

Survival Systems International (UK) Limited
Annual report and consolidated financial statements
For the year ended
31 March 2016

Company Registration Number 01344170



Survival Systems International (UK) Limited

Financial statements

Year ended 31 March 2016

Contents	Page
Company information	1
Strategic report	2
Director's report	4
Independent auditor's report to the shareholders	6
Consolidated statement of comprehensive income	8
Consolidated statement of changes in equity	9
Company statement of changes in equity	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of cash flows	13
Notes to the financial statements	14

Survival Systems International (UK) Limited

Company information

The director

G L Beatty

Company secretary

Grays Inn Secretaries Limited

Registered office

One Fleet Place
London
EC4M 7WS

Auditor

Lovewell Blake LLP
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

Survival Systems International (UK) Limited

Strategic report

Year ended 31 March 2016

Group structure and who we are

The group consists of Survival Systems International (UK) Limited together with five trading subsidiaries as detailed in note 12 to the financial statements. The group operates in the eastern hemisphere supporting its parent company Survival Systems International Inc. which operates in the western hemisphere.

The group's principal activities during the year was the service, hire, repair and modification of marine survival equipment and steel fabrication.

Goals and objectives

The group aims to provide its clients with a first class and cost effective service. We are determined that we will fulfil their expectations and to keep their employees safe when operating in dangerous environments.

We have many years of experience in providing services and equipment to our clients and use the latest communication technology so as to be able to utilise this experience wherever in the world this is required.

The group aims to grow by the formation of trading subsidiaries strategically placed in the eastern hemisphere in order to be best placed to work with our customers.

Principal risks

Due to the sector in which the group operates, a significant risk exists in relation to changing demand dependent on economic factors.

The group addresses this risk by building on existing client relations, with both external clients and suppliers. It also continues to look for further strategic locations to form subsidiaries and attract new customers. By diversifying its customer and location bases the group believes it is strategically placed to deal with most significant changes in economic factors.

A further significant risk to the group's business is that of regulatory compliance and change.

The group takes a positive approach to changes in regulations considering these to present not only an improvement upon best practice, which it is committed to apply, but also as an opportunity where competitors are unable to respond as positively.

The group trades significantly overseas and has significant exposure to foreign currency risks.

The group has set up subsidiaries close to its customers so as to trade in local currencies and to reduce foreign exchange risk as far as possible. The group does not currently use forward exchange contracts but continues to monitor this risk area in order to assess whether this will become appropriate.

Survival Systems International (UK) Limited

Strategic report

Year ended 31 March 2016

Review of year and Key Performance Indicators

The group's turnover decreased by 31% which the board is dissatisfied by, but given the economic conditions it was expected. Most of the subsidiaries' turnover fell during the year with only Australia and Singapore increasing.

In the year group pre-tax losses of £47,632 arose (as shown on page 8). Capital and reserves remained very similar to last year despite a loss being made this year (as shown on page 11).

In addition to the annual results reported here, key performance indicators, which include turnover and net profit, are reported upon on a quarterly basis, benchmarking ongoing performance against targeted results. The directors do not consider that any further analysis using non-financial KPIs is necessary for an understanding of the performance and position of the group.

Future outlook

The group believes that it can come back from a difficult 2016, to drive growth forward in 2017 despite the impact upon its main customers of the reduced world oil prices over the past few years. It therefore expects to be able to achieve, and has targeted, an increase in turnover and a return to profit for the current year.

We shall continue to strive to provide excellent service for all of our customers and listen to their requirements.

Signed by the director on:

G L Beatty
Director

22.12.16

Survival Systems International (UK) Limited

Director's report

Year ended 31 March 2016

The director has pleasure in presenting his report and the audited financial statements of the company and the group for the year from 1 April 2015 to 31 March 2016.

Directors of the company

The directors who served the company during the year were as follows:

G L Beatty
G W Teece

G W Teece retired as a director on 30 July 2015.

Donations

The company has made a number of contributions to small local charities during the year including youth organisations.

Director's responsibilities statement

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and group and the profit or loss of the group for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Survival Systems International (UK) Limited

Director's report

Year ended 31 March 2016

Disclosure of information in the strategic report

The company has taken advantage of the exemptions available in section 414C(11) of the Companies Act 2006 with regards to the disclosure of certain information in the director's report. Such information is now included in the strategic report starting on page 2 which contains appropriate detailed information of the review of the business during the year and the principal risks and uncertainties affecting the company and its business.

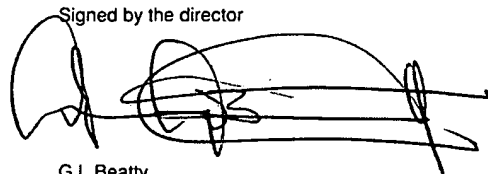
Auditor

The director at the date of approval of this report confirms that:

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Registered office:
One Fleet Place
London
EC4M 7WS

Signed by the director

G.L Beatty
Director

Approved by the director on: 22.12.16

Survival Systems International (UK) Limited

Independent auditor's report to the shareholders of Survival Systems International (UK) Limited

Year ended 31 March 2016

We have audited the financial statements of Survival Systems International (UK) Limited for the year ended 31 March 2016 on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Survival Systems International (UK) Limited

Independent auditor's report to the shareholders of Survival Systems International (UK) Limited

Year ended 31 March 2016

Matters on which we are required to report by exception

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

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

Neil Orford ACA FCCA CF (Senior Statutory Auditor)

For and on behalf of LOVEWELL BLAKE LLP (Statutory auditor)

Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

23/12/2016

Survival Systems International (UK) Limited

Consolidated statement of comprehensive income

Year ended 31 March 2016

	Notes	2016 £	2015 £
Turnover	4	6,744,984	9,720,316
Cost of sales		<u>(2,747,132)</u>	<u>(4,855,575)</u>
Gross profit		3,997,852	4,864,741
Administrative expenses		<u>(4,520,766)</u>	<u>(4,648,156)</u>
		(522,914)	216,585
Other operating income	5	<u>513,058</u>	<u>51,058</u>
Operating (loss)/profit	6	(9,856)	267,643
Interest receivable and similar income		4,188	5,267
Interest payable	8	<u>(41,964)</u>	<u>(13,750)</u>
(Loss)/Profit on ordinary activities before taxation		(47,632)	259,160
Tax on (loss)/profit on ordinary activities	9	<u>(46,669)</u>	<u>(77,027)</u>
(Loss)/Profit for the financial year		(94,301)	182,133
Other comprehensive income			
Currency translation differences on retranslation of foreign operations		<u>23,551</u>	<u>81,591</u>
Other comprehensive income for the year, net of tax		<u>23,551</u>	<u>81,591</u>
(Loss)/profit for the year and total comprehensive income		<u>(70,750)</u>	<u>263,724</u>

The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Consolidated statement of changes in equity

Year ended 31 March 2016

	Called-up equity share capital £	Profit and loss account £	Total equity £
At 1 April 2014	45,000	2,425,900	2,470,900
Profit for the year	-	182,133	182,133
Foreign exchange translation differences on retranslation of foreign operations	-	81,591	81,591
Total comprehensive income for the year	-	263,724	263,724
At 31 March 2015	45,000	2,689,624	2,734,624
At 1 April 2015	45,000	2,689,624	2,734,624
Loss for the year	-	(94,301)	(94,301)
Foreign exchange translation differences on retranslation of foreign operations	-	23,551	23,551
Total comprehensive loss for the year	-	(70,750)	(70,750)
At 31 March 2016	45,000	2,618,874	2,663,874

The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Company statement of changes in equity

Year ended 31 March 2016

	Called-up equity share capital £	Profit and loss account £	Total equity £
At 1 April 2014	45,000	1,123,467	1,168,467
Profit for the year and total comprehensive income for the year	-	126,693	126,693
At 31 March 2015	<u>45,000</u>	<u>1,250,160</u>	<u>1,295,160</u>
At 1 April 2015	45,000	1,250,160	1,295,160
Profit for the year and total comprehensive income for the year	-	(839)	(839)
At 31 March 2016	<u>45,000</u>	<u>1,249,321</u>	<u>1,294,321</u>

The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

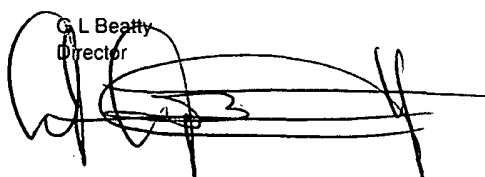
Consolidated statement of financial position

As at 31 March 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	10		<u>1,760,462</u>		<u>1,693,935</u>
			1,760,462		1,693,935
Current assets					
Stocks	13	1,274,365		1,858,250	
Debtors	14	2,759,524		3,084,567	
Cash at bank and in hand		<u>248,164</u>		<u>215,647</u>	
		4,282,053		5,158,464	
Creditors - amounts falling due within one year	15	<u>(3,271,056)</u>		<u>(3,998,062)</u>	
Net current assets			<u>1,010,997</u>		<u>1,160,402</u>
Total assets less current liabilities			2,771,459		2,854,337
Creditors - amounts falling due after more than one year	16		(30,020)		(36,717)
Provisions for liabilities					
Deferred taxation	17		<u>(77,565)</u>		<u>(82,996)</u>
			<u>2,663,874</u>		<u>2,734,624</u>
Capital and reserves					
Called-up equity share capital	18		45,000		45,000
Profit and loss account			<u>2,618,874</u>		<u>2,689,624</u>
Equity shareholders' funds			<u>2,663,874</u>		<u>2,734,624</u>

These financial statements were approved by the director and authorised for issue on 22.12.16, and are signed by:

G L Beatty
Director



The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Company statement of financial position

As at 31 March 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,123,653		1,179,088
Investments					
Subsidiary undertakings	12		<u>182,128</u>		<u>182,128</u>
			1,305,781		1,361,216
Current assets					
Stocks	13	357,374		509,162	
Debtors	14	2,563,179		2,149,473	
Cash at bank and in hand		<u>70,649</u>		<u>7,848</u>	
		2,991,202		2,666,483	
Creditors - amounts falling due within one year	15	<u>(2,887,248)</u>		<u>(2,613,758)</u>	
Net current assets			<u>103,954</u>		<u>52,725</u>
Total assets less current liabilities			1,409,735		1,413,941
Creditors - amounts falling due after more than one year	16		(37,643)		(36,717)
Provisions for liabilities					
Deferred taxation	17		<u>(77,771)</u>		<u>(82,064)</u>
			<u>1,294,321</u>		<u>1,295,160</u>
Capital and reserves					
Called-up equity share capital	18		45,000		45,000
Profit and loss account			<u>1,249,321</u>		<u>1,250,160</u>
Shareholders' funds			<u>1,294,321</u>		<u>1,295,160</u>

These financial statements were approved by the director and authorised for issue on 22.12.16, and are signed by:

G L Beatty
Director

Company Registration Number: 01344170

The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Consolidated statement of cash flows

Year ended 31 March 2016

	2016 £	2015 £
Cash flow from operating activities		
(Loss)/Profit for the financial year	(94,301)	182,133
Adjustments for:		
Depreciation of tangible assets	188,187	186,692
Loss/(Gain) on disposal of tangible assets	13,602	(26,527)
Other interest receivable and similar income	(4,188)	(5,267)
Interest payable and similar charges	41,964	13,750
Tax on profit on ordinary activities	46,669	77,027
Changes in:		
Stocks	583,885	(285,650)
Debtors	337,061	(467,665)
Creditors	(464,403)	264,818
Cash generated from/(used in) operations	648,476	(60,689)
Interest received and similar income	4,188	5,267
Interest paid and similar charges	(41,964)	(13,750)
Tax paid	(92,571)	(139,011)
Net cash from/(used in) operating activities	<u>518,129</u>	<u>(208,183)</u>
Cash flows from investing activities		
Purchase of tangible assets	(266,684)	(364,559)
Proceeds from sale of tangible assets	19,993	85,331
Net cash used in investing activities	<u>(246,691)</u>	<u>(279,228)</u>
Cash flows from financing activities		
Proceeds from long-term debt	86,994	123,556
Repayment of obligations under hire purchase agreements	(51,736)	(67,931)
Net cash from financing activities	<u>35,258</u>	<u>55,625</u>
Net increase/(decrease) in cash and cash equivalents	306,696	(431,786)
Cash and cash equivalents at beginning of year	<u>(455,335)</u>	<u>(23,549)</u>
Cash and cash equivalents at end of year	<u>(148,639)</u>	<u>(455,335)</u>
Cash and cash equivalents consist of:		
Cash at bank and in hand	248,164	215,647
Overdrafts	(396,803)	(670,982)
	<u>(148,639)</u>	<u>(455,335)</u>

The notes on pages 14 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. General information

These financial statements are for Survival Systems International (UK) Limited for the year ended 31 March 2016.

The company is registered in England & Wales and incorporated under the Companies Act 2006. The registered office is One Fleet Place, London, EC4M 7WS. The nature of the company's operations and activities is set out in the strategic report on page 2.

The financial statements are presented in Sterling (£).

3. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and with the Companies Act 2006. The report and financial statements cover the year to 31 March 2016. The comparative period, as presented, is for the year to 31 March 2015.

Basis of consolidation

The consolidated financial statements present the results of Survival Systems International (UK) Limited and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continues to be consolidated until the date that such control ceases.

Parent company disclosure exemptions

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The parent company's loss for the year was £840 (profit 2015 - £126,693).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (c) The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29.
- (d) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

Judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition seldom equal the related actual results. Any subsequent changes are accounted for with an effect on income at the time such updated information is available.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are as follows:

Work in progress

Work in progress is based on management estimates of stage of completeness and the value of work done which is recognised within turnover. Management also estimate the costs of work carried out together with anticipated costs to complete and therefore the amount to be included within cost of sales.

Stock impairment

The company establishes impairments of stock based on reasonable estimates. The amount of impairment is based on their experience of sales prices and volumes.

Management estimation is required to determine whether a particular stock line is impaired and if so, by how much.

Turnover

The turnover shown in the consolidated statement of income represents the amount of goods sold and services provided during the year, exclusive of Value Added Tax.

In relation to goods sold, turnover is recognised when the goods are despatched to customers in accordance with agreed terms.

In relation to services provided, turnover is recognised on a stage of completion basis.

In relation to assets hired to customers, turnover is recognised on a straight line basis over the hire period.

Tangible fixed assets

Tangible fixed assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- over 50 years straight line, land is not depreciated
Short leasehold property	- over the period of the lease straight line
Plant & machinery	- over 4 to 10 years straight line
Motor vehicles	- 25% reducing balance

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Investments in subsidiary undertakings

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

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress

Work in progress is calculated based upon direct costs and labour.

Individual contracts are considered at the year end and where appropriate a proportion of sales, costs and profit are recognised in the statement of comprehensive income. Provision is made for any foreseeable losses where appropriate.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account so as to achieve a constant rate of interest on the remaining balance of the liability.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The group operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the statement of comprehensive income.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Deferred tax assets are recognised only to the extent that the director considers that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the actual exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Going concern

The financial statements have been prepared on a going concern basis. Along with many businesses in the offshore industry the company and group has experienced a difficult time in recent months. The company and group expect to continue to trade for the foreseeable future with the continuing support of their bankers and parent company. Should the company be unable to continue trading, adjustments may have to be made to reclassify fixed assets to current assets, reduce the values of the assets to their recoverable amounts and further liabilities may arise.

The company has not fully met the financial covenants within its borrowing arrangements and therefore all amounts due have been classified as falling due within one year. The company has worked closely the bank, both during and since the year, and they remain supportive of the company and are expected to remain so for the foreseeable future.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

Financial Instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains and losses relating to financial liabilities are included in profit or loss.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distribution relating to equity instruments are debited directly to equity.

Trade and other debtors:

Trade and other debtors are recognised and carried forward at invoiced amounts less allowance for doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents:

Sterling cash and cash equivalents are included in the statement of financial position at cost. Bank accounts denominated in foreign currency are converted to Sterling at the prevailing rate at the reporting date. Cash and cash equivalents comprise cash at bank and in hand.

4. Turnover

The turnover and loss before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	2016 £	2015 £
UK	1,565,213	2,117,316
Rest of Europe	420,812	514,399
Middle East	1,623,406	2,486,048
Africa	321,347	434,481
South East Asia	748,746	2,132,531
Australia	<u>2,065,460</u>	<u>2,035,541</u>
	<u>6,744,984</u>	<u>9,720,316</u>

An analysis of turnover by nature is given below:

	2016 £	2015 £
Sales of goods	813,551	2,472,911
Rendering of services	5,565,705	6,670,668
Hire of equipment	<u>365,728</u>	<u>576,737</u>
	<u>6,744,984</u>	<u>9,720,316</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

5. Other operating income

	2016 £	2015 £
SSI certification	17,827	-
Malaysia Management fee/Recharged	16,193	-
Commission receivable	<u>479,038</u>	<u>51,058</u>
	<u>513,058</u>	<u>51,058</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting) the following amounts:

	2016 £	2015 £
Depreciation of owned fixed assets	158,824	165,169
Depreciation of assets held under hire purchase agreements	29,363	21,523
Loss/(profit) on disposal of fixed assets	13,602	(26,527)
Auditors' remuneration:		
Parent company auditor's remuneration	8,000	8,000
Subsidiary auditors' remuneration	7,908	7,909
Operating lease costs	190,833	176,442
Net loss on foreign currency translation	<u>6,367</u>	<u>52,736</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

7. Particulars of employees and directors

The average number of persons employed by the group during the year amounted to:

	2016 No	2015 No
Technicians	58	66
Administration	36	32
	<u>94</u>	<u>98</u>

The aggregate payroll costs of the above were:

	2016 £	2015 £
Wages and salaries	2,748,132	2,698,572
Social security costs	172,997	189,101
Pension contributions	34,804	25,849
	<u>2,955,933</u>	<u>2,913,522</u>

Directors' remuneration (included within the above):

	2016 £	2015 £
Directors' remuneration	50,302	112,158
Pension contributions	14,550	3,210
	<u>64,852</u>	<u>115,368</u>

One director (2015 - one) accrued benefits under a company money purchase scheme during the year.

8. Interest payable

	2016 £	2015 £
Interest on bank borrowings and hire purchase	<u>41,964</u>	<u>13,750</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

9. Taxation

(a) Tax on profit on ordinary activities

	2016 £	2015 £
Group		
Current tax:		
Corporation tax based on the results for the year at 20% (2015 - 21%)	50,856	66,682
Under provision in prior periods	106	-
	50,962	66,682
Deferred tax:		
(Decrease)/Increase in provision for deferred tax	(4,293)	10,345
Tax on profit on ordinary activities	46,669	77,027

(b) Factors affecting tax charge for year

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

	2016 £	2015 £
(Loss)/Profit on ordinary activities before taxation	(47,632)	259,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(9,525)	54,424
Effects of:		
Expenses not deductible for tax purposes	976	8,671
Capital allowances for the period in excess of depreciation	2,831	(4,153)
Untaxed income and profits	54,226	16,616
Other movements in deferred tax	-	(358)
Tax losses carried forward	-	(929)
Differences in tax rates	(3,896)	(722)
Adjustments to tax charge in respect of previous periods	106	-
Foreign tax adjustments	1,951	3,478
Tax on (loss)/profit on ordinary activities	46,669	77,027

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

10. Tangible fixed assets (Group)

Cost	Total £	Short leasehold property £	Freehold property £	Plant & machinery £	Motor vehicles £
1 April 2015	2,663,145	84,196	797,454	1,682,877	98,618
Exchange difference	27	-	-	-	27
Additions	288,309	66,519	-	168,991	52,799
Disposals	(51,143)	-	-	(45,548)	(5,595)
31 March 2016	<u>2,900,338</u>	<u>150,715</u>	<u>797,454</u>	<u>1,806,320</u>	<u>145,849</u>
Depreciation					
1 April 2015	969,210	15,233	106,516	784,425	63,036
Exchange difference	27	-	-	-	27
Charge for the period	188,187	16,633	15,710	148,301	7,543
Disposals	(17,548)	-	-	(12,547)	(5,001)
31 March 2016	<u>1,139,876</u>	<u>31,866</u>	<u>122,226</u>	<u>920,179</u>	<u>65,605</u>
Net book amount					
31 March 2016	<u>1,760,462</u>	<u>118,849</u>	<u>675,228</u>	<u>886,141</u>	<u>80,244</u>
31 March 2015	<u>1,693,935</u>	<u>68,963</u>	<u>690,938</u>	<u>898,452</u>	<u>35,582</u>

Included within freehold property is freehold land at a cost of £90,000 which is not depreciated.

Hire purchase agreements

Included within the net book value of £1,760,462 is £86,239 (2015 - £115,128) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £29,363 (2015 - £21,523)

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

11. Tangible fixed assets (Parent company)

Cost	Total £	Freehold property £	Plant & machinery £	Motor vehicles £
1 April 2015	1,852,719	797,454	1,030,125	25,140
Additions	78,755	-	57,130	21,625
Disposals	(51,143)	-	(45,548)	(5,595)
31 March 2016	<u>1,880,331</u>	<u>797,454</u>	<u>1,041,707</u>	<u>41,170</u>
Depreciation				
1 April 2015	673,631	106,516	548,483	18,632
Charge for the period	100,595	15,710	80,781	4,104
Disposals	(17,548)	-	(12,547)	(5,001)
31 March 2016	<u>756,678</u>	<u>122,226</u>	<u>616,717</u>	<u>17,735</u>
Net book amount				
31 March 2016	<u>1,123,653</u>	<u>675,228</u>	<u>424,990</u>	<u>23,435</u>
31 March 2015	<u>1,179,088</u>	<u>690,938</u>	<u>481,642</u>	<u>6,508</u>

Included within freehold property is freehold land at a cost of £90,000 which is not depreciated.

Hire purchase agreements

Included within the net book value of £1,123,653 is £86,239 (2015 - £86,054) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,440 (2015 - £10,456).

12. Shares in subsidiary undertakings

Cost	2016 £	2015 £
1 April 2015	182,128	52,407
Additions	-	129,721
31 March 2016	<u>182,128</u>	<u>182,128</u>

Details of the subsidiary undertakings, all of which main the activity is the service of marine survival equipment have a 31 March year end apart from Survival Systems International Singapore Pte Ltd which has a 31 December year end, are as follows:

Subsidiary	Class of share	% Owned	Country of registration
Survival Systems International Asia Sdn Bhd	Ordinary	100	Malaysia
Survival Systems International Middle East LLC	Ordinary	100	Dubai
Survival Systems International Australia Pty Ltd	Ordinary	100	Australia
Survival Systems International Singapore Pte Ltd	Ordinary	100	Singapore
Survival Systems International Trading Co. LLC	Ordinary	100	Qatar

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

13. Stocks	2016		2015	
	Group £	Company £	Group £	Company £
Stock	866,888	285,222	1,082,365	439,894
Work in Progress	<u>407,477</u>	<u>72,152</u>	<u>775,885</u>	<u>69,268</u>
	<u>1,274,365</u>	<u>357,374</u>	<u>1,858,250</u>	<u>509,162</u>

The amount of stock recognised as an expense was charged through cost of sales during the year for the group was £1,472,225 (2015: £3,217,285) and for the company £1,227,919 (2015: £1,864,718).

14. Debtors	2016		2015	
	Group £	Company £	Group £	Company £
Trade debtors	1,535,889	414,903	2,644,182	692,706
Other debtors	10,720	10,720	8,989	-
Corporation tax	37,795	-	25,777	-
Amounts owed by subsidiary undertakings	-	1,449,715	-	1,190,763
Amounts owed by parent undertaking	633,754	596,037	-	-
Prepayments	<u>541,366</u>	<u>91,804</u>	<u>405,619</u>	<u>266,004</u>
	<u>2,759,524</u>	<u>2,563,179</u>	<u>3,084,567</u>	<u>2,149,473</u>

The amount of trade debtors is stated after impairments at the year end for the group of £19,997 (2015: £6,458) and for the company £19,997 (2015: £6,458).

15. Creditors - Amounts falling due within one year

	2016		2015	
	Group £	Company £	Group £	Company £
Bank overdraft - secured	396,803	396,803	670,982	670,982
Bank loans - secured	<u>526,168</u>	<u>416,515</u>	<u>439,174</u>	<u>439,174</u>
Bank loans and overdrafts	922,971	813,318	1,110,156	1,110,156
Trade creditors	372,282	238,415	655,367	393,382
Amounts owed to subsidiary undertakings	-	652,588	-	55,050
Amounts owed to parent undertaking	1,189,392	871,831	733,145	505,619
Corporation tax	9,706	9,706	38,159	25,769
Taxation and social security	94,574	94,574	129,282	72,119
Hire purchase - secured	34,137	17,506	57,551	37,336
Other creditors	<u>647,994</u>	<u>189,310</u>	<u>1,274,402</u>	<u>414,327</u>
	<u>3,271,056</u>	<u>2,887,248</u>	<u>3,998,062</u>	<u>2,613,758</u>

The company has not fully met the financial covenants within its borrowing arrangements and therefore all amounts due have been classified as falling due within one year. The company has worked closely the bank, both during and since the year, and they remain supportive of the company and are expected to remain so for the foreseeable future.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

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

	2016		2015	
	Group £	Company £	Group £	Company £
Hire purchase - secured:				
Repayable between 1 & 5 years	30,020	37,643	36,717	36,717
	<u>30,020</u>	<u>37,643</u>	<u>36,717</u>	<u>36,717</u>

17. Deferred taxation

	2016		2015	
	Group £	Company £	Group £	Company £
Deferred taxation provided				
1 April 2015	82,996	82,064	72,654	71,719
Exchange difference	(1,138)	-	(3)	-
Increase in provision	<u>(4,293)</u>	<u>(4,293)</u>	<u>10,345</u>	<u>10,345</u>
31 March 2016	<u>77,565</u>	<u>77,771</u>	<u>82,996</u>	<u>82,064</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation on fixed assets	77,565	77,771	83,376	82,444
Tax losses available	-	-	-	-
Other timing differences	-	-	(380)	(380)
	<u>77,565</u>	<u>77,771</u>	<u>82,996</u>	<u>82,064</u>

18. Share capital

	2016		2015	
	Group £	Company £	Group £	Company £
Issued, called up and fully paid				
45,000 ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

19. Reserves

Called up equity share capital represents the nominal value of shares that have been issued.

Profit and loss account represents retained earnings and accumulated losses recognised in the statement of comprehensive income.

20. Operating lease commitments

At 31 March 2016 the group had aggregate annual commitments under non-cancellable operating leases as set out below.

	2016		2015	
	Land and buildings £	Other Items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	47,513	8,171	27,646	18,091
Within 2 to 5 years	<u>69,481</u>	<u>2,641</u>	<u>71,128</u>	<u>11,884</u>
	<u>116,994</u>	<u>10,812</u>	<u>98,774</u>	<u>29,975</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2016

21. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2016		2015	
	Group £	Company £	Group £	Company £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,475,802</u>	<u>2,429,833</u>	<u>2,841,604</u>	<u>2,069,716</u>
Financial liabilities				
Financial liabilities measured at amortised cost	2,273,604	2,001,693	2,783,208	1,440,497
Loan commitments measured at cost less impairment	<u>590,325</u>	<u>471,664</u>	<u>533,442</u>	<u>513,227</u>

22. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 from disclosing transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the year the company paid remuneration of £125,252 (2015 - £170,069) to key management personnel.

23. Ultimate controlling party

The immediate and ultimate parent company is Survival Systems International Inc, a company registered in the United States of America and controlled by Mr G L Beatty. It has included the company in its group accounts, copies of which are available from its registered office: 34140 Valley Center Road, PO Box 1855, Valley Center, California, 92082 USA.

24. Transition to FRS 102

The group and company transitioned to FRS 102 from previous UK GAAP as at 1 April 2014. There is deemed to be no material impact from the transition on the group figures.