

Global Resources Group Limited

Global Resources Group Limited
Company number SC172021
Report and Financial Statements
For the year ended 31 March 2008



Company information

Directors	R J MacGregor I R MacGregor M A L MacGregor D A MacGregor W Hamilton P V Wisely (resigned 15/4/2008) A B Mair A I Kennedy (appointed 15/7/2008)
Secretary	R J MacGregor
Company number	SC172021
Registered office	19 Academy Street Inverness IV1 1JN
Auditors	Ernst & Young LLP Registered auditor Barony House Stoneyfield Business Park Stoneyfield Inverness IV2 7PA
Bankers	Bank of Scotland 2 - 6 Eastgate Inverness IV2 3NA
Solicitors	Stronachs 34 Albyn Place Aberdeen AB10 6XF

Directors' Report

For the year ended 31 March 2008

The directors present their report and the financial statements for the year ended 31 March 2008.

Principal activities

The company's principal activities during the year were the following services:

- Engineering
- Rig repair and inspection
- Resource management
- Supply chain solutions

Business review

The last 12 month period of organic expansion and development provided a 14% growth in turnover and a 58% increase in profitability, with buoyant trading throughout the company.

Business grew in all areas of the company's activities: engineering; rig repair and inspection; resource management and supply chain solutions.

A significant LNG contract in Milford Haven contributed to the company's increased activity during the year.

Global: EPS (Engineering Project Services) showed good growth and further established itself as a key player in rig repair and maintenance in the North Sea and beyond.

The integration into Global: SCS (Supply Chain Solutions) of Banford Associates, acquired last year, allowed for sensible economies of scale within their specialised market sector that will prove beneficial in this area of business going forward.

The recruitment areas of the company saw good growth as its professional services continued to be well received within this competitive marketplace. Each of Global's business units in this area showed good growth, particularly in the oil and gas blue collar sectors. Global's recognised quality of service and strength of reputation also helped establish key relationships in other areas.

The increase in turnover and profitability provided the platform and confidence for the company to invest further in its people and the upgrading of its facilities.

The year saw further development of the company's back office, IT and corporate support services.

Results

The profit for the year, after taxation, amounted to £1,858,323 (2007 - £1,314,923).

Directors

The directors who served during the year were:

R J MacGregor
I R MacGregor
M A L MacGregor
D A MacGregor
W Hamilton
P V Wisely (resigned 15/4/2008)
A B Mair
A I Kennedy (appointed 15/7/2008)

Directors' Report

For the year ended 31 March 2008

Health and safety

The health, safety and wellbeing of the company's people is a central consideration in all its activities. Performing high quality and safe operations is a fundamental principle for the company and its ultimate goal is an incident free workplace.

Environment and community

The company respects the environment and is committed to the communities in which it works. Over the year donations were made to a number of charities and organisations, both at a corporate level and through the efforts of individuals and staff groups.

Future developments

The company is looking to the year ahead with considerable confidence, but without complacency. Committed to continuing its successful growth strategy, the company anticipates again increasing its turnover and further underlining its credentials as a world class leader in its sector.

In doing so its core principles and commitment to its people, its customers, the environment and the communities it works in will remain as firmly held as ever.

Principal risks and uncertainties

The company faces competition from other companies in all our market sectors, but with an emphasis on quality service to meet our clients' needs and budgets, we remain focused on the challenges ahead.

Our investment in our people to match the right skills to the right projects and clients is key to our success. The company continues to invest in the technology, plant, equipment and premises to provide the right support mechanisms to ensure we continue our competitive edge in our wide ranging marketplace.

The company policy is to aim to deliver above and beyond our clients expectations and research and develop innovative solutions to remain best in class.

Financial Risks can be sub-divided as follows:-

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

Interest rate risk – The Group finances its operations through bank borrowings at floating rates. The Groups policy is to borrow at the lowest rates for periods that do not carry excessive time premiums.

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

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved:

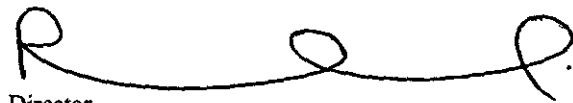
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' Report
For the year ended 31 March 2008

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 29 January 2009 and signed on its behalf.

A handwritten signature in black ink, consisting of a large capital 'R' followed by a long horizontal line with a loop and a small 'P' at the end.

Director

**Statement of directors' responsibilities
for the year ended 31 March 2008**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

Independent Auditors' report to the members of Global Resources Group Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

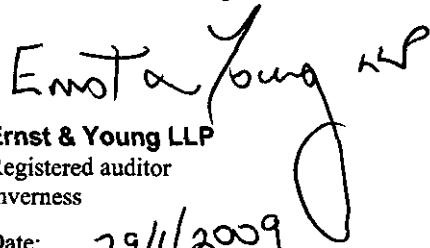
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' report to the members of Global Resources Group Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Ernst & Young LLP
Registered auditor
Inverness

Date:

29/1/2009

**Profit and loss account
for the year ended 31 March 2008**

	<i>Note</i>	<i>2008</i> £	<i>2007</i> £
Turnover	1,2	53,417,319	46,797,882
Cost of sales		(46,225,153)	(40,031,533)
Gross profit		7,192,166	6,766,349
Administrative expenses		(4,681,346)	(4,568,312)
Operating profit	3	2,510,820	2,198,037
Amounts written off investments		(170,000)	-
Profit on disposal of investments		449,938	-
Interest receivable	6	53,743	9,870
Interest payable	7	(181,910)	(151,298)
Profit on ordinary activities before taxation		2,662,591	2,056,609
Tax on profit on ordinary activities	8	(804,268)	(741,686)
Profit on ordinary activities after taxation	17	1,858,323	1,314,923

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 10 to 23 form part of these financial statements.

**Balance sheet
as at 31 March 2008**

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible fixed assets	9		329,549		163,958
Fixed asset investments	10		4,857,001		622,183
			<u>5,186,550</u>		<u>786,141</u>
Current assets					
Debtors	11	17,183,454		9,294,763	
Cash at bank		408,619		430,357	
		<u>17,592,073</u>		<u>9,725,120</u>	
Creditors: amounts falling due within one year	12	<u>(16,460,790)</u>		<u>(7,197,296)</u>	
Net current assets			1,131,283		2,527,824
Total assets less current liabilities			<u>6,317,833</u>		<u>3,313,965</u>
Creditors: amounts falling due after more than one year	13		(900,607)		(19,616)
Provisions for liabilities					
Other provisions	15		<u>(455,248)</u>		<u>(180,652)</u>
Net assets			<u>4,961,978</u>		<u>3,113,697</u>
Capital and Reserves					
Called up share capital	16		380,000		380,000
Share premium account	17		5,000		5,000
Capital redemption reserve	17		135,000		135,000
Profit and loss account	17		4,441,978		2,593,697
Shareholders' funds	18		<u>4,961,978</u>		<u>3,113,697</u>

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

29 January 2009.



Director

The notes on pages 10 to 23 form part of these financial statements.

**Cash flow statement
for the year ended 31 March 2008**

	<i>Note</i>	2008 £	2007 £
Net cash flow from operating activities	20	(2,014,977)	2,465,952
Returns on investments and servicing of finance	21	(128,167)	(141,428)
Taxation		(709,567)	(651,538)
Capital expenditure and financial investment	21	(231,307)	(91,304)
Acquisitions and disposals	21	(2,549,980)	(272,182)
Equity dividends paid		(42)	-
Cash (outflow)/inflow before financing		(5,634,040)	1,309,500
Financing	21	(9,711)	29,327
(Decrease)/Increase in cash in the year		(5,643,751)	1,338,827

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 March 2008**

	2008 £	2007 £
(Decrease)/Increase in cash in the year	(5,643,751)	1,338,827
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	9,711	(29,327)
Movement in net debt in the year	(5,634,040)	1,309,500
Net debt at 1 April 2007	(420,473)	(1,729,973)
Net debt at 31 March 2008	(6,054,513)	(420,473)

The notes on pages 10 to 23 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2008

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

Leasehold Property	-	5%	straight line
Computer equipment	-	33%	straight line
Motor vehicles	-	25%	straight line
Plant and equipment	-	20%	straight line

1.4 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Other investments

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

1.5 Leasing and hire purchase

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

1.6 Operating leases

Rentals under operating leases are charged 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the financial statements
For the year ended 31 March 2008

1. Accounting policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Government grants

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

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the financial statements

For the year ended 31 March 2008

2. Turnover

An analysis of turnover by class of business is as follows:

	2008 £	2007 £
Global Energy - EPS	20,385,927	12,586,267
Global Resources	15,057,128	32,728,973
Global Project Solutions	17,974,264	1,482,642
	<u>53,417,319</u>	<u>46,797,882</u>

A geographical analysis of turnover is as follows:

	2008 £	2007 £
United Kingdom	36,995,235	45,752,179
Rest of European Union	12,868,961	642,389
Rest of world	3,553,123	403,314
	<u>53,417,319</u>	<u>46,797,882</u>

3. Operating profit

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

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	74,600	59,107
- held under finance leases	7,707	1,284
Auditors' remuneration	22,000	20,000
Difference on foreign exchange	(461,258)	(73,074)
	<u></u>	<u></u>

Notes to the financial statements
For the year ended 31 March 2008

4. Staff costs

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

	2008 £	2007 £
Wages and salaries	2,896,471	1,970,617
Social security costs	379,735	237,561
Other pension costs	87,958	90,900
	<u>3,364,164</u>	<u>2,299,078</u>

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

	2008 No.	2007 No.
Management	20	13
Administration staff	52	48
	<u>72</u>	<u>61</u>

5. Directors' remuneration

	2008 £	2007 £
Emoluments	<u>645,490</u>	<u>344,695</u>
Company pension contributions to money purchase pension schemes	<u>13,500</u>	<u>41,526</u>

During the year retirement benefits were accruing to 3 directors (2007 - 1) in respect of money purchase pension schemes.

The highest paid director received remuneration of £179,234 (2007 - £94,433).

6. Interest receivable

	2008 £	2007 £
Other interest receivable	<u>53,743</u>	<u>9,870</u>

Notes to the financial statements
For the year ended 31 March 2008

7. Interest payable

	2008 £	2007 £
On bank loans and overdrafts	166,408	151,298
On finance leases and hire purchase contracts	15,502	-
	<u>181,910</u>	<u>151,298</u>

8. Taxation

	2008 £	2007 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	965,705	778,799
Adjustments in respect of prior periods	(207,283)	-
Total current tax	<u>758,422</u>	<u>778,799</u>
Deferred tax		
Origination and reversal of timing differences	45,846	(11,292)
Other timing differences	-	(25,821)
Total deferred tax (see note 14)	<u>45,846</u>	<u>(37,113)</u>
Tax on profit on ordinary activities	<u>804,268</u>	<u>741,686</u>

Notes to the financial statements
For the year ended 31 March 2008

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 - higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	2,662,591	2,056,609
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	798,777	616,983
<i>Effects of:</i>		
Expenses not deductible for tax purposes	48,984	71,302
Capital allowances for year in excess of depreciation	(4,220)	9,902
Other timing differences	(27,666)	26,417
Other	175,648	54,195
Group relief received for nil payment	(25,818)	-
Adjustments to tax charge in respect of prior periods	(207,283)	-
<i>Current tax charge for the year (see note above)</i>	758,422	778,799

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the financial statements

For the year ended 31 March 2008

9. Tangible fixed assets

	<i>Leasehold property</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Plant and equipment</i> £	<i>Total</i> £
Cost					
At 1 April 2007	6,024	89,187	61,943	103,138	260,292
Additions	-	119,395	9,995	101,917	231,307
Transfers intra group	-	35,613	-	1,314	36,927
At 31 March 2008	6,024	244,195	71,938	206,369	528,526
Depreciation					
At 1 April 2007	1,555	49,775	13,965	31,039	96,334
Charge for the year	941	39,541	15,694	26,131	82,307
Transfers intra group	-	19,533	-	803	20,336
At 31 March 2008	2,496	108,849	29,659	57,973	198,977
Net book value					
At 31 March 2008	3,528	135,346	42,279	148,396	329,549
At 31 March 2007	4,469	39,412	47,978	72,099	163,958

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

	2008 £	2007 £
Motor vehicles	21,836	29,543

Notes to the financial statements

For the year ended 31 March 2008

10. Fixed asset investments

	<i>Shares in group undertakings</i> £	<i>Other investments</i> £	<i>Total</i> £
Cost or valuation			
At 1 April 2007	507,183	197,000	704,183
Additions	4,414,900	-	4,414,900
Disposals	(10,082)	-	(10,082)
At 31 March 2008	4,912,001	197,000	5,109,001
Impairment			
At 1 April 2007	10,000	72,000	82,000
Charge for the year	180,000	-	180,000
Reversal of impairment losses	(10,000)	-	(10,000)
At 31 March 2008	180,000	72,000	252,000
Net book value			
At 31 March 2008	4,732,001	125,000	4,857,001
At 31 March 2007	497,183	125,000	622,183

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Reel Group Limited	80%
Isleburn Group Limited	100%
Maris Limited	100%
Global Material Services Limited	100%
Banford Associates Limited	100%

The aggregate of the share capital and reserves as at 31 March 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<i>Aggregate of share capital and reserves</i> £	<i>Profit/(loss)</i> £
Reel Group Limited	-	-
Isleburn Group Limited	-	-
Maris Limited	-	-
Global Material Services Limited	-	-
Banford Associates Limited	-	-

Notes to the financial statements**For the year ended 31 March 2008****11. Debtors**

	2008 £	2007 £
Trade debtors	16,035,465	8,216,128
Amounts owed by group undertakings	473,934	664,260
Amounts owed by undertakings in which the company has a participating interest	449,309	-
Other debtors	113,241	330,659
Prepayments and accrued income	111,505	46,603
Deferred tax asset (see note 14)	-	37,113
	<u>17,183,454</u>	<u>9,294,763</u>

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

	2008 £	2007 £
Bank loans and overdrafts	6,443,516	821,503
Net obligations under finance leases and hire purchase contracts	10,409	9,711
Trade creditors	2,099,172	2,184,892
Amounts owed to group undertakings	592,968	802,569
Amounts owed to other participating interest	896,436	-
Corporation tax	517,063	459,475
Social security and other taxes	1,859,499	1,062,992
Director's loan account	-	133,333
Other creditors	1,554,452	825,322
Accruals and deferred income	2,487,275	897,499
	<u>16,460,790</u>	<u>7,197,296</u>

The bank overdraft is secured by a bond and floating charge over the assets of the company.

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

	2008 £	2007 £
Net obligations under finance leases and hire purchase contracts	9,207	19,616
Other creditors	891,400	-
	<u>900,607</u>	<u>19,616</u>

Notes to the financial statements

For the year ended 31 March 2008

13. Creditors: Amounts falling due after more than one year (continued)

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

	2008 £	2007 £
Between one and five years	9,207	19,616

14. Deferred taxation

	2008 £	2007 £
At 1 April 2007	37,113	-
(Charge for)/released during the year	(37,113)	37,113
At 31 March 2008	-	37,113

The deferred taxation balance is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	-	(11,292)
Other timing differences	-	(25,821)
	-	(37,113)

15. Provisions

	<i>Provisions for subsidiary losses</i> £
At 1 April 2007	180,652
Additions	274,596
At 31 March 2008	455,248

Provisions for subsidiary losses

Global Resources Group Limited has agreed to make continuing finance available to its subsidiary, Ross County Football Club (2006) Limited, to enable it to continue operating and meet its liabilities as they fall due. At 31 March 2008, Ross County Football Club (2006) Limited has accumulated losses of £455,248 and a provision has been made to cover this amount.

Notes to the financial statements

For the year ended 31 March 2008

16. Share capital

	2008 £	2007 £
Authorised		
1,000,000 Ordinary Shares shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
380,000 Ordinary Shares shares of £1 each	380,000	380,000

17. Reserves

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2007	5,000	135,000	2,593,697
Profit for the year	-	-	1,858,323
Dividends: Equity capital	-	-	(10,042)
At 31 March 2008	5,000	135,000	4,441,978

18. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	3,113,697	1,798,774
Profit for the year	1,858,323	1,314,923
Dividends (Note 19)	(10,042)	-
Closing shareholders' funds	4,961,978	3,113,697

19. Dividends

	2008 £	2007 £
Dividends paid on equity capital	10,042	-

Notes to the financial statements

For the year ended 31 March 2008

20. Net cash flow from operations

	2008	2007
	£	£
Operating profit	2,510,820	2,198,037
Depreciation of tangible fixed assets	82,307	60,391
Increase in debtors	(7,666,821)	(2,188,109)
Increase in amounts owed by group undertakings	(275,574)	(526,920)
Increase in creditors	2,372,860	1,939,332
Increase in amounts owed to group undertakings	686,835	802,569
Increase in provisions	274,596	180,652
Net cash (outflow)/inflow from operations	(2,014,977)	2,465,952

21. Analysis of cash flows for headings netted in cash flow statement

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	53,743	9,870
Interest paid	(166,408)	(151,298)
Hire purchase interest	(15,502)	-
Net cash outflow from returns on investments and servicing of finance	(128,167)	(141,428)
	2008	2007
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(231,307)	(162,843)
Sale of tangible fixed assets	-	71,539
Net cash outflow from capital expenditure	(231,307)	(91,304)
	2008	2007
	£	£
Acquisitions and disposals		
Purchase of fixed asset investments	(3,000,000)	(272,182)
Sale of fixed asset investments	450,020	-
Net cash outflow from acquisitions and disposals	(2,549,980)	(272,182)

Notes to the financial statements

For the year ended 31 March 2008

21. Analysis of cash flows for headings netted in cash flow statement (continued)

	2008 £	2007 £
Financing		
(Repayment of)/new finance leases	(9,711)	29,327

22. Analysis of changes in net debt

	1 April 2007 £	Cash flow £	Other non-cash changes £	31 March 2008 £
Cash at bank and in hand:	430,357	(21,738)	-	408,619
Bank overdraft	(821,503)	(5,622,013)	-	(6,443,516)
	(391,146)	(5,643,751)	-	(6,034,897)
Debt:				
Debts due within one year	(9,711)	9,711	(10,409)	(10,409)
Debts falling due after more than one year	(19,616)	-	10,409	(9,207)
Net debt	(420,473)	(5,634,040)	-	(6,054,513)

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £87,958 (2007 - £90,900). Contributions totalling £nil (2007 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008 £	2007 £	2008 £	2007 £
Expiry date:				
Within 1 year	34,720	-	-	-
Between 2 and 5 years	-	-	22,997	-
After more than 5 years	100,000	-	-	-

Notes to the financial statements

For the year ended 31 March 2008

25. Related party transactions

Global Resources Group Limited is a wholly owned subsidiary of Global Energy (Holdings) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of investees of the Global Energy (Holdings) Group.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March 2008 are as follows:

	2008 <i>Sales</i> £	2008 <i>Debtor</i> £	2008 <i>Purchases</i> £	2008 <i>Creditor</i> £
MacGregor Industrial Supplies Limited	-	-	622,691	9,862
Global Pipelines (UK) Limited	509,912	449,309	2,934,296	896,436
Isleburn Limited	1,204,924	109,310	993,461	356,143

MacGregor Industrial Supplies Limited is a related party as J MacGregor, a close family member of R J MacGregor, has a shareholding in the company.

Global Pipelines (UK) Limited is an associate company of Global Energy (Holdings) Limited, Global Resources Group Limited's parent company.

Isleburn Limited is a 75% subsidiary of Global Resources Group Limited.

26. Controlling party

The parent undertaking of the company is Global Energy (Holdings) Limited. It is included in its group financial statements, copies of which are available from its registered office at 19 Academy Street, Inverness IV1 1JN.

The controlling party of Global Energy (Holdings) Limited is R J MacGregor.