GEG (Holdings) Limited

Report and Financial Statements

31 March 2015

Company number: SC415463

Directors
R J MacGregor
I R MacGregor
D A MacGregor
J D MacDonald
J A MacGregor
Y Higa/M Nakamoto
N Katsu/T Osaki
J Bryce

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

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 March 2015.

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.

Group trading decreased by 20% compared to the previous year with a turnover of £376 million (2014 – £472 million). Profit for the financial year was £14.3 million, compared to £25.9 million in 2014.

The decrease in revenue was a direct impact of the falling oil price halfway through the financial year. 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. A sharp decline in oil price typically has an immediate impact on offshore drilling activity, which in turn impacts maintenance and project spend on drilling assets.

Much of the decline in revenue was apportioned to drilling rig repair and maintenance work, which sits within the groups Marine and Logistics business. 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.

Our Process and Equipment business continued to grow despite market conditions. This 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 & Equipment business to maintain its revenue base despite declining spends in the sector.

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 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.

Strategic report

Principal risks and uncertainties (continued)

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.

On behalf of the Board

R J MacGregor
Director
18 December 2015

Registered No: SC415463

Directors' report

The directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends

The group profit for the year after taxation amounted to £14,289k (2014 – £25,875k). The directors do not recommend a final dividend (2014 – £nil).

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 sustainable on a strengthening market.

Directors

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

R J MacGregor	
I R MacGregor	
D A MacGregor	
J D MacDonald	
Y Higa	
M Nakamoto	(appointed 23 October 2015)
N Katsu	
T Osaki	(appointed 25 June 2015)
J A MacGregor	(appointed 22 July 2014)
J Bryce	(appointed 22 July 2014)
H Takahara	(resigned 23 October 2015)

M Nakamoto and T Osaki were appointed as alternate directors for Y Higa and N Katsu 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.

Directors' report

Disabled employees (continued)

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.

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

R J MacGregor
Director
18 December 2015

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 year ended 31 March 2015 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 26. 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 6, 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 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. 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 the company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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 group and the company, 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.

Ernst & Young LLP

Donald Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Inverness
18 December 2015

Group profit and loss account

for the year ended 31 March 2015

	Notes	2015 £000	2014 £000
Group turnover	2	375,773	471,840
Continuing operations:			
Ongoing		365,666	463,197
Acquisitions		10,107	8,643
		375,773	471,840
Cost of sales	3	(286,615)	(369,485)
Gross profit		89,158	102,355
Administrative expenses	3	(59,676)	(56,550)
Amortisation of intangibles	4	(4,910)	(5,265)
Other operating income	3	253	130
Operating profit			
Continuing operations:			
Ongoing		24,083	38,113
Acquisitions		742	2,557
Group operating profit	4	24,825	40,670
Continuing operations:			
Profit/(loss) on disposal of tangible assets		(1,295)	–
Profit on ordinary activities before interest and taxation		23,530	40,670
Interest receivable and similar income		12	68
Interest payable and similar charges	7	(1,663)	(1,232)
Profit on ordinary activities before taxation		21,879	39,506
Tax	8	(6,601)	(11,582)
Profit on ordinary activities after taxation		15,278	27,924
Minority interests		(989)	(2,049)
Profit for the financial year	21	14,289	25,875

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 31 March 2015

	2015	*2014*
	£000	*£000*
Profit for the financial year	14,289	25,875
Exchange difference on translation of foreign subsidiary	1,287	1,956
	15,576	27,831

Group balance sheet

at 31 March 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Intangible assets	10	89,410	82,376
Tangible assets	11	97,723	72,624
Investments	12	–	–
		187,133	155,000
Current assets			
Stocks	13	11,029	12,705
Debtors	14	61,249	99,974
Cash at bank and in hand		1,001	4,180
		73,279	116,859
Creditors: amounts falling due within one year	15	(81,693)	(84,957)
Net current assets		(8,414)	31,902
Total assets less current liabilities		178,719	186,902
Creditors: amounts falling due after more than one year	16	(50,612)	(70,122)
Provisions for liabilities			
Deferred taxation	8(c)	(1,945)	(1,323)
Net assets		126,162	115,457
Capital and reserves			
Called up share capital	19	430	430
Share premium	20	69,570	69,570
Profit and loss account	20	52,742	42,166
Shareholders' funds	20	122,742	112,166
Minority interests		3,420	3,291
		126,162	115,457

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2015.

R J MacGregor
Director

Company balance sheet

at 31 March 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	89	–
Investments	12	70,000	70,000
		70,089	70,000
Current assets			
Stocks	13	–	–
Debtors	14	6,193	–
Cash at bank and in hand		–	–
		6,193	–
Creditors: amounts falling due within one year	15	(5,960)	–
Net current liabilities		233	–
Total assets less current liabilities		70,322	70,000
Creditors: amounts falling due after more than one year	16	(50)	–
Provisions for liabilities		–	–
Net assets		70,272	70,000
Capital and reserves			
Called up share capital	19	430	430
Share premium	20	69,570	69,570
Profit and loss account	20	272	–
Shareholders' funds	20	70,272	70,000

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2015.

R J MacGregor
Director

Group statement of cash flows

for the year ended 31 March 2015

	Notes	2015 £000	2014 £000
Net cash outflow from operating activities	21(a)	68,926	30,545
Returns on investments and servicing of finance	21(c)	(2,433)	(1,307)
Taxation		(9,058)	(10,489)
Capital expenditure and financial investment	21(c)	(19,901)	(3,858)
Acquisitions and disposals	21(c)	(7,843)	(14,918)
Equity dividends paid		(5,000)	(2,000)
Net cash inflow/(outflow) before financing		24,691	(2,027)
Financing	21(c)	(27,870)	1,989
Decrease in cash in the year		(3,179)	(38)

Reconciliation of net cash flow to movement in net debt

	Notes	2015 £000	2014 £000
Decrease in cash		(3,179)	(38)
Cash outflow from decrease in debt and lease financing		27,870	(1,989)
Change in net debt resulting from cash flows		24,691	(2,027)
Finance leases and loans acquired with subsidiary		(47)	(24)
New finance lease		(12,081)	(24,604)
Movement in net debt in the year		12,563	(26,655)
Net debt at 1 April	21(b)	(56,957)	(30,302)
Net debt at 31 March	21(b)	(44,394)	(56,957)

Notes to the financial statements

at 31 March 2015

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 Global Energy (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries') drawn up to 31 March 2015. Acquisitions during the year, S & D Fabricators Limited, Pipework Systems & Installations Limited and Langfields Limited 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:

S & D Fabricators Limited	–	11 month period from its acquisition on 23 April 2014
Pipework Systems & Installations Limited	–	3 month period from its acquisition on 18 December 2014
Langfields Limited	–	acquired on 31 March 2015

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 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 2015

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 as follows:

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

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 2015

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 2015

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. The results of the acquisitions in the year, S & D Fabricators Limited and Pipework Systems and Installations Limited relate to UK and Europe. 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:

	2015	*2014*
	£000	*£000*
UK and Europe	323,852	413,039
Australia	38,408	46,369
Rest of world	13,513	12,432
	375,773	471,840

3. Cost of sales and operating expenses

	Continuing	*Discontinued*	*31 March 2015 Total*	*Continuing*	*Discontinued*	*1 April 2014 Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost of sales	286,615	–	286,615	369,485	–	369,485
Administrative expenses	64,586	–	64,586	61,815	–	61,815
Operating income	253	–	253	130	–	130

The total figures for continuing operations above include the following amounts relating to acquisitions: cost of sales £7,429k (2014 – £2,111k) and administrative expenses £1,936k (2014 – £4,149k). Administrative expenses above include intangible amortisation.

4. Operating profit

This is stated after charging/(crediting):

			2015	*2014*
			£000	*£000*
Auditors' remuneration:				
Audit of the financial statements			7	6
Audit of subsidiary undertaking's financial statements (including overseas)			200	198
Other services				4
Amortisation	–	intangible fixed assets	4,910	5,265
Depreciation of tangible fixed assets	–	owned by the company	5,328	4,097
	–	held under finance leases	3,851	1,631
Operating lease rentals			4,446	2,833
Difference on foreign exchange			(85)	38

Notes to the financial statements

at 31 March 2015

5. Directors' remuneration

	2015	*2014*
	£000	*£000*
Remuneration	585	503
Company pension contributions to money purchase pension schemes	6	6

During the year retirement benefits were accruing to one director (2014 – one) in respect of money purchase pensions.

The highest paid director received remuneration of £179k (2014 – £178k).

The value of the company's contributions paid to a personal pension plan in respect of the highest paid director amounted to £6k (2014 – £6k).

6. Staff costs

	2015	*2014*
	£000	*£000*
Wages and salaries	95,005	115,603
Social security costs	11,107	8,399
Other pension costs	1,250	1,168
	107,362	125,170

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

	No.	*No.*
Management and administration	772	850
Blue collar/technical	3,382	4,252
	4,154	5,102

7. Interest payable and similar charges

	2015	*2014*
	£000	*£000*
On bank overdrafts	203	26
On bank loans	747	860
On finance leases and hire purchase contracts	710	213
On other loans	3	133
	1,663	1,232

Notes to the financial statements

at 31 March 2015

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax on the profit for the year	5,136	9,952
Adjustments in respect of prior years	(15)	(392)
	5,121	9,560
Double taxation relief	(153)	(89)
	4,968	9,471
Foreign tax	982	1,863
Adjustments in respect of prior years	(34)	140
Total current tax (note 8(b))	5,916	11,474
Deferred tax:		
Origination and reversal of timing differences	685	108
Tax on profit on ordinary activities	6,601	11,582

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2014 – 23%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	21,879	39,506
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 – 23%)	4,594	9,086
Effects of:		
Expenses not deductible for tax purposes and non-taxable income	1,348	1,507
Capital allowances for year in excess of depreciation	(438)	(283)
Short-term timing differences	(11)	348
Unrelieved tax losses	–	911
Utilisation of tax losses	(281)	–
Higher rate on overseas earnings	213	–
Foreign tax credits	82	–
Others	458	157
Adjustments to tax charge in respect of prior years	(49)	(252)
Current tax for the year (note 8(a))	5,916	11,474

Notes to the financial statements

at 31 March 2015

8. Tax (continued)

(c) Deferred tax

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

	2015 £000	2014 £000
Included in debtors (note 14)	618	748
Included in provisions for liabilities	(1,945)	(1,323)
	(1,327)	(575)
Accelerated capital allowances	(1,525)	(1,025)
Other timing differences	198	450
Provision for deferred tax	(1,327)	(575)

At 1 April 2014	(575)
Provided during the year	(685)
Acquired with subsidiary	(58)
Exchange difference	(9)
At 31 March 2015	1,327

9. Dividends

Declared and paid during the year	2015 £000	2014 £000
Final dividend paid on ordinary shares	5,000	2,000

10. Intangible fixed assets

Group	*Goodwill* £000	*Other intangibles* £000	*Lease premium* £000	*Total* £000
Cost:				
At 1 April 2014	91,574	141	1,107	92,822
On acquisition of subsidiaries	10,423	–	–	10,423
Adjustments	1,407	–	–	1,407
Additions	–	121	–	121
Exchange adjustment	–	(5)	–	(5)
At 31 March 2015	103,404	257	1,107	104,768
Amortisation:				
At 1 April 2014	10,373	35	38	10,446
Charge for the year	4,846	46	18	4,910
Exchange adjustment	–	2	–	2
At 31 March 2015	15,219	83	56	15,358
Net book value:				
At 31 March 2015	88,185	174	1,051	89,410
At 1 April 2014	81,201	106	1,069	82,376

Notes to the financial statements

at 31 March 2015

11. Tangible fixed assets

Group	*Land and buildings* *£000*	*Plant and machinery* *£000*	*Motor vehicles* *£000*	*Furniture, fittings and equipment* *£000*	*Total* *£000*
Cost:					
At 1 April 2014	36,843	36,686	2,308	4,204	80,041
Additions	19,182	14,955	823	1,409	36,369
Disposals	(389)	(3,206)	(500)	(511)	(4,606)
Acquisition of subsidiary undertakings	355	325	130	44	854
Exchange adjustment	(19)	(51)	(44)	(66)	(180)
Transfers	(20)	–	44	(24)	–
At 31 March 2015	55,952	48,709	2,761	5,056	112,478
Depreciation:					
At 1 April 2014	1,895	3,546	699	1,277	7,417
Charge for the year	1,905	5,394	737	1,143	9,179
Exchange adjustment	(13)	(48)	(8)	(20)	(89)
Disposals	(281)	(750)	(343)	(378)	(1,752)
At 31 March 2015	3,506	8,142	1,085	2,022	14,755
Net book value:					
At 31 March 2015	52,446	40,567	1,676	3,034	97,723
At 1 April 2014	34,948	33,140	1,609	2,927	72,624

Included in heritable land and buildings are £20,914k (2014 – £2,775k) of assets under construction and £5,824k (2014 - £6,009k) of long leasehold properties.

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

	2015 *£000*	*2014* *£000*
Plant and machinery	22,979	27,094
Motor vehicles	275	293
	23,254	27,387

Notes to the financial statements

at 31 March 2015

11. Tangible fixed assets (continued)

Company	*Motor vehicles £000*	*Computer equipment £000*	*Total £000*
Cost:			
At 1 April 2014	–	–	–
Additions	69	17	86
Disposals	(58)	(6)	(64)
Transfers	86	–	86
At 31 March 2015	97	11	108
Depreciation:			
At 1 April 2014	–	–	–
Charge for the year	23	9	32
Disposals	(10)	(3)	(13)
At 31 March 2015	13	6	19
Net book value:			
At 31 March 2015	84	5	89
At 1 April 2014	–	–	–

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

	2015 £000	*2014 £000*
Motor vehicles	63	–

Notes to the financial statements

at 31 March 2015

12. Investments

Company	*Subsidiary undertakings £000*
Cost:	
At 1 April 2014 and 31 March 2015	70,000
Amounts provided:	
At 1 April 2014	–
Provided in year	–
At 31 March 2015	–
Net book value:	
At 31 March 2015	70,000
At 1 April 2014	70,000

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

GEG (Marine & Logistics) Limited
Global Energy (Group) Limited
Caledonian Petroleum Services Limited
Global Energy (Holdings) Limited
Global Energy Corporation Limited
Global Energy Nigg Limited
Global Resources (Project and Recruitment) Limited
Global Energy Group Asia Pacific Pty Ltd
Global Resource Network Australiasia Pty Ltd
Global Energy Resource Management Limited
Training Competency Consultancy Limited
A & B Welding Services Limited
Caledonian Towage Limited
S & D Fabricators Limited
Global Energy Group (West Africa) Limited
Isleburn Limited
Reel Group Limited
Reel Limited
Reel Do Brazil
Reel Group Inc
Reel Inspection and Rig Maintenance Pvt Ltd
Global Resource Management Limited
Global Energy (SCS) Limited
Project and Resource Limited
Global Resource Gulf Facilities Management LLC
Global Power & Process Limited
Global Energy Group Norge
Mountwest 795 Limited
Vertech Integrity Services Limited

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

Global Energy Group (Access and Coatings) Limited	85%
Rigfit Offshore Limited	70%
Rigfit International LLC	70%
Rigfit International FZC	70%
Global Port Services (Scotland) Limited	51%
Global Logistics Services Limited	51%
Global Project (Services) Limited	80%
Vertech Group Pty Ltd	80%
Cunningham Construction (Australia) Pty Ltd	80%
Ross-shire Engineering Limited	75%
Prime Pumps Limited	51%

Notes to the financial statements

at 31 March 2015

12. Investments (continued)

Pipework Systems and Installations Limited	75%
Langfields Limited	85%

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

Global Energy (Holdings) Limited holds the investment in Global Port Services (Scotland) Limited, Highland Stevedoring Limited, Global Logistics Services Limited, Rigfit Offshore Limited, Rigfit International LLC, Rigfit International FZC, Global Energy Group (Access & Coatings) Limited and Reel Group 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.

Caledonian Petroluem Services owns 100% of the issued ordinary share capital of both A & B Welding Services Limited and S & D Fabricators 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 Asia Pacific Pty Limited owns 100% of the issued ordinary share capital of Global Resource Network Australiasia Pty Limited, 80% of Vertech Group Pty Ltd and 80% of Cunningham Construction (Australia) Pty Ltd. Global Energy Group Asia Pacific Pty Limited, Global Resource Network Australiasia Pty Limited, Vertech Group Pty Ltd and Cunningham Construction (Australia) Pty Ltd are incorporated in Australia.

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

Notes to the financial statements

at 31 March 2015

12. Investments (continued)

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

On 23 April 2014 the group acquired 100% of the issued share capital of S & D Fabricators Limited. On 18 December 2014 the group acquired 75% of the issued share capital of pipework Systems & Installation Limited. A put and call option agreement is in place for the remaining 25% of the issued share capital. On 31 March 2015 the group acquired 85% of the issued share capital of Langfields Limited. A put and call option agreement is in place for the remaining 15% 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.

A summary analysis of these acquisitions is given below.

Net assets at date of acquisition	*Book value*	*Revaluation adjustments*	*Fair value to group*
	£000	*£000*	*£000*
Tangible fixed assets	854	–	854
Stock	1,309		1,309
Debtors	2,535	–	2,535
Cash	2,596	–	2,596
Creditors due within one year	(3,171)	–	(3,171)
Creditors due after one year	(105)	–	(105)
Net assets	4,018	–	4,018
Minority interest			–
Goodwill arising on acquisition			10,423
			14,441
Discharged by:			
Cash consideration			10,267
Deferred consideration			1,201
Fair value of put and call option			2,801
Costs associated with acquisition			172
			14,441

On 16 March 2015 the group acquired the remaining 5% minority interest in Training Competency Consultancy Limited. The acquisition resulted in additional goodwill of £20K and a release of the 5% minority interest of £96K as the investment is now 100% consolidated in the group financial statements.

Subsequent to the year end the company acquired 38% of the issued share capital of Global Port Services (Scotland) Limited under the put/call option agreement. The option creditor has been increased to the amount paid resulting in additional goodwill of £1,600K.

For the year ended 31 March 2015 the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: Global Energy Resource Management Limited; Training Competency Consultancy Limited; Global Energy (Holdings) Limited; Reel Group Limited; Mountwest 795 Limited; Global Resource Management Limited; Global Resources (Project Recruitment) Limited; Global Logistics Services Limited; Caledonian Towage Limited; Global Energy Nigg Limited; Global Energy (Group) Limited; A&B Welding Services Limited; Global Energy (SCS) Limited; Global Power & Process Limited and Vertech Integrity Services Limited.

Notes to the financial statements

at 31 March 2015

13. Stocks

	Group		Company	
	2015	*2014*	*2015*	*2014*
	£000	*£000*	*£000*	*£000*
Raw materials	4,264	2,971	–	–
Work in progress	6,765	9,734	–	–
	11,029	12,705	–	–

14. Debtors

	Group		Company	
	2015	*2014*	*2015*	*2014*
	£000	*£000*	*£000*	*£000*
Trade debtors	38,609	69,822	5	–
Other debtors	7,024	7,500	85	–
Prepayments and accrued income	9,051	12,726	37	–
Amounts due from group undertakings	–	–	6,066	–
Amounts recoverable on long term contracts	5,947	9,178	–	–
Deferred tax asset	618	748	–	–
	61,249	99,974	6,193	–

15. Creditors: amounts falling due within one year

	Group		Company	
	2015	*2014*	*2015*	*2014*
	£000	*£000*	*£000*	*£000*
Bank loans and overdrafts	4,996	6,409	5,209	–
Net obligation under finance leases and hire purchase contracts	6,365	3,298	10	–
Trade creditors	13,018	20,100	176	–
Current corporation tax	2,985	6,127	–	–
Other taxes and social security costs	10,917	10,995	121	–
Other creditors	21,136	12,732	–	–
Accruals and deferred income	22,276	25,296	444	–
	81,693	84,957	5,960	–

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 31 March 2015

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

	Group		*Company*	
	2015	*2014*	*2015*	*2014*
	£000	*£000*	*£000*	*£000*
Bank loans	13,103	30,261	–	–
Net obligations under finance leases and hire purchase contracts (note 18)	20,931	21,169	50	–
Other creditors	10,160	15,048	–	–
Deferred government grants (note 19)	6,418	3,644	–	–
	50,612	70,122	50	–

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:

	Group		*Company*	
	2015	*2014*	*2015*	*2014*
	£000	*£000*	*£000*	*£000*
Amounts payable:				
Within one year	6,365	3,298	10	–
In two to five years	20,931	21,169	50	–
	27,296	24,467	60	–

18. Deferred government grants

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

	Group	*Company*
	£000	*£000*
At 1 April 2014	3,644	–
Received in year	2,949	–
Released in year	(175)	–
At 31 March 2015	6,418	–

19. Issued share capital

		2015		*2014*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	430,188	430	430,188	430

Notes to the financial statements

at 31 March 2015

20. Reconciliation of shareholders' funds and movements on reserves

Group	*Share capital*	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*
At 1 April 2013	430	69,570	16,335	86,335
Profit for the year	–	–	25,875	25,875
Dividends paid (note 9)	–	–	(2,000)	(2,000)
Exchange differences on retranslation of net assets of subsidiary undertakings	–	–	1,956	1,956
At 1 April 2014	430	69,570	42,166	112,166
Profit for the year	–	–	14,289	14,289
Dividends paid (note 9)	–	–	(5,000)	(5,000)
Exchange differences on retranslation of net assets of subsidiary undertakings	–	–	1,287	1,287
At 31 March 2015	430	69,570	52,742	122,742

Company	*Share capital*	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*
At 1 April 2013	430	69,570	–	70,000
Dividends paid (note 9)	–	–	(2,000)	(2,000)
Profit for the year	–	–	2,000	2,000
At 1 April 2014	430	69,570	–	70,000
Dividends paid (note 9)	–	–	(5,000)	(5,000)
Profit for the year	–	–	5,272	5,272
At 31 March 2015	430	69,570	272	70,272

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 £5,272,000 (2014 - £nil).

Notes to the financial statements

at 31 March 2015

21. Notes to the statement of cash flows

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

	2015	*2014*
	£000	*£000*
Operating profit	24,825	40,670
Amortisation of intangible fixed assets	4,910	5,265
Depreciation of tangible fixed assets	9,179	5,728
Deferred government grant release	(175)	(110)
Profit on disposal of fixed assets	–	(149)
Decrease/(increase) in stocks	2,985	(3,054)
Decrease/(increase) in debtors	41,130	(12,158)
Decrease in creditors	(15,322)	(7,892)
Exchange difference	1,394	2,245
Net cash outflow from operations	68,926	30,545

(b) Analysis of net debt

	At 1 April 2014	*Cash flow*	*Other changes*	*Acquisitions/ disposals*	*At 31 March 2015*
	£000	*£000*	*£000*	*£000*	*£000*
Cash at bank and in hand	28,548	10,968	–	–	39,516
Bank overdraft	(24,368)	(14,147)	–	–	(38,515)
	4,180	(3,179)	–	–	1,001
Debt:					
Finance leases	(24,467)	9,299	(12,081)	(47)	(27,296)
Debts due within one year	(6,409)	1,413	–	–	(4,996)
Debts falling due after one year	(30,261)	17,158	–	–	(13,103)
Net debt	(56,957)	24,691	(12,081)	(47)	(44,394)

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

	2015	*2014*
	£000	*£000*
Returns on investments and servicing of finance:		
Interest received	12	68
Interest paid	(953)	(1,016)
Hire purchase interest	(710)	(213)
Dividend paid to minority shareholders	(782)	(146)
Net cash outflow from returns on investments and servicing of finance	(2,433)	(1,307)

Notes to the financial statements

at 31 March 2015

22. Notes to the statement of cash flows (continued)

	2015	*2014*
	£000	*£000*
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(24,288)	(5,957)
Purchase of intangible fixed assets	(121)	(43)
Sale of tangible fixed assets	1,559	1,138
Receipt of government grants	2,949	1,004
Net cash outflow from capital expenditure	(19,901)	(3,858)

	2015	*2014*
	£000	*£000*
Acquisitions and disposals:		
Purchase of subsidiary undertakings	(10,439)	(14,997)
Net cash acquired with subsidiary undertaking	2,596	79
Net cash outflow from acquisitions and disposals	(7,843)	(14,918)

	2015	*2014*
	£000	*£000*
Financing:		
Net movement in short-term borrowings	(1,413)	(42)
Net movement in long-term borrowings	(17,158)	3,799
Repayment of finance leases	(9,299)	(1,768)
Net cash inflow from financing	(27,870)	1,989

23. 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 (2014 – £nil) were payable to the fund at the balance sheet date and are included in creditors.

Notes to the financial statements

at 31 March 2015

24. Other financial commitments

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as set out below:

Group		*2015*		*2014*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	913	40	1,040	275
In two to five years	2,967	199	1,856	209
Over five years	717	–	881	2
	4,597	239	3,777	486

25. Related party transactions

Group

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	*Debtor*	*Purchases*	*Creditor*
		31 March		*31 March*
	2015	*2015*	*2015*	*2015*
	£000	*£000*	*£000*	*£000*
MacGregor Industrial Supplies Limited	2	–	2,618	1
Global Infrastructure Scotland Limited	25	4	54	–
GEG Capital Limited	1	–	481	–

	Sales	*Debtor*	*Purchases*	*Creditor*
		31 March		*31 March*
	2014	*2014*	*2014*	*2014*
	£000	*£000*	*£000*	*£000*
MacGregor Industrial Supplies Limited	–	–	5,147	410
Global Infrastructure Scotland Limited	77	3	992	7
GEG Capital Limited	–	–	583	45

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.

Notes to the financial statements

at 31 March 2015

26. Ultimate parent undertaking and controlling party

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