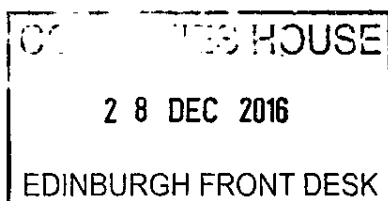


Ross-shire Engineering Limited

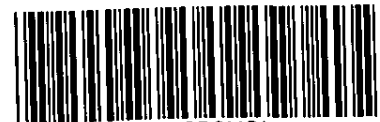
Unaudited

Directors' Report and Financial Statements

For the period ended 1 April 2016



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Ross-shire Engineering Limited

Company Information

Directors	A Dallas G G Grant J I MacGregor I R MacGregor R J MacGregor J D MacDonald S Johnston
Company secretary	A Dallas
Registered number	SC177939
Registered office	Muir of Ord Industrial Estate Muir of Ord Ross-shire IV6 7UA
Bankers	Bank of Scotland High Street Beauly IV4 7BS
Solicitors	Stronachs 34 Albyn Place Aberdeen AB10 1FW

Ross-shire Engineering Limited

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Ross-shire Engineering Limited

Strategic report For the year ended 1 April 2016

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

Business review

The company's principal activity during the year continued to be that of providing specialist cross sector engineering and fabrication services. The key financial performance indicators during the year were as follows:

Turnover - £27,860,000 (2015 - £30,000,000)

Operating Profit - £1,936,000 - (2015 - £1,800,000)

Profit after tax - £1,578,000 - (2015 - £1,400,000)

Operating predominately within the utilities markets, the business entered into year one of a six year framework with Scottish Water in FY16, expected to yield increased turnover for the business throughout the investment period. Completion of a new Modular Assembly Workshop in 2016 has greatly increased capacity enabling the business to step up production to meet growing cross-sector demand for off-site fabrication and assembly, combined with the opening of a new workshop facility in Cumbernauld to increase capacity and reach within the central belt of Scotland. The Directors are working hard to ensure that the business is now in a position to scale for growth in line with the SR15 Framework, in addition to maintaining a balanced portfolio, and executing works within other market sectors.

Principal risks and uncertainties

In recent years the business has expanded its client base and cross-sector exposure thereby spreading business risk and operations across the Utilities, Hydropower, Industrial and Oil & Gas markets. Scottish Water remain the Company's single biggest client.

Since the last set of accounts there has been significant price volatility in the oil and gas markets which has undoubtedly affected the number of opportunities in that market. A number of projects have been either cancelled or scaled back, and with a drive for cost reduction and efficiencies, this market is becoming more competitive. The oil and gas order book is therefore somewhat uncertain.

Exchange rates have been more volatile in recent times, however, currency risk is minimal and hedging will be introduced where this becomes a requirement.

The directors believe that secured workflows and diversification will continue to drive progress and future opportunities. On-going product development and a focus upon smart, modular solutions complement our traditional presence and specialisation in the power and utility sectors.

Following a continued period of organic growth and the investment in PSI the Company will consider further expansion through acquisition if the correct target becomes available, complimentary to strategic direction.

Other key performance indicators

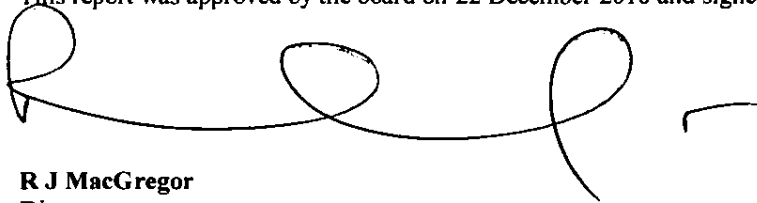
The company has enjoyed another very successful year with strong turnover which has in turn been converted to a good net profit percentage. With the continued retention of profits, both the capital adequacy and working capital position are in excellent shape, placing the Company in a position of strength as it looks to the future. An increasing number of clients make use of credit ratings agencies and external analysis by all independent agencies shows on-going positive growth in Ross-Shire Engineering's recommended trading credit and contract limits.

The company continue to adopt first class HSEQ policies, maintaining DNV accreditations, ISO 18001 Health and Safety, ISO 14001 Environmental and ISO 9001 for Quality. Health and Safety is at the core of our operations and statistics for the year returned an accident frequency rate of Zero.

Ross-shire Engineering Limited

Strategic report (continued)

This report was approved by the board on 22 December 2016 and signed on its behalf.

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

R J MacGregor
Director

Ross-shire Engineering Limited

Directors' report For the year ended 1 April 2016

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

Results and dividends

The profit for the year, after taxation, amounted to £1,578,000 (2015 - profit £1,410,000).

Dividends paid in the year were £nil (2015 - £nil).

Directors

The directors who served during the year were:

A Dallas
G G Grant
J I MacGregor
I R MacGregor
R J MacGregor
J D MacDonald
S Johnston (appointed 1 April 2015)
G I Ronaldson (appointed 1 April 2015, resigned 1 February 2016)

Future developments

The directors believe that secured workflows and diversification will continue to drive progress and future opportunities. Ongoing product development and a focus upon smart, modular solutions compliment our traditional presence and specialisation in power and utility sectors.

Following a continued period of organic growth, the Company may now consider further expansion through acquisition if the correct target became available and if such an opportunity is complimentary to the strategic direction.

Research and development activities

Ross-Shire Engineering continue to extend our off-site modular fabrication capacity, developing our product range and capability through advanced process technologies and in-house engineering solutions. The Company is committed to ongoing research & development expenditure to ensure that we continue to lead the field, particularly in specialist water treatment technologies.

Employee involvement

During the year, the policy of providing employees with information about the Global Energy group has continued through the newsletter "My Global Round Up" in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Ross-shire Engineering Limited

**Directors' report
For the year ended 1 April 2016**

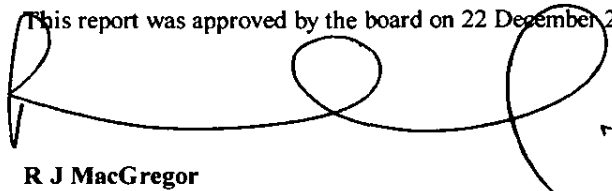
Disabled employees

The company, as part of its employment and ongoing practices has always and wishes to continue, to promote an environment of equality and fairness and therefore recognises and complies with the Disability Discrimination Act 1995 (DDA).

The Disability Discrimination Act defines 'disability' as a physical or mental impairment which has a substantial and long term adverse effect on a person's ability to carry out their normal day-to-day activities.

The act makes it unlawful for employers to discriminate against current or prospective workers who have a disability or who have had a disability in the past. When an employer treats a person with a disability less favourably than he treats other people and this treatment cannot be justified then discrimination has taken place. The employer also has a duty to make a 'reasonable adjustment' in relation to the disabled person and failure to do so is again discrimination, if it cannot be justified.

This report was approved by the board on 22 December 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'R J MacGregor', written over a horizontal line.

R J MacGregor
Director

Ross-shire Engineering Limited

Directors' responsibilities statement
For the year ended 1 April 2016

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Ross-shire Engineering Limited

Statement of comprehensive income
For the year ended 1 April 2016

	Note	2016 £000	2015 £000
Turnover		27,860	29,968
Cost of sales		(22,471)	(24,872)
Gross profit		5,389	5,096
Administrative expenses		(3,453)	(3,318)
Other operating income		24	51
Operating profit		1,960	1,829
Interest payable and expenses	7	(20)	(18)
Profit before tax		1,940	1,811
Tax on profit	8	(362)	(401)
Profit for the year		1,578	1,410
Other comprehensive income		-	-
Total comprehensive income for the year		1,578	1,410

All amounts relate to continuing operations.

The notes on pages 10 to 25 form part of these financial statements.

Ross-shire Engineering Limited
Registered number: SC177939

Balance sheet
As at 1 April 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	9	20	26
Tangible assets	10	6,427	4,036
Investments	11	3,805	4,285
		<u>10,252</u>	<u>8,347</u>
Current assets			
Stocks	12	258	226
Debtors: amounts falling due within one year	13	7,940	6,514
Cash at bank and in hand	14	1	456
		<u>8,199</u>	<u>7,196</u>
Creditors: amounts falling due within one year	15	(7,149)	(5,502)
Net current assets		<u>1,050</u>	<u>1,694</u>
Total assets less current liabilities		<u>11,302</u>	<u>10,041</u>
Creditors: amounts falling due after more than one year	16	(1,158)	(1,451)
Provisions for liabilities			
Deferred tax		(98)	(109)
Other provisions	19	(259)	(272)
		<u>(357)</u>	<u>(381)</u>
Net assets		<u>9,787</u>	<u>8,209</u>
Capital and reserves			
Called up share capital	20	18	18
Share premium account	21	90	90
Capital redemption reserve	21	22	22
Profit and loss account	21	9,657	8,079
Shareholders' Funds		<u>9,787</u>	<u>8,209</u>

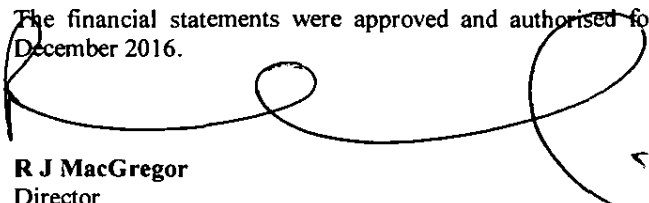
The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Ross-shire Engineering Limited
Registered number: SC177939

Balance sheet (continued)
As at 1 April 2016

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2016.



R J MacGregor
Director

The notes on pages 10 to 25 form part of these financial statements.

Ross-shire Engineering Limited

**Statement of changes in equity
As at 1 April 2016**

	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2015	18	90	22	8,079	8,209
Profit for the year	-	-	-	1,578	1,578
Total comprehensive income for the year	-	-	-	1,578	1,578
AT 1 April 2016	18	90	22	9,657	9,787

**Statement of changes in equity
As at 31 March 2015**

	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2014	18	90	22	6,669	6,799
Profit for the year	-	-	-	1,410	1,410
Total comprehensive income for the year	-	-	-	1,410	1,410
AT 31 March 2015	18	90	22	8,079	8,209

The notes on pages 10 to 25 form part of these financial statements.

1. Accounting policies

1.1 Statement of compliance and basis of preparation

Ross-shire Engineering Limited is a limited liability company incorporated in Scotland. The registered office is Muir of Ord Industrial Estate, Muir of Ord, Ross-Shire, IV6 7UA.

The financial statements have been prepared in compliance with Financial Reporting Standard 102, as it applies to the financial statements of the Company for the year ended 1 April 2016.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit and loss. Accordingly there are no reconciliations from previously extant UK GAAP to FRS 102 presented.

The financial statements have been prepared under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the company.

1.2 Financial reporting standard 102 - reduced disclosure 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of GEG (Holdings) Limited as at 1 April 2016 and these financial statements may be obtained from 13 Henderson Road, Inverness, IV1 1SN.

1.3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 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.

There were no judgements affecting the reported financial performance in the current or prior year.

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

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**Notes to the financial statements
For the year ended 1 April 2016**

1. Accounting policies (continued)

1.4 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:

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 Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 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 five years.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Statement of Comprehensive Income over its estimated economic life.

1.6 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.

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 profit or loss during the period in which they are incurred.

**Notes to the financial statements
For the year ended 1 April 2016**

1. Accounting policies (continued)

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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	2% straight line
Assets Under Construction	-	Not depreciated
Plant & machinery	-	15% on reducing balance
Motor vehicles	-	20% straight line
Fixtures & fittings	-	10% straight line
Computer equipment	-	25% 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

1.7 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.

Lease incentives are recognised over the lease term on a straight line basis.

1.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Leasing and hire purchases

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 purchases 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.

1.10 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.

1. Accounting policies (continued)

1.11 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.

1.12 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.

1.13 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.

1.14 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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income in the same period as the related expenditure.

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution 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 payments 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.

**Notes to the financial statements
For the year ended 1 April 2016**

1. Accounting policies (continued)

1.16 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.17 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.

Ross-shire Engineering Limited

Notes to the financial statements
For the year ended 1 April 2016

2. Turnover

The whole of the turnover is attributable to providing specialist cross-sector engineering and fabrication services.

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	26,922	29,939
Rest of Europe	938	29
	<u>27,860</u>	<u>29,968</u>

3. Other operating income

	2016 £000	2015 £000
Other operating income	16	30
Net rents receivable	8	21
	<u>24</u>	<u>51</u>

4. Operating profit

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

	2016 £000	2015 £000
Depreciation of tangible fixed assets	422	397
Amortisation - of intangible assets	6	1
Amortisation of government grants	(13)	(5)
Operating lease rental - Plant and machinery	139	507
Operating lease rental - Land and buildings	83	-
Amortisation of deferred research and development expenditure	5	5
	<u>480</u>	<u>903</u>

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

5. Employees

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

	2016 £000	2015 £000
Wages and salaries	8,491	9,338
Social security costs	899	996
Cost of defined contribution scheme	55	40
	<u>9,445</u>	<u>10,374</u>

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

	2016 No.	2015 No.
Management	6	5
Production and Technical	164	208
Admin and Sales	24	20
Other	4	3
	<u>198</u>	<u>236</u>

6. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	<u>281</u>	<u>384</u>

During the period retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

7. Interest payable and similar charges

	2016 £000	2015 £000
On other loans	-	3
On finance leases and hire purchase contracts	20	15
	<u>20</u>	<u>18</u>

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

8. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	405	410
Adjustments in respect of previous periods	(32)	-
	<u>373</u>	<u>410</u>
Deferred tax		
Origination and reversal of timing differences	(11)	(9)
	<u>362</u>	<u>401</u>
Taxation on profit on ordinary activities		
	<u>362</u>	<u>401</u>

Factors affecting tax charge for the year

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

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>1,940</u>	<u>1,811</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	388	380
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9	13
Adjustments to tax charge in respect of prior periods	(32)	-
Non-taxable income	(1)	(1)
Other differences	(2)	9
Total tax charge for the period/year	<u>362</u>	<u>401</u>

Factors that may affect future tax charges

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

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

9. Intangible assets

	Development £000	Goodwill £000	Total £000
Cost			
At 1 April 2015	51	20	71
At 1 April 2016	<u>51</u>	<u>20</u>	<u>71</u>
Amortisation			
At 1 April 2015	28	17	45
Charge for the year	5	1	6
At 1 April 2016	<u>33</u>	<u>18</u>	<u>51</u>
Net book value			
At 1 April 2016	<u>18</u>	<u>2</u>	<u>20</u>
AT 31 March 2015	<u>23</u>	<u>3</u>	<u>26</u>

Ross-shire Engineering Limited

Notes to the financial statements
For the year ended 1 April 2016

10. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 April 2015	2,985	1,895	810	165	403	6,258
Additions	2,212	131	189	34	261	2,827
Disposals	-	(8)	(88)	-	-	(96)
At 1 April 2016	5,197	2,018	911	199	664	8,989
Depreciation						
At 1 April 2015	416	929	468	75	335	2,223
Charge owned for the period	57	153	144	17	50	421
Disposals	-	(4)	(78)	-	-	(82)
At 1 April 2016	473	1,078	534	92	385	2,562
Net Book Value:						
At 1 April 2016	4,724	940	377	107	279	6,427
AT 31 March 2015	2,569	966	342	91	68	4,036

Included within freehold property are assets under construction totalling £2,210,000 and included within computer equipment are assets under construction totalling £194,000.

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

	2016 £000	2015 £000
Plant and machinery	416	489
Motor vehicles	276	214
	692	703

Included in land and buildings is freehold land with a cost of £140,000 (2015 - £140,000) which is not depreciated.

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

11. Fixed asset investments

	Investments in subsidiary company £000
Cost or valuation	
At 1 April 2015	4,285
Disposals	(480)
At 1 April 2016	<u>3,805</u>
At 1 April 2016	<u>3,805</u>
AT 31 March 2015	<u>4,285</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

<i>Name</i>	<i>Class of Shares</i>	<i>Holding</i>
Pipework Systems and Installation Limited	Ordinary	75%

The aggregate of the share capital and reserves as at 1 April 2016 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>
	£000	£000
Pipework Systems and Installation Limited	<u>804</u>	<u>596</u>

12. Stocks

	2016 £000	2015 £000
Raw materials and consumables	<u>258</u>	<u>226</u>

Ross-shire Engineering Limited

Notes to the financial statements
For the year ended 1 April 2016

13. Debtors

	2016 £000	2015 £000
Trade debtors	3,828	1,340
Amounts owed by group undertakings	9	27
Other debtors	-	46
Prepayments and accrued income	26	37
Amounts recoverable on long term contracts	4,077	5,064
	<u>7,940</u>	<u>6,514</u>

14. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	1	456
	<u>1</u>	<u>456</u>

15. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts	825	-
Payments received on account	761	657
Trade creditors	2,144	1,458
Amounts owed to group undertakings	187	38
Corporation tax	233	248
Taxation and social security	613	813
Obligations under finance lease and hire purchase contracts	124	111
Other creditors	3	70
Accruals and deferred income	2,259	2,107
	<u>7,149</u>	<u>5,502</u>

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

15. Creditors: Amounts falling due within one year (continued)

The bank overdraft and bank loan are secured by a Standard Security over the land and buildings at Industrial Estate, Muir of Ord. The bank also has a Bond and Floating Charge over all of the company assets. The hire purchase creditors are secured on the assets to which they relate.

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

	2016 £000	2015 £000
Net obligations under finance leases and hire purchase contracts	231	250
Other creditors	927	1,201
	<u>1,158</u>	<u>1,451</u>

17. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £000	2015 £000
Within one year	124	111
Between 1-2 years	117	84
Between 2-5 years	114	166
	<u>355</u>	<u>361</u>

18. Deferred taxation

	Deferred tax £000
At 1 April 2015	109
Charged to the profit or loss	11
At 1 April 2016	<u><u>98</u></u>

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

The provision for deferred taxation is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	98	111
Short term timing differences	1	2
Accelerated capital allowances	<u>97</u>	<u>109</u>

19. Deferred government grants

	Deferred government grants £000
At 1 April 2015	272
Utilised in period	(13)
At 1 April 2016	<u>259</u>

The balance above relates to grants received for the construction of buildings and towards the purchase cost of some plant & machinery.

20. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
18,000 Ordinary Shares shares of £1 each	<u>18</u>	<u>18</u>

21. Reserves**Share premium**

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 of shares repurchased by the company.

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

22. Pension commitments

The company makes contributions into personal pension funds of certain employees. Contributions payable are charged to the profit and loss account in the year they are payable.

23. Commitments under operating leases

At 1 April 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	18	18

24. Related party transactions

Ross-shire Engineering Limited is an 83% owned subsidiary of GEG (Process & Equipment) Limited, which is a wholly owned subsidiary of GEG (Holdings) Limited.

During the year the company entered into transactions, in the normal course of business, with other related parties. Transactions entered into, and the trading balances outstanding at 1 April 2016 are as follows:

	Sales £000	Debtors £000	Purchases £000	Creditors £000
Global Resources (Project Recruitment) Limited	-	-	60	23
Global Resource Management Limited	-	-	9	12
Global Energy Corporation Limited	122	-	122	3
Global Energy (Group) Limited	62	-	3	-
Prime Pumps Limited	87	9	12	88
MacGregor Industrial Supplies Limited	-	-	31	-
Pipework Systems & Installation Limited	10	-	-	-
	281	9	237	126

Global Resources (Project Recruitment) Limited, Global Resource Management Limited and Global Energy Corporation Limited are all 100% subsidiaries of GEG (Marine & Logistics) Limited. GEG (Marine & Logistics) Limited is a 100% subsidiary of GEG (Holdings) Limited.

Global Energy (Group) Limited is a 100% subsidiary of GEG (Process & Equipment) Limited and Prime Pumps Limited is a 75% subsidiary of GEG (Process & Equipment) Limited.

Pipework Systems and Installation Limited is a 75% subsidiary of Ross-shire Engineering Limited.

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.

Ross-shire Engineering Limited

**Notes to the financial statements
For the year ended 1 April 2016**

25. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is GEG (Holdings) Limited. It has included the company in its group financial statements, copies of which are available from its registered office at 13 Henderson Road, Inverness, IV1 1SN.

The controlling party of GEG (Holdings) Limited is the MacGregor family.