation tax	2,583	2,985	–	–
Other taxes and social security costs	8,172	10,917	185	121
Other creditors	18,670	21,136	5,000	–
Accruals and deferred income	19,669	22,276	221	444
	<u>143,052</u>	<u>81,693</u>	<u>38,970</u>	<u>5,960</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.

## Notes to the financial statements

at 1 April 2016

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

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	–	13,103	–	–
Obligations under finance leases and hire purchase contracts (Note 16)	13,625	20,931	40	50
Other creditors	3,175	10,160	–	–
	<u>16,800</u>	<u>44,194</u>	<u>40</u>	<u>50</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.

### 15. Obligations under leases and hire purchase contracts

The group and company use finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases and hire purchase contracts are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Not later than one year	5,770	6,365	10	10
Later than one year and not later than five years	11,348	20,931	40	50
Later than five years	2,276	–	–	–
	<u>19,394</u>	<u>27,296</u>	<u>50</u>	<u>60</u>

Future minimum rentals payable under non-cancellable operating leases are as follows:

<i>Group</i>	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Not later than one year	6,308	4,675
Later than one year and not later than five years	14,696	15,161
Later than five years	<u>15,578</u>	<u>18,521</u>
At 1 April 2016	<u>36,582</u>	<u>38,357</u>

## Notes to the financial statements

at 1 April 2016

### 15. Obligations under leases and hire purchase contracts (continued)

<i>Company</i>	<i>2016</i>		<i>2015</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Not later than one year	–	–	–	–
Later than one year and not later than five years	–	–	–	–
Later than five years	–	–	–	–
At 1 April 2016	–	–	–	–

### 16. Deferred government grants

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

	<i>Group £000</i>	<i>Company £000</i>
At 1 April 2015	6,418	–
Received in year	562	–
Released in year	(164)	–
At 1 April 2016	6,816	–

### 17. Allotted and issued share capital

<i>Group and Parent company</i>	<i>2016</i>		<i>2015</i>	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	430,188	430	430,188	430
			<i>2016 £000</i>	<i>2015 £000</i>
Ordinary shares of £1 each				
At 1 April 2016 and 31 March 2015			430	430

### 18. Dividends and other appropriations

	<i>2016 £000</i>	<i>2015 £000</i>
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
Final dividend	5,000	5,000
	5,000	5,000

## Notes to the financial statements

at 1 April 2016

### 19. Reserves

#### *Share premium account*

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

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

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

	2016 £000	2015 £000
Group profit for the year	1,748	15,278
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Tax on profit on ordinary activities	1,384	6,601
Amortisation of intangible fixed assets	5,338	4,910
Depreciation of tangible fixed assets	9,916	9,179
Deferred government grant release	(164)	(175)
Profit on disposal of fixed assets	(807)	1,295
Net finance costs	1,388	1,651
Working capital movements:		
(Increase)/decrease in debtors	(4,412)	41,130
Decrease in stocks	1,028	2,985
(Decrease) in creditors	(21,889)	(15,322)
<b>Taxation</b>		
Corporation tax paid	(2,927)	(9,058)
Net cash (outflow)/inflow from operations	<u>(9,397)</u>	<u>58,474</u>

#### (b) Cash and cash equivalents

	Group		Parent	
	At 1 April 2016 £000	At 31 March 2015 £000	At 1 April 2016 £000	At 31 March 2015 £000
Cash at bank and in hand	25,797	39,516	—	—
Short-term deposits	—	—	—	—
	<u>25,797</u>	<u>39,516</u>	<u>—</u>	<u>—</u>
Bank overdraft	(62,575)	(38,515)	(32,958)	(5,209)
	<u>(36,778)</u>	<u>1,001</u>	<u>(32,958)</u>	<u>(5,209)</u>

## Notes to the financial statements

at 1 April 2016

### 21. Financial instruments

	2016 £000	Group 2015 £000	2016 £000	Company 2015 £000
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Other debtors	1,967	—	500	—
<i>Financial liabilities measured at amortised cost</i>				
Bank overdraft	62,575	38,515	32,958	5,209
Bank loans	8,000	18,099	—	—
Finance leases and hire purchase contracts	19,394	27,296	50	60

### 22. Events after the reporting period

Subsequent to the year end the group refinanced its debt arrangements. Refer to Strategic Report for details.

### 23. Related party transactions

During the year 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:

	Sales to related party £000	Purchases from related party £000	Amounts owed from related party £000	Amounts owed to related party £000
<i>Entities controlled by key management personnel</i>				
Global Infrastructure Scotland Limited				
2016	2	1	—	—
2015	25	54	4	—
GEG Capital Limited				
2016	18	470	—	—
2015	1	481	—	—
Ross County Football Club (2006) Limited				
2016	4	56	—	3
2015	—	—	—	—
<i>Entities controlled by a close family member of key management personnel</i>				
MacGregor Industrial Supplies Limited				
2016	4	1,686	—	208
2015	2	2,618	—	1

## Notes to the financial statements

at 1 April 2016

### 23. Related party transactions (continued)

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 and Ross County Football Club (2006) Limited are subsidiaries of GEG Capital Limited, a company owned and controlled by the MacGregor family.

#### *Terms and conditions of transactions with related parties*

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The Group has not provided or benefitted from any guarantees for any related party receivables or payables. During the year ended 1 April 2016, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2015: nil).

#### *Key management personnel*

All directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £585k (2015: £585k).

### 24. Ultimate parent undertakings and controlling party

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