

Registered number: SC415463

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SC673517.

**GEG (HOLDINGS) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**



**GEG (HOLDINGS) LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	R J MacGregor I R MacGregor D A MacGregor J D MacDonald J A MacGregor G J Farmer T Wada N Komaki (appointed 28 April 2020, resigned 13 May 2021) H Takani (appointed 28 April 2020) M Murase (resigned 28 April 2020) T Kobayashi (resigned 28 April 2020) T Ezure (resigned 28 April 2020) T Kobayashi (appointed 13 May 2021) K Tanahashi (appointed 13 May 2021)
<b>Company secretary</b>	J D MacDonald
<b>Registered number</b>	SC415463
<b>Registered office</b>	13 Henderson Road Inverness IV1 1SN
<b>Independent auditor</b>	Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU

## **GEG (HOLDINGS) LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Group strategic report</b>	<b>1 - 6</b>
<b>Directors' report</b>	<b>7 - 9</b>
<b>Directors' responsibilities statement</b>	<b>10</b>
<b>Independent auditor's report</b>	<b>11 - 13</b>
<b>Consolidated profit and loss account</b>	<b>14</b>
<b>Consolidated statement of comprehensive income</b>	<b>15</b>
<b>Consolidated balance sheet</b>	<b>16 - 17</b>
<b>Company balance sheet</b>	<b>18 - 19</b>
<b>Consolidated statement of changes in equity</b>	<b>20</b>
<b>Company statement of changes in equity</b>	<b>21</b>
<b>Consolidated Statement of cash flows</b>	<b>22 - 23</b>
<b>Analysis of net debt</b>	<b>24</b>
<b>Notes to the financial statements</b>	<b>25 - 49</b>

## GEG (HOLDINGS) LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

#### Principal activities and review of the business

The Global Energy Group ("GEG") is an international service group creating value through a construction led approach to challenges in the energy market. GEG combines a collection of niche offerings designed to reduce risks in early-stage developments as well as enhancing performance in late-life assets and supporting the lifecycle of offshore and onshore wind farms.

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

	31 March 2021	31 March 2020	Change
	£m	£m	%
Turnover	182.0	245.0	-26%
Profit after tax	3.1	6.6	-53%
EBITDA	16.0	22.7	-30%
Shareholders' funds	91.9	89.2	3%
Average number of employees	758	1,055	-28%

The Group's revenue decreased by 26% compared to the previous year with a turnover of £182m (2020 – £245m). Profit after tax for the financial year decreased to £3.1m, compared to £6.6m in 2020. The Group's EBITDA also declined to £16.0m from £22.7m in the prior year on an unadjusted basis.

Despite the significant reduction in turnover and profit after tax the Group maintained a strong adjusted EBITDA (adjusted for Redundancy, Furlough and restructuring costs) position of £18.1m.

The decrease in revenue and profitability for the year is largely attributable to the outbreak of the COVID19 pandemic and ripple effect it had on commodity prices globally. The Group saw an immediate impact on the trading performance of a number of business units and services with the introduction of the country wide lock down, travel restrictions and the introduction of social distancing measures.

The reduction in the turnover of the Group was largely attributable to the Group's offshore construction contractor Global E&C, who saw manpower activity offshore reduce by 50% overnight and had to stabilise the business plan as a result. The Group also had to retreat back from offshore projects overseas, particularly in Norway, with over 130 personnel retracted as result of the pandemic. This coupled with a reduced confidence in the oil and gas sector started to impact on project commencements and sanctions with a number of expected awards delayed or cancelled.

In contrast to the reduced confidence in the Oil and gas sector, particularly around CAPEX expenditure, the Group continued to gain momentum in the offshore and onshore wind market, with the commencement of the Moray East marshalling project for Ocean Winds at the Group's flagship facility Port of Nigg, along with continued activity on a number of onshore windfarm projects both in the UK and further afield. The involvement in both OPEX and CAPEX related activities in the low carbon sector was further demonstrated through supporting the Hinkley Point C project. Positively the Group sees further opportunity to deploy its skills in alternative markets.

The oil and gas market is still in a period of lower capital spend as confidence in the sector remains challenged with the increased societal pressure on climate change, the need for the sector to reduce its carbon footprint and develop carbon capture initiatives. The Group sees opportunity to support clients in this space and support the move to reduce emissions in the sector and transition to a net zero energy framework. The Group's Global E&C division has put a significant focus on digitalisation of its construction activities with the establishment of its new digital solution, Slingshot, to enable operators to obtain real time information on its maintenance activities supporting production efficiency and reducing operating emissions. Confidence remains high that Global E&C can grow its market share in this space.

## **GEG (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

Encouragingly the Port of Nigg has now firmly established itself as Scotland's premier offshore renewables hub as well as a multi-energy source user site with the completion of the Beatrice Offshore Wind Farm (SSER) and Moray East (Ocean Winds) staging port projects and the commencement of SeaGreen (SSER) wind farm staging port project. The port now provides a full-service offering including logistics, assembly, fabrication services and supports both major renewables projects as well as traditional oil and gas activities.

During the year the Group made the conscious decision to invest in its energy transition strategy with the opening of an Edinburgh office dedicated to the low carbon sector and a number of key hires in this space. The increased cost burden on the Group is seen as essential investment in the future during a period of transition.

The balance sheet at 31 March 2021 notes net assets of £92.4m (2020 - £89.9m). The Group's bank debt has remained consistent over the period with cash generated investment in strategic assets, overall leverage reduced at 31 March 2021 with an improvement to the Group's trading EBITDA.

The balance sheet at 31 March 2021 notes net current liabilities of £7.5m a weakened position from the £1.3m net current assets position in the prior year. The net liabilities position is largely the result of some significant earnout payments due to minority shareholders as well as the Group taking advantage of a time to pay ("TTP") arrangement with HMRC post COVID19 and a significant deferred income balance relating to SeaGreen. The 31 March 2021 balance sheet does not reflect the refinancing undertaken post year end; therefore, the presented position is not reflective of the new refinancing arrangements. The new facilities provide revised hire purchase debt, a bank term loan, and revolving credit facilities which will assist the business with its growth aspirations and regain its net current asset position.

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

GEG manages its risks by diversifying across a number of highly regulated end markets. Sustaining revenues close to £200 million reflects a robust diversification policy that covers non oil and gas infrastructure and a strong balance of operating and capital expenditure activities.

The Board and Directors remain confident that the current 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 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.

#### **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, revolving credit facilities and other long-term bank facilities. The Group places significant focus on working capital management.

##### **Interest rate risk**

The Group finances its operations through bank borrowings at floating rates. The group policy is to borrow at the lowest rates for periods that do not carry excessive time premiums. Fixed borrowing rates are sought for HP assets funded over long time frames.

## **GEG (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

#### **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 with the debt ageing and collection history.

#### **Section 172 (1) statement**

In 2008 the Companies (Miscellaneous Reporting) Regulations introduced a requirement for large companies to publish a statement describing how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

Section 172 (1) (a) to (f) requires each director to act in a way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole regarding the following matters;

##### **(a) The likely consequences of any decision in the long-term**

At the heart of the company values is its people and creating a sustainable business. The directors believe that a consistently profitable business, which invests in people, culture, assets, processes, and systems will ensure the sustainability of the Global business and brand identity for years to come.

The Group core values inherently link to a longer-term sustainable business:

- Resolute on Health and Safety
- Create Opportunities for our people
- Inspire Creativity and Hunger
- Demonstrate Integrity and Respect
- Encourage Humility

Any decisions made by the board have the long-term objectives in mind.

##### **(b) The interests of the company's employees**

The board considers its people its greatest asset and the interests of employees are always taken into consideration when decisions are to be made.

Our People and Culture team plays a pivotal position in supporting the Group by leading a progressive and innovative People Strategy. The aim of People and Culture is to create the conditions, frameworks, and approaches to enable our people to achieve and succeed. Global Energy Group are committed to providing an inclusive, collaborative, and supportive working environment, where our people are valued and feel motivated.

Our People Strategy is built upon the following principles:

- To inspire a supportive and collaborative community
- To enhance performance through a culture of continuous learning
- To lead transformation and shape the business of the future
- To become The Employer of Choice

## **GEG (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

GEG is fully committed to:

- Providing a safe working environment where employees are developed to carry out their role competently, in compliance with relevant legislation and guidance;
- A Code of Business Conduct designed to ensure all employees understand the core principles expected, in order to ensure we deliver for each other, our customers and our shareholders;
- Cultivating an enriched environment where any individual or group feels welcomed, respected, supported and valued;
- Engaging employees through consistent and transparent communication, policies and procedures;
- Stimulating and encouraging a healthy and resilient workforce;
- Providing a multi-platform approach to continued professional development and regulatory competence;
- Creating engaging learning experiences, enabling our people to grow;
- Developing a modern and transparent approach to career progression, succession planning and mobility;
- A culture which supports the high performance of individuals, teams, and the group as a whole;
- A total reward benefits offering ensuring it remains competitive, relevant and fair;
- Providing an outstanding onboarding experience for new colleagues;
- Building a diverse, inclusive and connected community;
- Developing sustainable relationships with local schools, colleges, and universities to attract future talent.

#### **(c) The need to foster the companies business relationships with suppliers customers and others**

We are a group of businesses which is focused on serving our customers and their specific needs, accordingly we have a business development and relationship team which invests time in developing relationships with clients and helping them find solutions to the challenges they face.

Due to the diverse nature of the Group the supply chain is fundamental to the delivery of our services and products. We work closely with several key suppliers to build strong relationships and look to develop longer term agreements where possible.

In addition to our customer and suppliers we seek to build strong relationships with multiple stakeholder groups including local authorities, politicians, trade associations, schools, and accreditation bodies.

Our directors and senior management team take an active interest in these connections and take an active role in building and sustaining these relationships.

#### **(d) The impact of the company's operations in the community and environment**

Sustainability at GEG means ensuring long-term business success while contributing towards the prosperity of communities, the health and wellbeing of our people and the protection of the planet.

Our newly recruited Group Sustainability Officer will support the Group to further develop its sustainability strategy. They are already identifying the issues that matter by engaging stakeholders and developing a materiality matrix. Designed to aid prioritisation and develop a programme of work that covers community and environmental impacts.

## **GEG (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

#### **1) Environmental Impact / Carbon Emissions:**

Key areas already identified for prioritised action relate to the environmental impact of the organisation and achieving Net Zero by 2045:

- Implementation of a data management tool to track and manage the Scope 1, 2 and 3 GHG emissions data - in real time - for strategic decision making and operational management
- Prioritisation of opportunities for eliminating and reducing the carbon intensity of GEG owned assets including:
  - Zero carbon energy sources - procuring zero carbon electricity supplies and evaluating the opportunity for onsite renewable energy generation, switching out high carbon heating source to zero carbon sources
  - Energy efficiency measures - replacing lighting to LED, replacing and upgrading electrical infrastructure, insulation of buildings
  - Introducing electric vehicles across the commercial and car fleet
  - Collaborating with clients / suppliers / sector to support a reduction in GHG emissions
  - Enabling the shipping sector to meet their decarbonisation targets by exploring the technical and commercial viability of establishing a green methanol plant at the Port of Nigg in partnership with industry leaders, Proman
  - Collaborate with others in the sector to learn and share knowledge with organisations e.g. via the Offshore Wind Growth Partnership

#### **2) Corporate Social Responsibility (CSR), Diversity and Inclusion (D&I) and Wellbeing:**

Building on the recruitment of our Change Champions highlighted in last year's report, we have continued to maintain our focus during the challenges presented by the pandemic. With true CSR going beyond the realms of charitable giving, extending to include diversity, growth, development and wellness in the workplace, we feel proud to have maintained momentum in these key areas. With our Change Champions team comprised of individuals from across the group, employees vested in truly wanting to make a difference, they act as the real drivers for change. In the year ahead, these change champions will continue in their commitment to our core initiatives in the following areas: supporting the creation of a Diversity and Inclusion strategy, developing innovative approaches to ensure our employees and local communities feel engaged with - particularly around wellbeing and corporate social responsibility.

Creating the opportunity for our people to volunteer helps to improve the lives of others, but also supports us in gaining a greater sense of belonging to our communities and feeling more connected to the world around us. Therefore, as a result of the above, in 2020, we provided every employee with 1 day of paid volunteering leave per year to give back to their communities. Even in a world of COVID-19, our people still wanted to give back. The year has seen over 40 employees volunteer in their local communities. With our teams working in the local areas to positively impact local communities, e.g. the outside areas of both local children's centres and community gardens.

In addition, in the context of the pandemic, and the challenges presented to our people, we have introduced various strands of activity which support Mental Health Awareness. Aimed at helping managers identify and support mental health issues, as they arise. Enabling staff to build personal resilience; as well as training 50 employees across the group as certified Mental Health First Aiders.

This resulted in increased output and efficiency and reduced absenteeism. Our commitment to the wellbeing of our employees is further supported through a series of regular webinars on topics including Mental Health Awareness, Building Resilience and Dealing with Pressure, over 300 employees have attended these sessions to date.

Building on the increases in morale, teamwork and communication, coupled with the intrinsic benefits the individual, the team and the community achieved by rolling-out the strategies we introduced in 2019/20, the Group continue to gain momentum in incremental steps as we target key objectives like, our group-wide focus on achieving NetZero by 2045.



**GEG (HOLDINGS) LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

**(e) The desirability of the company maintaining a reputation for high standards of business conduct**

The board believes it is of great importance that we are trusted by all our stakeholders and as a result we seek to run the business with a high level of integrity.

As part of the Group's operational certification the business management systems set out the conduct in which the business operates and ensures high standards are met and delivered.

The audit process internally considers a wide range of reporting, control and governance issues which provides a level of assurance to the board and other stakeholders.

Our employee handbook and other relevant policies are reviewed annually and updated accordingly. Policies on anti-bribery, whistle blowing, and code of conduct are all available on the Group's internal and external websites. These policies set the standard for group behaviours and a respectful culture.

The board has little appetite for reputational risk and tries to ensure that decisions made are in the business interests of all stakeholders where possible.

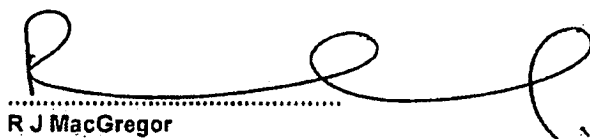
**(f) The need to act fairly as between the members of the company**

The board of directors is composed of several shareholders representatives from both the family and Mitsui Corporation, independent senior management executives and non-executive directors.

We believe the board dynamic ensures all shareholders are treated fairly and that all views are fully represented when making key decisions for the business.

A shareholder agreement sets out the rights of each shareholder and where decisions need specific consent at a board level.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R J MacGregor', is written over a dotted line.

**R J MacGregor**  
Director

Date: 21 December 2021

## **GEG (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £2,616,000 (2020 - £6,621,000).

Refer to note 25 for details of dividends declared in the current and prior year.

#### **Directors**

The directors who served during the year were:

R J MacGregor  
I R MacGregor  
D A MacGregor  
J D MacDonald  
J A MacGregor  
G J Farmer  
T Wada  
N Komaki (appointed 28 April 2020, resigned 13 May 2021)  
H Takani (appointed 28 April 2020)  
M Murase (resigned 28 April 2020)  
T Kobayashi (resigned 28 April 2020)  
T Ezure (resigned 28 April 2020)

#### **Political contributions**

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

#### **Future developments**

The directors continue to broaden the company revenue base in non oil and gas markets such as nuclear, infrastructure and renewables (particularly offshore and onshore wind) by transitioning its people and assets where possible without detriment to existing customers. The directors believe it is important to invest in its people during this time and to continue to work with our clients to provide solutions for their energy assets and projects. This strategy is designed to enable the Group to service an ever evolving energy landscape and to grow with sustainability in mind.

The Group has placed a significant focus on the development of the Port of Nigg to support future energy infrastructure projects as well as service existing customers. The construction of 225 meters of additional quayside at Nigg is currently underway and due to complete in 2022. The Group has plans to develop an offshore wind tower factory at the Port of Nigg which could be powered by a hydrogen fuel cell, highlighting the Group's commitment to building a sustainable energy business for the future.

The directors continue to forecast a period of lower capital and operational spend in the oil and gas market within the next 12 months, driven by increased societal focus on climate change and emissions reductions. Appetite for new project sanction, has slowed with companies unsure of the landscape ahead. The directors continue to position the business to adapt to the fast-changing energy marketplace and support the existing industry to reduce its operating emissions. The directors have re focused their strategy to support energy transition, reduce operating emissions and transition services to green energy sectors by developing smarter technologies, processes, and operations.

Despite the evolving energy landscape, the directors see the opportunity to reposition the business and build a sustainable group supporting a diversified market and customer base.

## GEG (HOLDINGS) LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### Engagement with employees

An essential part of GEG's strategy is to encourage and promote effective communication with all employees, which includes an annual employee opinion survey and a Group-wide Employee Engagement Forum, which discusses the outcome of the employee survey each year. These engagements support the Group in its decision making, ensuring it takes employees' views into account. The employee opinions captured are then presented to the executive team as part of a regular review of employee matters. KPIs such as labour turnover and responses to key questions are also monitored, to measure staff morale and review culture. The employee opinion surveys also provide the executive team with insight into what factors concern and motivate the Group's employees and contribute to action plans and/or focus groups across the Group. The employee survey process is regularly evaluated and developed, to maximise the validity and reliability of the data captured.

#### Equality, diversity, and inclusion

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).

GEG promotes equal opportunities in employment, recognising that equality and diversity are a vital part of the Group's success and growth. The Group's recruitment, training and selection processes seek to appoint the best candidates based on suitability for the job and to treat all employees and applicants fairly regardless of race, gender, marital status, nationality, social backgrounds, ethnic origin, age, disability, religious belief or sexual orientation, and to ensure that no individuals suffer harassment or intimidation.

GEG has policies and procedures to achieve its objective that upon employment, reasonable adjustments will be made to accommodate individuals with disabilities wherever the requirements of the organisation will allow and where applications for employment are received from suitable individuals. If during their employment, existing employees become disabled, every reasonable effort is also made to ensure that their employment with GEG can continue on a worthwhile basis, with career opportunities remaining available to the employee.

#### Greenhouse gas emissions, energy consumption and energy efficiency action

Due to the diverse nature of the Group and the number of operating units the directors have chosen to report for those companies within the Group which have a reporting obligation rather than a consolidated group at this stage. It is the directors view that they will report as a group for future periods.

The Group recognise how important managing our environmental impact is to our business, and have recruited a Group Sustainability Officer in July 2021. The role is currently prioritising the following:

- Reviewing the sustainability performance of company
- Defining the company sustainability strategy
- Developing action plans in relation to NetZero and other key sustainability topics
- Internal and external reporting of plans and performance

#### Methodology / Reporting

The directors undertook the reporting in line with the GHG protocol corporate standard. The following gross emissions / intensity ratios are noted below;

	2020-21 Gross Emissions (tCO <sub>2</sub> e)	2020-21 Intensity Emissions (tCO <sub>2</sub> e/£M)	2019-20 Gross Emissions (tCO <sub>2</sub> e)	2019-20 Intensity Emissions (tCO <sub>2</sub> e/£M)
Global Energy Group Limited	2,329	19.9	3,743	22.3
Global Port Services (Scotland) Limited	1,624	38.7	1,184	27.7

**GEG (HOLDINGS) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

The increased intensity in GPSS was driven by an increase in fuel consumed by the vehicles and plant, increased numbers on the fleet and travelling to and from client locations that were further afield compared with 2019/20. GEG on the other hand has seen a reduced intensity which has largely been driven by change in the work activities performed in the business with reduction in manufacturing activities.

GEG (Holdings) Limited is exempt from providing this information as its energy consumption in the United Kingdom is 40,000kWh or lower in the current reporting period.

**Energy Efficiency Actions**

The directors are aware of the environmental challenges of operating a group with a significant mobile workforce and operating heavy plant. There has been consolidation/rationalisation of sites, resulting in reduction of emissions, plus installation of LED lighting.

The directors acknowledge that we have a significant journey ahead in reducing our carbon footprint and are committed to looking for improvements in how we run the business day to day. The strategic direction of the Group highlights the role the business plays in supporting the transition to Net Zero.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

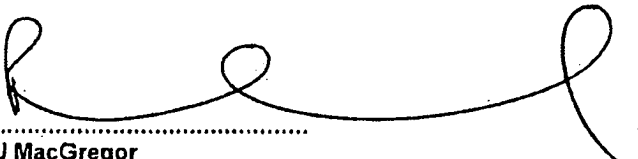
**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

The auditor, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
R J MacGregor  
Director

Date: 21 December 2021

## **GEG (HOLDINGS) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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 the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

## **GEG (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED**

#### **Opinion**

We have audited the financial statements of GEG (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

## **GEG (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED (CONTINUED)**

#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## GEG (HOLDINGS) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEG (HOLDINGS) LIMITED (CONTINUED)

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of revenue, inappropriate application of key judgements and estimates and unusual posting of journals in order to manipulate key performance indicators.

We discussed these risks with client management and designed audit procedures to test the timing of revenue. We also reviewed a sample of journal entries to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### Use of our report

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

*Anderson Anderson & Brown Audit LLP*

James Pirrie (Senior statutory auditor)

for and on behalf of

**Anderson Anderson & Brown Audit LLP**

Statutory Auditor

Kingshill View  
Prime Four Business Park  
Kingswells  
Aberdeen  
AB15 8PU

Date: *21<sup>ST</sup> December 2021*



**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	As restated 2020 £000
Turnover	4	181,850	244,997
Cost of sales		(139,082)	(195,329)
<b>Gross profit</b>		<b>42,768</b>	<b>49,668</b>
Administrative expenses		(40,470)	(39,281)
Other operating income	5	3,083	647
<b>Operating profit</b>	6	<b>5,381</b>	<b>11,034</b>
Net profit on sale of tangible assets		828	342
<b>Profit on ordinary activities before interest</b>		<b>6,209</b>	<b>11,376</b>
Interest payable and similar expenses	10	(1,315)	(1,591)
<b>Profit before tax</b>		<b>4,894</b>	<b>9,785</b>
Tax on profit	11	(1,789)	(3,148)
<b>Profit for the financial year</b>		<b>3,105</b>	<b>6,637</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		489	16
Owners of the parent		2,616	6,621
		<b>3,105</b>	<b>6,637</b>

The notes on pages 25 to 49 form part of these financial statements.

The prior year comparatives have been restated due to a change in accounting policy to include R&D income within Other operating income as opposed to Cost of sales.

**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £000	2020 £000
Profit for the financial year	3,105	6,637
Exchange difference on retranslation of foreign subsidiary	(31)	73
Increase in controlling stake in subsidiary	(550)	(1,800)
<b>Total comprehensive income for the year</b>	<b>2,524</b>	<b>4,910</b>
<b>Total comprehensive Income attributable to:</b>		
Non-controlling interest	(220)	(543)
Owners of the parent Company	2,744	5,453
	<b>2,524</b>	<b>4,910</b>

The notes on pages 25 to 49 form part of these financial statements.

**GEG (HOLDINGS) LIMITED**

**REGISTERED NUMBER: SC415463**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2021**

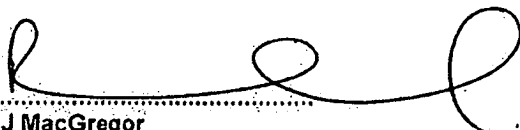
	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	12	49,076	50,506
Tangible assets	13	86,542	90,858
		<u>135,618</u>	<u>141,364</u>
<b>Current assets</b>			
Stocks	15	857	1,034
Debtors	16	42,134	55,051
Cash at bank and in hand	17	3,769	3,549
		<u>46,760</u>	<u>59,634</u>
Creditors: amounts falling due within one year	18	(54,279)	(58,380)
<b>Net current (liabilities)/assets</b>		<u>(7,519)</u>	<u>1,254</u>
<b>Total assets less current liabilities</b>		<u>128,099</u>	<u>142,618</u>
Creditors: amounts falling due after more than one year	19	(25,716)	(43,412)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(3,740)	(3,146)
Other provisions	24	(250)	-
		<u>(3,990)</u>	<u>(3,146)</u>
Deferred government grants	23	(6,001)	(6,192)
<b>Net assets</b>		<u><u>92,392</u></u>	<u><u>89,868</u></u>
<b>Capital and reserves</b>			
Called up share capital	30	316	316
Share premium account	31	69,570	69,570
Capital redemption reserve	31	39	39
Profit and loss account	31	21,978	19,234
<b>Equity attributable to owners of the parent Company</b>		<u>91,903</u>	<u>89,159</u>
Non-controlling interests		489	709
		<u><u>92,392</u></u>	<u><u>89,868</u></u>

GEG (HOLDINGS) LIMITED

REGISTERED NUMBER: SC415463

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2021

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



.....  
R J MacGregor  
Director

Date: 21 December 2021

The notes on pages 25 to 49 form part of these financial statements.

**GEG (HOLDINGS) LIMITED**

**REGISTERED NUMBER: SC415463**

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2021**

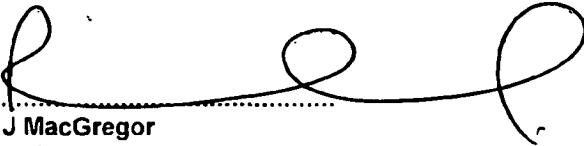
	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	12	491	-
Tangible assets	13	167	196
Investments	14	88,514	88,511
		<u>89,172</u>	<u>88,707</u>
<b>Current assets</b>			
Debtors	16	37,653	43,968
		<u>37,653</u>	<u>43,968</u>
Creditors: amounts falling due within one year	18	(23,633)	(10,185)
		<u>14,020</u>	<u>33,783</u>
<b>Net current assets</b>		<u>14,020</u>	<u>33,783</u>
<b>Total assets less current liabilities</b>		<u>103,192</u>	<u>122,490</u>
Creditors: amounts falling due after more than one year	19	(5,750)	(24,200)
		<u>97,442</u>	<u>98,290</u>
<b>Net assets</b>		<u>97,442</u>	<u>98,290</u>
<b>Capital and reserves</b>			
Called up share capital	30	316	316
Share premium account	31	69,570	69,570
Capital redemption reserve	31	39	39
Profit and loss account brought forward		28,365	28,740
(Loss)/profit for the year		(848)	625
Other changes in the profit and loss account		-	(1,000)
		<u>27,517</u>	<u>28,365</u>
<b>Profit and loss account carried forward</b>		<u>27,517</u>	<u>28,365</u>
		<u>97,442</u>	<u>98,290</u>

**GEG (HOLDINGS) LIMITED**

**REGISTERED NUMBER: SC415463**

**COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2021**

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



.....  
R J MacGregor  
Director

Date: 21 December 2021

The notes on pages 25 to 49 form part of these financial statements.

**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
<b>At 1 April 2019</b>	316	69,570	39	14,781	84,706	1,252	85,958
Profit for the year	-	-	-	6,621	6,621	16	6,637
Currency translation differences	-	-	-	73	73	-	73
Increase in controlling stake in subsidiary	-	-	-	(1,241)	(1,241)	(559)	(1,800)
Dividends: Equity capital	-	-	-	(1,000)	(1,000)	-	(1,000)
<b>At 1 April 2020</b>	316	69,570	39	19,234	89,159	709	89,868
Profit for the year	-	-	-	2,616	2,616	489	3,105
Currency translation differences	-	-	-	(31)	(31)	-	(31)
Increase in controlling stake in subsidiary	-	-	-	159	159	(709)	(550)
<b>At 31 March 2021</b>	316	69,570	39	21,978	91,903	489	92,392

The notes on pages 25 to 49 form part of these financial statements.

**GEG (HOLDINGS) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2019	316	69,570	39	28,740	98,665
Comprehensive income for the year					
Profit for the year	-	-	-	625	625
Dividends: Equity capital	-	-	-	(1,000)	(1,000)
At 1 April 2020	316	69,570	39	28,365	98,290
Loss for the year	-	-	-	(848)	(848)
At 31 March 2021	316	69,570	39	27,517	97,442

The notes on pages 25 to 49 form part of these financial statements.



**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £000	2020 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,105	6,637
Adjustments for:		
Amortisation of intangible assets	4,098	3,962
Depreciation of tangible assets	6,465	7,403
Gain on disposal of tangible assets	(828)	(342)
Interest paid	1,315	1,591
Taxation charge	1,789	3,148
Decrease in stocks	177	103
Decrease/(increase) in debtors	12,917	(2,299)
(Decrease)/increase in creditors	(1,241)	3,866
Increase in provisions	250	-
Corporation tax paid	(731)	(1,936)
Deferred government grant release	(191)	(195)
Other movements	(35)	73
<b>Net cash generated from operating activities</b>	<b>27,090</b>	<b>22,011</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,117)	-
Purchase of tangible fixed assets	(4,040)	(10,913)
Sale of tangible fixed assets	2,723	1,566
Purchase of subsidiary undertaking	-	(1,748)
HP interest paid	(462)	(427)
Net cash acquired with subsidiary undertaking	-	372
Acquisition of non-controlling interest	(400)	(650)
Payment of deferred consideration of subsidiaries acquired in prior periods	(659)	(650)
<b>Net cash from investing activities</b>	<b>(3,955)</b>	<b>(12,450)</b>

**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £000	2020 £000
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings	(18,850)	(100)
Repayment of finance leases	(3,212)	(5,511)
Dividends paid	-	(1,000)
Interest paid	(853)	(1,165)
<b>Net cash used in financing activities</b>	<b>(22,915)</b>	<b>(7,776)</b>
<b>Net increase in cash and cash equivalents</b>	<b>220</b>	<b>1,785</b>
Cash and cash equivalents at beginning of year	3,549	1,764
<b>Cash and cash equivalents at the end of year</b>	<b>3,769</b>	<b>3,549</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,769	3,549
	<b>3,769</b>	<b>3,549</b>

The notes on pages 25 to 49 form part of these financial statements.

**GEG (HOLDINGS) LIMITED**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2021**

	At 1 April 2020 £000	Cash flows £000	New finance leases £000	At 31 March 2021 £000
Cash at bank and in hand	3,549	220	-	3,769
Debt due after 1 year	(24,200)	20,450	-	(3,750)
Debt due within 1 year	(6,000)	(1,600)	-	(7,600)
Finance leases	(15,597)	3,212	(4,758)	(17,143)
	<u>(42,248)</u>	<u>22,282</u>	<u>(4,758)</u>	<u>(24,724)</u>

The notes on pages 25 to 49 form part of these financial statements.

## 1. General information

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

## 2. Accounting policies

## 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

## 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

## 2.3 Going concern

The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the Group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

At the year end the Group had net assets of £92.4m (2020 - £89.9m) with net current liabilities of £7.5m (2020 - net current assets £1.3m). Included within current liabilities are bank loans of £5.6m (2020 - £6m) and the Group has headroom under its financial covenants which form a part of these facilities. The directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all its liabilities as they fall due over the next 12 months. For these reasons the directors consider it appropriate to prepare the Group financial statements on a going concern basis.

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company and the Group's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

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 Group 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 the costs to complete the contract can be measured reliably.

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **2.7 Leased assets: the Group as lessee**

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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.8 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### **2.9 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

##### **2.10 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.11 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.12 Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The Group also contributes to personal plans for certain employees. The contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

##### **2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.14 Intangible assets**

###### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life.

###### **Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land & Buildings	- 4 - 25%
Plant and machinery	- 10 - 20%
Motor vehicles	- 25%
Fixtures, fittings & equipment	- 20 - 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### **2.16 Valuation of Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.



## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.17 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.18 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.19 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### **2.20 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.22 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **2.23 Dividends**

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Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## GEG (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of 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 during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the Group'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 reasonably 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. Turnover 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 which they are first foreseen.

##### Share options

The value of the share options creditor (note 19) is based on an estimate of the amounts payable to minority shareholders of subsidiary companies on exercise of the put and call options related to these shareholdings. The amounts payable are determined by the underlying legal agreements and are subject to the future performance of the subsidiary companies to which they relate. The directors have prepared a projection of future performance of these subsidiaries taking into account the environment in which they operate and have based the expected obligation on these projections.

##### 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.

#### 4. Turnover

The whole of the turnover is attributable to the Group's principal activity as disclosed in the strategic report.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	172,506	220,253
Rest of Europe	3,124	17,539
Rest of the world	6,220	7,205
	<u>181,850</u>	<u>244,997</u>

**GEG (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021****5. Other operating income**

	2021 £000	2020 £000
Government grants receivable	2,471	-
R&D tax credit	612	647
	<u>3,083</u>	<u>647</u>

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Amortisation of government grants	(191)	(195)
Depreciation of tangible fixed assets - owned by the company	3,848	4,768
Depreciation of tangible fixed assets - held under finance leases	2,617	2,635
Amortisation of goodwill	4,080	3,944
Amortisation of other intangible assets	18	18
Exchange differences	274	437
Other operating lease rentals	3,430	4,171
Research and development credit	(612)	(647)
	<u></u>	<u></u>

**7. Auditor's remuneration**

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>149</u>	<u>160</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	17	17
All other services	<u>116</u>	<u>44</u>

## **GEG (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **8. Employees**

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £000	Group 2020 £000
Wages and salaries	41,667	55,909
Social security costs	4,646	6,571
Cost of defined contribution scheme	1,565	1,607
	<u>47,878</u>	<u>64,087</u>

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

	2021 No.	2020 No.
Management and administration	248	320
Blue collar/technical	510	735
	<u>758</u>	<u>1,055</u>

#### **9. Directors' remuneration**

	2021 £000	2020 £000
Directors' emoluments	554	582
Company contributions to defined contribution pension schemes	20	26
	<u>574</u>	<u>608</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £275,000 (2020 - £240,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2020 - £26,000).

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**10. Interest payable and similar expenses**

	2021 £000	2020 £000
Bank interest payable	853	1,165
Finance leases and hire purchase contracts	462	426
	<u>1,315</u>	<u>1,591</u>

**11. Taxation**

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,316	2,516
Adjustments in respect of previous periods	(121)	174
	<u>1,195</u>	<u>2,690</u>
<b>Total current tax</b>	<u>1,195</u>	<u>2,690</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	577	562
Adjustments in respect of prior years	17	(104)
	<u>594</u>	<u>458</u>
<b>Total deferred tax</b>	<u>594</u>	<u>458</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,789</u>	<u>3,148</u>

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	4,894	9,785
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	930	1,859
Effects of:		
Expenses not deductible for tax purposes, including goodwill amortisation	777	987
Fixed asset differences	198	199
Other timing differences leading to an increase/(decrease) in taxation	27	(279)
Adjustments to tax charge in respect of prior periods	(104)	70
Effect of rate change on deferred tax	-	279
Non-taxable income	(39)	(51)
Adjustment in research and development tax credit leading to an increase in the tax charge	-	84
<b>Total tax charge for the year</b>	<b>1,789</b>	<b>3,148</b>

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**12. Intangible assets**

**Group**

	Lease premium £000	Software £000	Goodwill £000	Total £000
<b>Cost</b>				
At 1 April 2020	1,115	-	78,541	79,656
Additions	-	1,117	1,551	2,668
At 31 March 2021	1,115	1,117	80,092	82,324
<b>Amortisation</b>				
At 1 April 2020	158	-	28,992	29,150
Charge for the year on owned assets	18	-	4,080	4,098
At 31 March 2021	176	-	33,072	33,248
<b>Net book value</b>				
At 31 March 2021	939	1,117	47,020	49,076
At 31 March 2020	957	-	49,549	50,506

**Company**

	Software £000
<b>Cost</b>	
Additions	491
At 31 March 2021	491
<b>Net book value</b>	
At 31 March 2021	491
At 31 March 2020	-

Software assets remain under construction as at 31 March 2021, amortisation will commence when the assets are put to use.



**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**13. Tangible fixed assets**

**Group**

	Land and Buildings £000	Plant and machinery £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2020	58,893	59,403	1,298	2,173	121,767
Additions	2,459	1,274	88	219	4,040
Disposals	(180)	(5,443)	(207)	(710)	(6,540)
Transfers between classes	20	(12)	12	(20)	-
Exchange adjustments	-	-	4	2	6
At 31 March 2021	61,192	55,222	1,195	1,664	119,273
<b>Depreciation</b>					
At 1 April 2020	10,654	18,216	382	1,658	30,910
Charge for the year on owned assets	1,738	1,476	411	223	3,848
Charge for the year on financed assets	-	2,616	-	-	2,616
Disposals	(180)	(3,566)	(190)	(709)	(4,645)
Transfers between classes	7	(1)	1	(7)	-
Exchange adjustments	-	-	2	-	2
At 31 March 2021	12,219	18,741	606	1,165	32,731
<b>Net book value</b>					
At 31 March 2021	48,973	36,481	589	499	86,542
At 31 March 2020	48,239	41,187	916	515	90,857

The net book value of land and buildings may be further analysed as follows:

	2021 £000	2020 £000
Freehold	24,424	19,553
Long leasehold	24,430	28,162
Short leasehold	119	523
	48,973	48,238

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**13. Tangible fixed assets (continued)**

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

	2021 £000	2020 £000
Plant and machinery	28,501	25,552

**Company**

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2020	258	44	302	604
Additions	-	-	41	41
Disposals	(180)	-	(114)	(294)
At 31 March 2021	78	44	229	351
<b>Depreciation</b>				
At 1 April 2020	209	18	181	408
Charge for the year on owned assets	20	8	42	70
Disposals	(180)	-	(114)	(294)
At 31 March 2021	49	26	109	184
<b>Net book value</b>				
At 31 March 2021	29	18	120	167
At 31 March 2020	49	26	121	196

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**14. Fixed asset investments**

**Company**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 April 2020	88,511
Disposals	(7)
Revaluations	10
At 31 March 2021	<u>88,514</u>
<b>Net book value</b>	
At 31 March 2021	<u>88,514</u>
At 31 March 2020	<u>88,511</u>

For the year ended 31 March 2021, the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: GEG (Marine & Logistics) Limited, Global Energy Nigg Limited, Port of Nigg Limited, Nigg Energy Park Limited, Global Energy Fabrication Limited, Global Energy (Group) Limited, Global Energy (Engineering & Construction) Limited, Global Energy (Holdings) Limited, Reel Group Limited, Global Port Services (Scotland) Limited, Global Logistics Services Limited, Global Energy Corporation Limited, Apollo Offshore Engineering Limited, Caledonian Petroleum Services Limited, Isleburn Limited, Global Power & Process Limited, Global Project (Services) Limited, Magma Products Limited, Rig Surveys Group Limited, Evolution Ropes Limited, Evolution Hose Limited, Rig Surveys Limited, Global Energy Services Limited and Nigg Offshore Wind Asset Company Limited.

# **GEG (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

### **14. Fixed asset investments (continued)**

#### **Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Caledonian Towage Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
GEG (Marine & Logistics) Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy Nigg Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Port of Nigg Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Nigg Energy Park Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	87.5%
Global Energy Fabrication Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy (Group) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy (Engineering & Construction) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	86%
Global Energy (Holdings) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy Group (Access & Coalings) Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Group Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Reel Inspection & Rig Maintenance Pvt Limited*	H 62, Mahindra Park, LBS marg Ghalkopar West Mumbai 400086	Ordinary	100%
Global Port Services (Scotland) Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
Global Logistics Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	97.5%
Global Energy Corporation Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Apollo Offshore Engineering Limited*	Nautilus House, 35 Waterloo Quay, Aberdeen, AB11 5BS	Ordinary	51%
Caledonian Petroleum Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Isleburn Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Resources (Project Recruitment) Limited* **	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Energy Group (West Africa) Limited**	PO Box 197 Canoments- Accra, Ghana	Ordinary	80%
Vertech Integrity Services Limited**	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Power & Process Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Global Project (Services) Limited* ***	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**14. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

Name	Registered office	Class of shares	Holding
Global Project Services Norge*	Solheimsgaten 7E, 5058 Bergen, Norway	Ordinary	100%
Magma Products Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	86%
Rig Surveys Group Limited*	Pacesetter House Wellheads Crescent, Wellheads Industrial Estate, Aberdeen, Scotland, AB21 7GA	Ordinary	50.1%
Evolution Ropes Limited*	Pacesetter House Wellheads Crescent, Wellheads Industrial Estate, Aberdeen, Scotland, AB21 7GA	Ordinary	50.1%
Evolution Hose Limited*	Pacesetter House Wellheads Crescent, Wellheads Industrial Estate, Aberdeen, Scotland, AB21 7GA	Ordinary	50.1%
Rig Surveys Limited*	Pacesetter House Wellheads Crescent, Wellheads Industrial Estate, Aberdeen, Scotland, AB21 7GA	Ordinary	50.1%
Rig IRM Inc.*	13104 Wornington Court, Houston, TX 77077	Ordinary	50.1%
Rig Surveys AS*	Filipstad Brygge 1, Oslo, 0252, Norge	Ordinary	50.1%
Global Energy Services Limited*	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%
Nigg Offshore Wind Asset Company Limited	13 Henderson Road, Inverness, IV1 1SN	Ordinary	100%

\* Held by a subsidiary undertaking

\*\* Company has been dissolved following the year end

\*\*\* In February 2021, a subsidiary undertaking purchased the remaining stake in Global Project Services Limited

**15. Stocks**

	Group 2021 £000	Group 2020 £000
Raw materials and consumables	857	1,034

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**16. Debtors**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	20,286	35,581	112	627
Amounts owed by group undertakings	-	-	36,189	42,665
Other debtors	1,614	841	685	41
Prepayments and accrued income	3,951	4,268	541	502
Amounts recoverable on long term contracts	16,283	14,361	-	-
Deferred taxation	-	-	126	133
	<u>42,134</u>	<u>55,051</u>	<u>37,653</u>	<u>43,968</u>

**17. Cash and cash equivalents**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank and in hand	3,769	3,549	-	-
Less: bank overdrafts	-	-	(12,841)	(1,932)
	<u>3,769</u>	<u>3,549</u>	<u>(12,841)</u>	<u>(1,932)</u>

**18. Creditors: Amounts falling due within one year**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank overdrafts	-	-	12,841	1,932
Bank loans	5,600	6,000	5,600	6,000
Trade creditors	13,825	23,947	584	187
Amounts owed to group undertakings	-	-	3,425	761
Corporation tax	1,103	638	-	64
Other taxation and social security	3,739	2,824	227	189
Obligations under finance lease and hire purchase contracts	3,639	3,639	-	-
Other creditors	2,570	2,179	306	102
Accruals and deferred income	23,803	19,153	650	950
	<u>54,279</u>	<u>58,380</u>	<u>23,633</u>	<u>10,185</u>

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**19. Creditors: Amounts falling due after more than one year**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	5,750	24,200	5,750	24,200
Net obligations under finance leases and hire purchase contracts	13,504	11,958	-	-
Other creditors	6,462	7,254	-	-
	<u>25,716</u>	<u>43,412</u>	<u>5,750</u>	<u>24,200</u>

The other creditors balance includes amounts payable to acquire the minority shareholdings of subsidiary companies. The amounts are subject to put and call option agreements that were in place at the balance sheet date, and as such the exercise of such options are potentially outside the control of the Group. Given the circumstances set out and that the future exercise of the options are considered to be highly likely, the directors consider it appropriate to recognise the expected obligation at the balance sheet date.

**20. Loans**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
<b>Amounts falling due within one year</b>				
Bank loans	5,600	6,000	5,600	6,000
<b>Amounts falling due 1-2 years</b>				
Bank loans	5,750	20,450	5,750	20,450
<b>Amounts falling due 2-5 years</b>				
Bank loans	-	3,750	-	3,750
	<u>11,350</u>	<u>30,200</u>	<u>11,350</u>	<u>30,200</u>

As at 31 March 2021 the Group and Company had 3 outstanding loan facilities.

A term loan of £8,750,000 repayable in quarterly instalments of £750,000, and a final instalment due in June 2022. Interest is payable on the loan at a margin over LIBOR set by the terms of the loan agreement.

A revolving credit of £1,250,000 repayable on its final maturity date on 31 January 2022. Interest is payable on the loan at a margin over LIBOR set by the terms of the loan agreement.

An asset finance loan of £1,350,000 repayable in quarterly instalments of £450,000 with the final instalment falling due in December 2021.

The loan and overdraft facilities are secured by a bond and floating charge over the assets of each group company and a group composite guarantee.

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**21. 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.

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £000	Group 2020 £000
Within one year	2,222	3,639
Between 1-5 years	14,921	11,958
	<u>17,143</u>	<u>15,597</u>

The hire purchase creditors are secured on the assets to which they relate.

**22. Deferred taxation**

**Group**

	2021 £000
At beginning of year	(3,146)
Charged to profit or loss	(594)
At end of year	<u>(3,740)</u>

**Company**

	2021 £000
At beginning of year	133
Charged to profit or loss	(7)
At end of year	<u>126</u>



**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**22. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Fixed asset timing differences	(3,826)	(3,212)	117	129
Short term timing differences	51	66	9	4
Other timing differences	35	-	-	-
	<u>(3,740)</u>	<u>(3,146)</u>	<u>126</u>	<u>133</u>

**23. Deferred government grants**

The movement in deferred government grants in the year is as follows:

	Group £000
At 31 March 2020	6,192
Released in year	(191)
At 31 March 2021	<u>6,001</u>

**24. Provisions**

**Group**

	HSE provision £000
Charged to profit or loss	250
At 31 March 2021	<u>250</u>

Following an incident at one of the Group's premises in the year the Group is currently co-operating with an ongoing investigation. While the likely timing and value of the financial liability as a result of this investigation remains uncertain, the directors have considered it appropriate to recognise a provision of £250,000 in the financial statements.

**25. Dividends**

	2021 £000	2020 £000
Equity dividends on ordinary shares	-	1,000

**GEG (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**26. Financial instruments**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	3,769	3,549	-	-
Financial assets measured at amortised cost	38,186	50,783	37,500	43,333
	<u>41,955</u>	<u>54,332</u>	<u>37,500</u>	<u>43,333</u>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	11,350	30,200	24,191	32,132
Financial liabilities measured at amortised cost	63,647	68,130	5,576	2,000
	<u>74,997</u>	<u>98,330</u>	<u>29,767</u>	<u>34,132</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amount owed from group undertakings and other debtors.

Financial liabilities measured at fair value through profit and loss comprise of bank overdrafts.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, other creditors and amounts owed to group undertakings.

**27. Capital commitments**

At 31 March 2021 the Group and Company had capital commitments as follows:

	Group 2021 £000	Group 2020 £000
Contracted for but not provided in these financial statements	<u>7,598</u>	<u>175</u>

**28. Pension commitments**

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,565,000 (2020 - £1,607,000). Contributions totaling £271,000 (2020 - £319,000) were payable to the fund at the reporting date.

## GEG (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 29. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Not later than 1 year	3,452	3,317	461	190
Later than 1 year and not later than 5 years	9,194	9,455	1,220	282
Later than 5 years	18,427	19,231	1,386	494
	<u>31,073</u>	<u>32,003</u>	<u>3,067</u>	<u>966</u>

#### 30. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,058 (2020 - 1,058) B Ordinary shares of £298.74 each	<u>316</u>	<u>316</u>

#### 31. Reserves

##### Share premium account

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

##### Capital redemption reserve

This reserve records the nominal value for the redemption of the Company's shares.

#### 32. Contingent liabilities

The Company is party to a group composite guarantee. At 31 March 2021, the aggregate borrowings by the Group amounted to £7,881,000.

## GEG (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 33. 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 at 31 March 2021 are as follows:

	Sales £000	Purchases £000	Year end balance £000
Entities under common control	202	(17,768)	(661)
Entities under the control of a close family member of a controlling party	-	(525)	18
Entities with a common shareholder	202	(461)	(67)
	<u>404</u>	<u>(18,754)</u>	<u>(710)</u>

#### 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 benefited from any guarantees for any related party receivables or payables.

#### Key management personnel

All individuals who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration, which includes amounts disclosed in note 9, in respect of these individuals is £1,119,000 (2020: £977,000).

#### 34. Ultimate parent undertaking and controlling party

The ultimate parent entity is GEG Capital Investments Limited, a company owned and controlled by R J MacGregor.