

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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GARELOCH SUPPORT SERVICES (PLANT) LIMITED

COMPANY INFORMATION

DIRECTOR	Jamie McGarry
COMPANY SECRETARY	Helen Gibson
REGISTERED NUMBER	SC117613
REGISTERED OFFICE	Gareloch Support Services Office Silverhills Rosneath Helensburgh Dunbartonshire G84 0RW
INDEPENDENT AUDITORS	French Duncan LLP Chartered Accountants and Statutory Auditors 133 Finnieston Street G3 8HB
BANKERS	Clydesdale Bank 10 James Street Helensburgh G84 8AU
SOLICITORS	Weightmans (Scotland) LLP The Hub 70 Pacific Quay Glasgow G51 1EA

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

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GARELOCH SUPPORT SERVICES (PLANT) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The principal activity of the company remains the provision of expert support services for marine construction, engineering, repair and maintenance across the world. Our home market accounts for 47% of turnover and continues to be underpinned by our Term Contracts which offer consistent turnover. We have continued to place emphasis on construction, infrastructure, repair and maintenance and diving whilst self-delivering much of our offering.

Our business development team continue to identify a wide and varied work stream geographically to create traction in future workload prospects. Award of a significant five year term contract has boosted this position significantly.

BUSINESS REVIEW

We continue to work in the UK, Northern Europe, Mediterranean, West Coast of Africa, South America and the Middle East. More recently we have succeeded in our desire to push into America with a first significant contract in America.

Repairs and maintenance service offerings at our facility in Rosneath provide first class industry standard service to private and commercial clients alike.

We have continued our business investment improvement to our Group Headquarters at Silverhills together with process review and improvement to ensure our systems continue to meet the demands of our market. Regular meetings with the Group companies in The Netherlands ensure a homogenous approach. Trading in The Netherlands remains a key market for GSS and the office there provides a significant resource in terms of sales and technical back up. We have invested significantly in the development of a new concept vessel offering the market a unique combination of features to satisfy the widest variety of needs at the most effective level for our clients. The market response to this vessel has been very significant. The Dutch business is being restructured to allow assets to reside in a holding company with an operating company as is common in The Netherlands. Our JV Partnership in Australia is effectively dormant a reflection of that market.

Cash flow is very manageable, creditors are paid on terms and credit control is robust across the company.

PRINCIPAL RISKS AND UNCERTAINTIES

We continue to ensure we offer well designed and maintained assets operated by experienced well trained personnel backed by strong experienced management.

We have considered the impact of Brexit upon our business and believe we are ideally placed to minimise impact given the breadth and depth of the company activities as a whole.

Our business development team continue to identify all significant and appropriate opportunities maintaining strong Client contact to ensure a full understanding of market requirements.

Our currency risks are assessed at tender stage on a contract by contract basis with offset against cost base. We continue to enjoy the active support of the Banks Treasury Department wherever foreign earnings exceed our natural hedge.

We have strengthened our relationship with our Bank and have secured adequate bank facilities to meet our ongoing operating needs and to support our investment plans. A robust process is in place to manage cash and covenant requirements.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

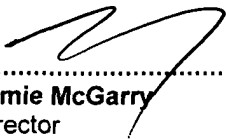
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

KEY PERFORMANCE INDICATORS

The key financial performance indicators are:

	31 March 2017	31 March 2016
	£	£
Turnover	16,839,985	18,348,088
Gross Profit	3,407,730	3,169,836
Net (Loss) Before Tax	(1,603,738)	(1,023,340)
(Loss) for the Financial Year	(1,329,893)	(656,672)
Shareholders' Funds	<u>20,582,502</u>	<u>18,190,909</u>

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


.....
Jamie McGarry
Director

Date: 29 September 2017

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

The director presents his report and the financial statements for the year ended 31 March 2017.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Company will continue in business.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Company is funded by working capital and term loan facilities provided by its banking partner. On an ongoing basis the company prepares and updates forecasts and monitors its cash position. The director is satisfied that these reporting and management processes, current trading levels and available bank facilities will enable it to meet its liabilities as they fall due for the foreseeable future. The director is therefore, of the opinion that it is appropriate to prepare these financial statements on a going concern basis.

DIRECTOR

The director who served during the year was:

Jamie McGarry

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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's auditors are aware of that information.

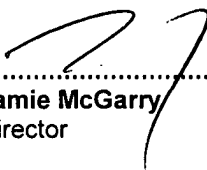
GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

AUDITORS

Under section 487(2) of the Companies Act 2006, French Duncan LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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


.....
Jamie McGarry
Director

Date: 29 September 2017

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GARELOCH SUPPORT SERVICES (PLANT) LIMITED

We have audited the financial statements of Gareloch Support Services (Plant) Limited for the year ended 31 March 2017, set out on pages 7 to 29. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Director's Responsibilities Statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GARELOCH SUPPORT SERVICES
(PLANT) LIMITED (CONTINUED)**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

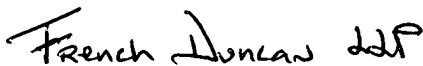
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Paula Galloway (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants and Statutory Auditors

133 Finnieston Street
G3 8HB

29 September 2017

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	4	16,839,985	18,348,088
Cost of sales		(13,432,255)	(15,178,252)
GROSS PROFIT		3,407,730	3,169,836
Administrative expenses		(2,854,867)	(3,002,939)
Impairment of investment	11	(39,606)	-
Other operating income	5	480,948	526,133
OPERATING PROFIT	6	994,205	693,030
Interest Payable And Similar Charges	9	(549,962)	(522,726)
Exchange losses on year end translation of foreign currency loans	9	(2,047,981)	(1,193,644)
LOSS BEFORE TAX		(1,603,738)	(1,023,340)
Tax on loss	10	273,845	366,668
LOSS FOR THE FINANCIAL YEAR		(1,329,893)	(656,672)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Unrealised surplus on revaluation of tangible fixed assets		4,245,358	3,397,469
Tax on unrealised surplus		(523,872)	(223,191)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		3,721,486	3,174,278
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,391,593	2,517,606

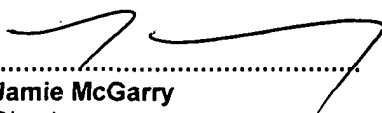
The notes on pages 10 to 29 form part of these financial statements.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	12	43,719,655	37,469,678
Fixed Asset Investments	13	68	39,674
		<u>43,719,723</u>	<u>37,509,352</u>
CURRENT ASSETS			
Stocks	14	827,316	753,179
Debtors: amounts falling due within one year	15	6,992,232	7,463,333
Cash at bank and in hand	16	1,155,314	199,909
		<u>8,974,862</u>	<u>8,416,421</u>
Creditors: amounts falling due within one year	17	(4,717,069)	(8,740,469)
NET CURRENT ASSETS/(LIABILITIES)		<u>4,257,793</u>	<u>(324,048)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>47,977,516</u>	<u>37,185,304</u>
Creditors: amounts falling due after more than one year	18	(24,117,506)	(15,914,897)
PROVISIONS FOR LIABILITIES			
Deferred tax	21	(3,277,508)	(3,079,498)
		<u>(3,277,508)</u>	<u>(3,079,498)</u>
NET ASSETS		<u>20,582,502</u>	<u>18,190,909</u>
CAPITAL AND RESERVES			
Called up share capital	22	30,000	30,000
Revaluation reserve	23	10,752,821	7,391,335
Profit and loss account	23	9,799,681	10,769,574
		<u>20,582,502</u>	<u>18,190,909</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2017.


.....
Jamie McGarry
Director

The notes on pages 10 to 29 form part of these financial statements.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	30,000	7,391,335	10,769,574	18,190,909
Loss for the year	-	-	(1,329,893)	(1,329,893)
Surplus on revaluation of tangible fixed assets	-	4,245,358	-	4,245,358
Tax on surplus on revaluation	-	(523,872)	-	(523,872)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,721,486	(1,329,893)	2,391,593
Transfer to/(from) profit and loss account	-	(360,000)	360,000	-
AT 31 MARCH 2017	30,000	10,752,821	9,799,681	20,582,502

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	30,000	4,504,850	11,138,453	15,673,303
Loss for the year	-	-	(656,672)	(656,672)
Surplus on revaluation of tangible fixed assets	-	3,397,469	-	3,397,469
Tax on surplus on revaluation	-	(223,191)	-	(223,191)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,174,278	(656,672)	2,517,606
Transfer to/(from) profit and loss account	-	(287,793)	287,793	-
AT 31 MARCH 2016	30,000	7,391,335	10,769,574	18,190,909

The notes on pages 10 to 29 form part of these financial statements.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Gareloch Support Services Office, Silverhills, Rosneath, Helensburgh, Dunbartonshire, G84 0RW.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with the exception of the workboats which are included at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared in Sterling.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

The following principal accounting policies have been applied:

2.2 Going concern

The Company is funded by working capital and term loan facilities provided by its banking partner. On an ongoing basis the company prepares and updates forecasts and monitors its cash position. The director is satisfied that these reporting and management processes, current trading levels and available bank facilities will enable it to meet its liabilities as they fall due for the foreseeable future. The director is therefore, of the opinion that it is appropriate to prepare these financial statements on a going concern basis.

2.3 Financial reporting standard 102 - subsidiary exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SF2004 Limited as at 31 March 2017 and these financial statements may be obtained from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures

Investments in associates and Joint Ventures are held at cost less impairment.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Revenue from the provision of services under long term contract arrangements is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue and attributable profit can be measured reliably;
- it is probable that the Company will receive the consideration due; and
- the costs incurred can be measured reliably.

2.7 Long-term contracts

Amounts recoverable on contracts which are included in debtors are stated at cost, which comprises direct materials and direct labour, plus attributable profit to the extent that this is reasonably certain less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments.

For any contracts where receipts exceed the book value of work done, the excess is included in trade and other payables as payments on account.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model (see 2.9 below) 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on the following basis:

Workboats	- Between 3.33% and 20% Straight Line
Freehold property	- 2% and 6.7% Straight Line
Plant and machinery	- 4% and 10% Straight Line
Motor vehicles	- 25% Straight Line
Fixtures and fittings	- 15% Straight Line

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. During the current year the Directors have increased their assessment of the useful life on certain boats from 25 to 30 years. The impact of this on the accounts is not material.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

2.9 Revaluation of tangible fixed assets

Workboats are carried at fair value at the balance sheet date. The directors review the valuations annually and update the valuation where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the Statement of Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in Statement of Comprehensive Income.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

2.12 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.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable, 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Statement of Comprehensive Income.

2.15 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.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Foreign currency translation

Functional and presentation currency

The Company'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 the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within finance costs. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.17 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.18 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.19 Leased assets: the Company 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 the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.20 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 the Statement of Comprehensive Income in the year that the Company 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.

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.23 Exceptional items

The company has not prepared consolidated accounts on the basis that the subsidiary undertakings are non trading and are therefore immaterial to the financial statements.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Property, plant and equipment

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the Company's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the Company's depreciation charge.

Provisions

Provisions are recognised where the Company has an obligation, as a result of a past event, that can be measured reliably. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

Revenue Recognition

Revenue on long term contracts for services is recognised according to the stage of completion reached on the contract. Judgement is required in accounting for long-term contracts particularly as regards profit recognition and the assessment of future losses on contracts.

Debtor Recoverability

Judgement is required when assessing the recoverability of trade debtors and amounts recoverable on contracts. The directors consider the financial strength of the debtor when making this judgement.

Capitalisation Policy

The directors review expenditure incurred on boats on a regular basis and capitalise expenditure which represents a clear enhancement to the boat and therefore has incremental future benefits to the company. There is an element of judgement required in the assessment of the incremental future benefits to be derived from such expenditure.

Operating lease commitments

The company has entered into commercial leases and as a lessee obtains use of workboats. The classification of such leases as operating or finance leases requires the company to determine, based on evaluation of term and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. TURNOVER

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	7,836,278	11,779,642
Rest of Europe	3,880,243	1,929,194
Rest of the world	5,123,464	4,639,252
	<u>16,839,985</u>	<u>18,348,088</u>

All turnover is related to the company's principal activity.

5. OTHER OPERATING INCOME

	2017 £	2016 £
Sundry income	480,948	526,133
	<u>480,948</u>	<u>526,133</u>

In the current year the company received charter rental rebates of £480,948 (2016: £526,133).

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	2,084,156	1,691,277
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,000	18,000
Exchange differences	(485,256)	(49,825)
Operating lease rentals - land and buildings	70,000	70,000
Other operating lease rentals	75,955	78,087
Defined contribution pension cost	40,521	43,278
	<u></u>	<u></u>

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

7. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	4,298,732	4,923,349
Social security costs	429,954	500,226
Cost of defined contribution scheme	40,521	43,278
	<u>4,769,207</u>	<u>5,466,853</u>

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

	2017 No.	2016 No.
Operational	86	105
Administration	24	25
	<u>110</u>	<u>130</u>

8. DIRECTOR'S REMUNERATION

	2017 £	2016 £
Director's emoluments	199,584	199,327
Company contributions to defined contribution pension schemes	6,996	6,996
	<u>206,580</u>	<u>206,323</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. FINANCE COSTS

	2017 £	2016 £
Bank interest payable	549,182	522,726
Finance leases and hire purchase contracts	780	-
	<u>549,962</u>	<u>522,726</u>
Exchange losses on year end translation of foreign currency loans	2,047,981	1,193,644
	<u>2,597,943</u>	<u>1,716,370</u>

10. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Current tax on loss for the year	52,017	(81,256)
	<u>52,017</u>	<u>(81,256)</u>
TOTAL CURRENT TAX	<u>52,017</u>	<u>(81,256)</u>
DEFERRED TAX		
Origination and reversal of timing differences	(325,862)	(285,412)
TOTAL DEFERRED TAX	<u>(325,862)</u>	<u>(285,412)</u>
TAXATION ON LOSS ON ORDINARY ACTIVITIES	<u>(273,845)</u>	<u>(366,668)</u>

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(1,603,738)</u>	<u>(1,023,340)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(312,826)	(204,668)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,947	5,506
Fixed asset differences	76,354	60,360
Losses carried back	-	77,555
Higher rate taxes on overseas earnings	52,017	-
Adjustment for change in tax rate	<u>(101,337)</u>	<u>(305,421)</u>
TOTAL TAX CHARGE FOR THE YEAR	<u><u>(273,845)</u></u>	<u><u>(366,668)</u></u>

11. EXCEPTIONAL ITEMS

	2017 £	2016 £
Impairment of investment in subsidiary company	<u>39,606</u>	-
	<u><u>39,606</u></u>	<u><u>-</u></u>

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. TANGIBLE FIXED ASSETS

	Freehold property / leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Workboats £	Total £
COST OR VALUATION						
At 1 April 2016	419,634	1,131,298	208,128	255,028	36,385,446	38,399,534
Additions	62,922	113,834	24,989	9,199	3,877,831	4,088,775
Revaluations	-	-	-	-	2,326,633	2,326,633
At 31 March 2017	482,556	1,245,132	233,117	264,227	42,589,910	44,814,942
DEPRECIATION						
At 1 April 2016	41,348	602,233	169,641	116,634	-	929,856
Charge for the year on owned assets	23,371	85,806	20,513	31,298	1,918,725	2,079,713
Charge for the year on financed assets	-	4,443	-	-	-	4,443
On revalued assets	-	-	-	-	(1,918,725)	(1,918,725)
At 31 March 2017	64,719	692,482	190,154	147,932	-	1,095,287
NET BOOK VALUE						
At 31 March 2017	417,837	552,650	42,963	116,295	42,589,910	43,719,655
At 31 March 2016	378,286	529,065	38,487	138,394	36,385,446	37,469,678

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

	2017 £	2016 £
Plant and machinery	62,207	-
	62,207	-

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. TANGIBLE FIXED ASSETS (CONTINUED)

Fixed assets include Freehold Property with a net book value of £192,260 (2016: £196,565).

The workboats were valued on an open market basis by the directors at 31 March 2017 having regards to a third party valuation completed in July 2017.

If the workboats had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
Cost	39,233,340	35,297,909
Accumulated depreciation	(7,674,946)	(6,171,347)
NET BOOK VALUE	31,558,394	29,126,562

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
COST OR VALUATION			
At 1 April 2016	39,606	68	39,674
Amounts written off	(39,606)	-	(39,606)
At 31 March 2017	-	68	68
NET BOOK VALUE			
At 31 March 2017	-	68	68
At 31 March 2016	39,606	68	39,674

SUBSIDIARY UNDERTAKINGS

GSS Marine Services BV is a subsidiary undertaking of the company. Its business is the provision of expert support services for marine construction, engineering, repair and maintenance. Its registered office is at Haven 27, 3143 BC Maassluis, The Netherlands. The company own 90% of the subsidiary undertakings ordinary share capital.

The following were subsidiary undertakings of the Company:

Name	Holding	Principal activity
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GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. FIXED ASSET INVESTMENTS (CONTINUED)

Gareloch Support Services B.V.	90 %	Provision of expert support services for marine construction, engineering, repair and maintenance.
GSS Holding B.V.	90 %	Holding company
GSS Marine Services B.V.	90 %	Provision of expert support services for marine construction, engineering, repair and maintenance.

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Gareloch Support Services B.V.	(295,284)	(290,480)
	<u>(295,284)</u>	<u>(290,480)</u>

14. STOCKS

	2017 £	2016 £
Raw materials and consumables	482,127	470,682
Fuel stock	180,795	118,103
Finished goods and goods for resale	164,394	164,394
	<u>827,316</u>	<u>753,179</u>

Fuel stock recognised in cost of sales during the year as an expense was £538,009 (2016 - £580,070).

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. DEBTORS

	2017 £	2016 £
Trade debtors	3,458,817	3,066,058
Amounts owed by group undertakings	1,629,720	1,673,340
Other debtors	1,131,220	1,910,085
Prepayments and accrued income	772,475	813,850
	<u>6,992,232</u>	<u>7,463,333</u>

Other debtors include amounts recoverable on contracts of £1,035,418 (2016 - £1,665,800). Details of amounts due from related parties are included in note 26.

16. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,155,314	199,909
Less: bank overdrafts	(1,128,624)	(5,169,004)
	<u>26,690</u>	<u>(4,969,095)</u>

17. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	1,128,624	5,169,004
Bank loans	1,818,099	1,313,779
Trade creditors	1,158,225	1,439,477
Other taxation and social security	252,142	244,246
Obligations under hire purchase contracts	19,550	-
Other creditors	45,054	248,331
Accruals and deferred income	295,375	325,632
	<u>4,717,069</u>	<u>8,740,469</u>

Bank loans and overdrafts are secured by a bond and floating charge over the assets of the company and its parent entity, SF 2004 Limited, in favour of the bank. Bank loans are also secured by individual mortgage charges over the workboats.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

18. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	24,089,811	15,914,897
Net obligations under hire purchase contracts	27,695	-
	<u>24,117,506</u>	<u>15,914,897</u>

For details of security see note 17.

19. LOANS

Analysis of the maturity of loans is given below:

	2017 £	2016 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	1,818,099	1,313,779
	<u>1,818,099</u>	<u>1,313,779</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	1,818,099	2,809,888
	<u>1,818,099</u>	<u>2,809,888</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	22,271,712	13,105,009
	<u>22,271,712</u>	<u>13,105,009</u>
TOTAL	<u>25,907,910</u>	<u>17,228,676</u>

Each of the above bank loans are repayable over a defined period of time with a balloon payment on each of the loans in relation to the workboats. Interest is being charged at 1.95% above LIBOR. The balloon payments fall due for payment on April 2021. Bank loans are secured by a bond and floating charge over the assets of the company and its parent entity, SF 2004 Limited, in favour of the bank and also by individual mortgage charges over the workboats.

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	19,550	-
Between 1-2 years	19,550	-
Between 2-5 years	8,145	-
	<u>47,245</u>	<u>-</u>

21. DEFERRED TAXATION

	2017 £	2016 £
At beginning of year	(3,079,498)	(3,141,719)
Credited to income statement	325,862	285,412
Charged to other comprehensive income	(523,872)	(223,191)
AT END OF YEAR	<u>(3,277,508)</u>	<u>(3,079,498)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(3,881,007)	(3,571,934)
Tax losses carried forward	905,201	526,929
Capital gains	(302,537)	(34,878)
Short term timing differences	835	385
	<u>(3,277,508)</u>	<u>(3,079,498)</u>

22. SHARE CAPITAL

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. RESERVES

Revaluation reserve

The revaluation reserve represents the revaluation uplift on the workboats net of the related tax liability.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

24. PENSION COMMITMENTS

The company has arranged individual pension policies on a money purchase basis for certain employees and makes regular contributions. Contributions payable are charged to the income statement in the year they are payable.

Contributions totalling £4,916 (2016 - £3,950) were payable to the fund at the balance sheet date and are included within creditors.

Contributions payable by the company for the year are £40,521 (2016 - £43,278).

25. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and Buildings		
Not later than 1 year	70,000	70,000
Later than 1 year and not later than 5 years	280,000	280,000
Later than 5 years	437,500	507,500
	<u>787,500</u>	<u>857,500</u>
	2017 £	2016 £
Other operating leases		
Not later than 1 year	32,782	44,365
Later than 1 year and not later than 5 years	18,106	36,158
	<u>50,888</u>	<u>80,523</u>

GARELOCH SUPPORT SERVICES (PLANT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

26. RELATED PARTY TRANSACTIONS

During the year the company received services amounting to £200,000 (2016 - £200,000) from CDC Partnership and £Nil (2016 - £4,500) from another related party.

During the year the company made purchases of £900,290 (2016 - £509,521) from, sales of £695,917 (2016 - £438,641) to, and extended a loan of £Nil (2016 - £Nil) to GSS BV.

All transactions were carried out on an arms length basis.

	2017 £	2016 £
Balances due from / (to) related parties at the year end		
GSS Broadsword Marine JV Pty	128,924	362,253
GSS BV	(82)	156,503
	<u>128,842</u>	<u>518,756</u>

The partners of CDC Partnership are also directors of SF 2004 Limited, the company's ultimate holding company.

The company holds a 50% share in GSS Broadsword Marine JV Pty.

The company holds a 90% share in GSS BV.

SF 2004 Limited and Gareloch Support Services (Plant) Limited are companies within the same group. As such, the company has taken advantage of the exemptions of section 33.1A of FRS 102 where related party transactions with other wholly owned group companies are not required to be disclosed where consolidated accounts are produced.

Intercompany loans are disclosed in note 15. They are unsecured interest free and repayable on demand.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The issued share capital is wholly owned by the company's parent company SF 2004 Limited, a company registered in Scotland.