

Registered number: SC200730 (Scotland)

# CALEY OCEAN SYSTEMS LIMITED

**Annual report and financial statements**

**15 Month Period**

**ended 31 March 2022.**



# **Caley Ocean Systems Limited**

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**Caley Ocean Systems Limited**  
**For the period ended 31 March 2022**

**Directors and advisers**

**Directors**

K R D Murray  
T J Buchan

**Company Secretary**

T J Buchan

**Registered Office**

Watermark Business Park  
375 Govan Road  
Glasgow  
G51 2SE

**Solicitor**

Pinsent Masons  
13 Queens Road  
Aberdeen  
AB15 4YL

**Independent Auditor**

RSM UK Audit LLP  
52-54 Queens Road  
Aberdeen  
AB15 4YE

**Banker**

Santander  
17 Carden Place  
Aberdeen  
AB10 1UR

# Caley Ocean Systems Limited

## Strategic report For the period ended 31 March 2022

The Directors present their strategic report with the audited financial statements for the period ended 31 March 2022.

### Principal Activities

The principal activity of the company is the engineering, design, assembly, testing, installation and onsite support of lifting and handling equipment and other special purpose machinery.

The Company is one of a Group of companies led by Pryme Group Holdings Limited (“the Group”), a provider of high quality outsourced manufacturing services to a broad range of customers operating in the oil and gas, defence, aerospace and other general industry sectors. The Group’s aim is to provide integrated solutions for outsourced manufacturing to enable the customer to focus on its own core offering.

### Business review and results

The Directors consider turnover, gross profit and operating result to be the key performance indicators in their ability to monitor the Company’s strategic and operational effectiveness.

Turnover for the period was £36,522k (2020: £7,159k). The significant increase is a result of diversification efforts into offshore wind and nuclear sectors, with contracts successfully executed during the period combined with growth in our services business supporting customers with our originally manufactured equipment. Gross Profit was £5,122k (2020: £834k) and the operating profit for the year was £1,938k (2020: loss of (£1,025k) these improvements are a result of successful contract execution and volume growth in our servicing business while maintaining a strong focus on cost control.

### Principal risks and uncertainties

The management of the business and execution of the Company (and the Group’s) strategy are subject to a number of risks. The key business risks affecting the core activities of the Company are set out below. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them.

#### *Interest rate risk*

The Company is exposed to interest rate risk on the majority of its borrowings and consequently monitors debt levels and associated finance costs to assist in developing appropriate measures and actions to mitigate this risk.

#### *Credit risk*

The Company’s principal financial assets are bank balances, cash and trade and other receivables. The Company’s credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company actively monitors the credit worthiness of its customer base.

#### *Liquidity risk*

To maintain liquidity to ensure that sufficient funds are available for ongoing operations the Company regularly monitors working capital requirements and is supported by its parent company when required.

#### *Exiting the EU*

Although the United Kingdom has now left the EU, the long-term impact of Brexit is still unclear. There may be impact on documentation with suppliers and increased tariffs. The impact is not expected to be material but will be closely monitored.

#### *Climate change*

The Group has an environmental policy in place which encourages a reduction in carbon emissions. The Group continue to monitor the impact both its operations and employees have on the environment.

### Post balance sheet events

There are no material events that have occurred subsequently to the balance sheet date to the date of approval of these financial statements that affect the reported financial position at 31 March 2022.

## **Caley Ocean Systems Limited**

### **Strategic report (continued) For the year ended 31 March 2021**

#### **Future developments**

The strategy of the Directors is to continue to improve market share in existing markets following successful diversification efforts in recent years. The Directors aim to maximise profit margins by making improvements in operational performance and maintaining focus on the number of operational efficiencies implemented in order to keep the cost base as low as practical.

Approved by the board and signed on behalf of the Board



T J Buchan  
Director

19 December 2022

# Caley Ocean Systems Limited

## Directors' report

### For the period ended 31 March 2022

The Directors present their annual report and the audited financial statements of Caley Ocean Systems Limited ("the Company"), for the period ended 31 March 2022. The year end has been changed to March to align with that of the Parent Company.

#### Dividends

No dividends were paid during the year or prior year and the Directors propose that no dividend be paid.

#### Financial Instruments

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

#### Directors

The Directors who held office during the year and up to the date of signing the financial statements, except where noted, were as follows:

K R D Murray (Appointed on 4 August 2021)

T J Buchan (Appointed on 2 November 2021)

D Hutchinson (Resigned on 12 April 2022)

G Kerr (Resigned on 24 October 2021)

D R Cooper (Resigned 18 October 2022)

J G McPherson (Resigned 30 July 2021)

#### Employees

##### *Engagement with employees*

As part of the Pryme Group, the Company places a strong emphasis on employee communication and involvement. Quarterly communications are conducted at all Pryme Group locations by the CEO to update the employees on Pryme Group's performance and their own individual locations' performance.

##### *Disabled employees*

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

##### *Employee consultation*

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the Company and the Pryme Group.

##### *Equal opportunities*

It is the Company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, gender, colour, ethnic or national origin, disability, hours of work, nationality, religion or belief, marital or civil partner status, disfigurement, political opinions or sexual orientation. All decisions relating to employment practices will be objective, free from bias and based solely on work criteria and individual merit.

##### *Going concern*

As at the 31<sup>st</sup> of March 2022 the Company is in a net asset position of £3,572k (2021: £1,260k). The net current assets position is £2,384k (2021: £88k). Further, the Company's ultimate parent Company, Pryme Group Holdings Limited, has confirmed its intention to provide adequate operational, strategic and financial support to the Company to enable it to meet its financial commitments as they fall due for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements are prepared under the going concern basis.

# Caley Ocean Systems Limited

## Directors' report For the period ended 31 March 2022

### Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

The auditor, RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution conceiving their re-appointment will be proposed at the forthcoming Board Meeting.

### Directors' indemnities

During the period the Company made qualifying third party indemnity provisions for the benefit of its Directors. These provisions remain in force at the date of this report.

### Registered Number

The Company registered no is SC200730

Approved by the Board and signed on its behalf by:



TJ Buchan  
Director

19 December 2022

## **Independent auditor's report to the members of Caley Ocean Systems Limited**

### **Opinion**

We have audited the financial statements of Caley Ocean Systems Limited (the 'company') for the period ended 31 March 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

**Independent auditor's report to the members of  
Caley Ocean Systems Limited (continued)  
Matters on which we are required to report by exception**

In the light of the 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 or the directors' report.

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud

## **Independent auditor's report to the members of Caley Ocean Systems Limited (continued)**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to environmental, health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities

The audit engagement team identified the risk of management override of controls and contract revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed by the engagement team in relation to management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed by the engagement team in relation to contract revenue recognition included but were not limited to challenging assumptions and judgements made by management in their determination of stage of completion and performing substantive testing over revenue recognition on a sample basis.

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

### **Use of our report**

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

*Grant Morrison*

Grant Morrison (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
52-54 Queen's Road  
Aberdeen  
AB15 4YE  
Date 21/12/22

# Caley Ocean Systems Limited

## Profit and loss account For the period ended 31 March 2022

		<b>For the 15 month period ended 31 March 2022</b>	<b>Year ended 30 December 2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	3	36,522,305	7,159,038
Cost of sales		<u>(31,430,819)</u>	<u>(6,325,139)</u>
<b>Gross profit</b>		5,091,486	833,899
Administrative expenses		(3,183,781)	(1,969,993)
Other operating income	5	<u>-</u>	<u>111,023</u>
<b>Operating profit/(loss)</b>		1,937,705	(1,025,071)
Interest payable and similar expenses	4	(83,403)	(35,671)
Other gains and losses	5	<u>-</u>	<u>(6,784,675)</u>
<b>Profit/(Loss) before taxation</b>	5	1,854,302	(7,845,417)
Tax on (profit)/loss	7	<u>457,336</u>	<u>449,984</u>
<b>Profit/(Loss) for the financial period attributable to the equity shareholders of the Company</b>		<u><u>2,311,638</u></u>	<u><u>(7,395,433)</u></u>

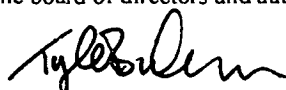
All activities relate to continuing operations. The Company had no recognised gains or losses other than those included in the results above. Accordingly, no separate statement of comprehensive income is presented.

# Caley Ocean Systems Limited

## Balance sheet At 31 March 2022

	Note	31 March 2022 £	30 December 2020 £
<b>Fixed assets</b>			
Tangible assets	8	1,219,348	1,215,954
<b>Current assets</b>			
Debtors	9	4,324,325	4,708,805
Cash at bank and in hand		2,831,840	5
		<u>7,156,165</u>	<u>4,708,810</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(4,772,344)</u>	<u>(4,620,736)</u>
<b>Net current assets</b>		<u>2,383,821</u>	<u>88,074</u>
<b>Creditors: amounts falling due after one year</b>	11	<u>(31,670)</u>	<u>(44,167)</u>
<b>Net assets</b>		<u><u>3,571,499</u></u>	<u><u>1,259,861</u></u>
<b>Capital and reserves</b>			
Called-up share capital	12	80,000	80,000
Profit and loss account	12	3,491,499	1,179,861
<b>Shareholders' funds</b>		<u><u>3,571,499</u></u>	<u><u>1,259,861</u></u>

The financial statements of Caley Ocean Systems Limited (registered number SC200730) were approved by the board of directors and authorised for issue on 19 December 2022. They were signed on its behalf by:



T J Buchan  
Director  
19 December 2022

## Caley Ocean Systems Limited

### Statement of changes in equity At 31 March 2022

	Share Capital £	Profit and loss account £	Total £
As at 30 December 2019	80,000	8,575,294	8,655,294
Loss for the financial year	-	(7,395,433)	(7,395,433)
As at 30 December 2020	80,000	1,179,861	1,259,861
Profit for the financial period	-	2,311,638	2,311,638
As at 31 March 2022	<u>80,000</u>	<u>3,491,499</u>	<u>3,571,499</u>

# Caley Ocean Systems Limited

## Notes to the financial statements For the 15 Month Period ended 31 March 2022

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and in the preceding year.

#### a. General information and basis of accounting

Caley Ocean Systems Limited is a private Company limited by shares incorporated in the United Kingdom, registered in England under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic' report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 11 *Basic Financial Instruments*, Section 12 *Other Financial Instruments Issues*, Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d); and
- (b) Section 11 *Basic Financial Instruments*, Section 12 *Other Financial Instruments Issues* and Section 33 *Related Party Disclosures* paragraph 33.7.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### b. Going concern

As at the 31<sup>st</sup> of March 2022 the Company is in a net asset position of £3,572k (2021: £1,260k). The net current assets position is £2,384k (2021: £88k). Further, the Company's ultimate parent Company, Pryme Group Holdings Limited, has confirmed its intention to provide adequate operational, strategic and financial support to the Company to enable it to meet its financial commitments as they fall due for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements are prepared under the going concern basis.

#### c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, over their expected useful life, as follows.

Leasehold property	-	10% straight-line
Plant & Machinery	-	10% straight-line
Motor Vehicles	-	25% straight-line
Fixtures, fittings & office equipment	-	10% straight-line
Other fixed assets	-	20% straight-line

# Caley Ocean Systems Limited

## Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

### 1. Accounting policies (continued)

#### *d. Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### *e. Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# Caley Ocean Systems Limited

## Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

### 1. Accounting policies (continued)

#### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### *f. Taxation*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Caley Ocean Systems Limited

### Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

#### **g. Turnover**

Turnover and profit are recognised on long-term contracts as contract activity progresses and is calculated by reference to the cost of work performed to date as a proportion of the total contract cost where the outcome can be assessed with reasonable certainty. Provisions for foreseeable losses are recognised in full when identified. Turnover derived from variations on long term contracts is recognised only when they have been accepted by the customer. Where the value of work performed on a long term contract is less than the actual work performed by reference to the proportion of overall estimated contract costs incurred, the difference is recorded as amounts recoverable on long term contracts and included within debtors due within one year. Where the invoiced value of work performed on a long-term contract is more than the actual value of work performed by reference to the proportion of overall estimated contract cost incurred, the difference is recorded as amounts due on long-term contracts and included within creditors due within one year.

#### **h. Other operating income**

Other operating income relates to government grants which are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

#### **i. Employee benefits**

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. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **j. Leases**

##### *The Company as lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover and profit are recognised on long-term contracts as contract activity progresses and is calculated by reference to the cost of work performed to date as a proportion of the total contract cost where the outcome can be assessed with reasonable certainty. Provisions for foreseeable losses are recognised in full when identified. Turnover derived from variations on long term contracts is recognised only when they have been accepted by the customer.

# Caley Ocean Systems Limited

## Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

### 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Where the value of work performed on a long term contract is less than the actual work performed by reference to the proportion of overall estimated contract costs incurred, the difference is recorded as amounts recoverable on long term contracts and included within debtors due within one year. Where the invoiced value of work performed on a long-term contract is more than the actual value of work performed by reference to the proportion of overall estimated contract cost incurred, the difference is recorded as amounts due on long-term contracts and included within creditors due within one year.

#### *Critical judgements in applying the Company's accounting policies*

There are not considered to be critical judgements, other than those involving estimation uncertainty, involved in the application of the Company's accounting policies.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Recoverability of third party debtors and related party balances*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors with third parties, management consider factors including the current credit rating of the debtor, the aging profile of debtors and historical collection experience.

#### *Recognition of Research and Development Relief*

The Company employs the services of specialist tax advisors in preparing research and development technical reports for use in the tax returns, which in turn are prepared by external tax specialists. The estimated R&D relief recognised in the year is £595k (2020: £450k)

#### *Recognition of deferred tax assets*

In determining the timing and magnitude of recognition of deferred tax assets, management makes a forecast of estimated taxable profits in future periods. This requires the use of forward looking information in relation to future sales, costs and their treatment for tax purposes, which are subjective in nature.

### 3. Turnover

All of the Company's turnover is the engineering, design, assembly, testing, installation and onsite support of lifting and handling equipment and other special purpose machinery

An analysis of the Company's turnover and other operating income is as follows.

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
Contract revenue	36,552,305	7,159,038
	<u>36,552,305</u>	<u>7,159,038</u>

## Caley Ocean Systems Limited

### Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

#### 4. Interest payable and similar expenses

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
Intercompany loan	83,403	35,671

#### 5. Profit/(Loss) before taxation

Profit/(Loss) before taxation is stated after charging/(crediting):

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
Depreciation of tangible fixed assets (note 8)	45,869	38,029
Operating lease	46,000	46,000
Other operating income	-	(111,023)
Other gains and losses	-	6,784,675
Fee payable to auditors	10,000	-

During the period the Company received £nil (2020: £111,023) government grants in the form of Coronavirus Job Retention Scheme grant income, disclosed as other operating income above.

Other gains and losses relate to an intercompany loan due to the former parent company that was written off in the prior period.

#### 6. Staff numbers and costs

The average monthly number of employees (including executive Directors) was:

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
Direct	38	25
Administration	12	10
	<u>50</u>	<u>35</u>

## Caley Ocean Systems Limited

### Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

#### 6. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
Wages and salaries	2,916,356	1,452,643
Social security costs	308,205	156,050
Other pension costs (see note 14)	136,558	76,758
	<u>3,361,119</u>	<u>1,685,451</u>

None of the Directors are remunerated by this Company, remuneration is borne by GA Engineering (Scotland) Limited and Pryme Group Holdings Limited within the Group. For all Directors it is not considered possible to apportion their remuneration to this entity on the basis of the services provided and accordingly no allocation has been made. The remuneration paid by other Group companies have been disclosed in the financial statements of the companies concerned.

#### 7. Tax on profit/(loss):

The tax (credit) comprises:

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
<b>Current tax on loss</b>		
UK corporation tax	(232,947)	(449,984)
Adjustments in respect of previous period/year	(149,719)	-
<b>Total current tax</b>	<u>(382,666)</u>	<u>(449,984)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(56,749)	-
Effect of changes in tax rates	(17,921)	-
<b>Total deferred tax</b>	<u>(74,670)</u>	<u>-</u>
<b>Total tax on profit</b>	<u>(457,336)</u>	<u>(449,984)</u>

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantially enacted in June 2021 and will be applicable beginning 1 April 2023. The main rate of UK corporation tax is 19% for both years periods covered in these financial statements. There is no expiry date on timing differences, unused tax losses or tax credits.

The Company deferred tax asset recognised in the year is £74,670 (2021: nil). The Company forecast the utilisation of this asset is probable in the next 12 months and as such have recognised the asset.

## Caley Ocean Systems Limited

### Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

#### 7. Tax on profit (continued)

The difference between the total tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows;

	15 month period ended 31 March 2022 £	Year ended 30 December 2020 £
<b>Profit/(Loss) before tax</b>	<u>1,854,302</u>	<u>(7,845,417)</u>
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2020: 19%)	352,317	(1,490,629)
Effects of:		
- Tax rate changes	(17,921)	-
- Research & development relief	(595,500)	(449,984)
- Expenses not deductible	6,457	1,289,088
- Income not taxable	(2,224)	5,055
- Effects of group/other relief	(10,814)	-
- Adjustment from previous periods	(149,719)	-
- Deferred tax not recognised	<u>(39,932)</u>	<u>196,486</u>
<b>Total tax (credit) for the year</b>	<u>(457,336)</u>	<u>(449,984)</u>

## Caley Ocean Systems Limited

### Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

#### 8. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 30 December 2020	1,353,432	445,644	1,799,076
Additions	11,848	37,414	49,262
At 31 March 2022	<u>1,365,280</u>	<u>483,058</u>	<u>1,848,338</u>
<b>Depreciation</b>			
At 30 December 2020	145,294	437,828	583,122
Charge for the period	30,829	15,039	45,868
At 31 March 2022	<u>176,123</u>	<u>452,867</u>	<u>628,990</u>
<b>Net book value</b>			
At 31 March 2022	<u>1,189,157</u>	<u>30,191</u>	<u>1,219,348</u>
At 30 December 2020	<u>1,208,138</u>	<u>7,816</u>	<u>1,215,954</u>

#### 9. Debtors

	31 March 2022 £	30 December 2020 £
Trade debtors	1,124,202	895,832
Gross amounts due from customers for contract work	2,438,950	1,127,754
Other debtors	237,878	-
Amounts due from Group companies	215,802	810,587
Deferred tax asset	74,670	-
Corporation tax	232,822	1,874,632
	<u>4,324,325</u>	<u>4,708,805</u>

Amounts owed by Group undertakings were repayable on demand and bear no interest.

# Caley Ocean Systems Limited

## Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

### 10. Creditors: amounts falling due within one year

	31 March 2022	30 December 2020
	£	£
Trade creditors	3,469,377	1,702,451
Bank loan	9,997	774,862
Gross amounts due to contract customers	484,341	576,184
Other creditors	72,947	157,797
Other taxation and social security	96,726	53,801
Amounts owed to Group undertakings	638,956	1,355,641
	<u>4,772,344</u>	<u>4,620,736</u>

The Company has granted a floating charge on all its assets to secure its ultimate parent Company's ongoing bank facilities.

Amounts owed to other Group undertakings are payable on demand and bear no interest.

### 11. Creditors: amounts falling due after one year

	31 March 2022	30 December 2020
	£	£
Bank loan	31,670	44,167
	<u>31,670</u>	<u>44,167</u>

Borrowings are repayable as follows:

	31 March 2022	30 December 2020
	£	£
<b>Bank loans</b>		
Between one and two years	9,997	9,997
Between two and five years	21,673	34,170
	<u>31,670</u>	<u>44,167</u>
On demand or within one year	9,997	774,862
	<u>41,667</u>	<u>819,029</u>

### 12. Called-up share capital and reserves

	31 March 2022	30 December 2020
	£	£
<b>Allotted, called-up and fully-paid</b>		
80,000 ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

The Company has two classes of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows.

# Caley Ocean Systems Limited

## Notes to the financial statements (continued) For the 15 Month Period ended 31 March 2022

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 13. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows.

	31 March 2022	30 December 2020
	£	£
	Land and buildings	Land and buildings
	£	£
- within one year	46,000	46,000
- between one and five years	70,067	127,567
	<u>116,067</u>	<u>173,567</u>

The non-cancellable operating lease is in respect of land and building rentals at the Company's operating location.

### 14. Employee benefits

#### *Defined contribution schemes*

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 March 2022 was £137k (2020: £31k). There was a balance outstanding of £nil in relation to pension liabilities at 31 March 2022 (2020: £7k).

### 15. Related party transactions

The Company has taken advantage of FRS 102.33.1A 'Related Party Disclosures' and hence not disclosed details of transactions with other Group companies in which Pryme Group Holdings Limited ultimately owns 100% of the share capital.

### 16. Ultimate parent Company and controlling party

The Company's ultimate parent undertaking is Pryme Group Holdings Limited the smallest and largest parent Company preparing Group financial statements as at 31 March 2022, a Company incorporated and registered in Scotland. The registered address of Pryme Group Holdings Limited is 11 Tom Johnston Road, West Pitkerro Industrial Estate, Dundee, DD4 8XD.

The majority of the equity of Pryme Group Holdings Limited is owned by Simmons Private Equity II LP, a private equity fund, registered in Guernsey. Simmons Private Equity II LP is controlled by its general partner, Parallel General Partner Limited, a non-cellular Guernsey limited Company, the ultimate controlling party.

### 17. Subsequent events

The Company sold its main office facility at Watermark Business Park, 375 Govan Road, Glasgow, G51 2SE on the 5th of August 2022 for a total consideration of £1,465,000. The Company then entered into a 10-year lease to remain in the property. There are no other material events that have occurred subsequently to the balance sheet date to the date of approval of these financial statements that affect the reported financial position at 31 March 2021.