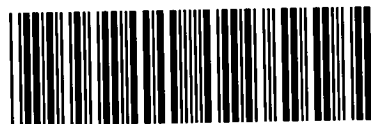


Survival Systems International (UK) Limited
Annual report and consolidated financial statements
For the year ended
31 March 2018

Company Registration Number 01344170

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Survival Systems International (UK) Limited

Financial statements

Year ended 31 March 2018

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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 2018

Group structure and who we are

The group consists of Survival Systems International (UK) Limited together with four trading subsidiaries as detailed in note 13 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 2018

Review of year and Key Performance Indicators

The group's turnover increased by 22.5% over the prior year which is encouraging as the industry recovered following an increase in oil prices.

In the year group pre-tax profits of £58,251 were generated (as shown on page 9). Capital and reserves fell due to the impact of foreign currency translations of foreign subsidiaries (as shown on page 12) and net current assets have also fallen.

In addition to the annual results reported here, key performance indicators such as turnover, net profit and cash flow, are reported upon on a monthly 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.

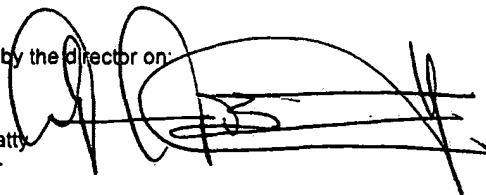
Future outlook

The group believes that it can come back from a difficult few years, to drive growth forward in 2019 as the industry continues to recover and anticipated regulatory changes will provide opportunities. It therefore expects to be able to achieve, and has targeted, an increase in turnover and 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



8 November 2018

Survival Systems International (UK) Limited

Director's report

Year ended 31 March 2018

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 2017 to 31 March 2018.

Directors of the company

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

G L Beatty

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 2018

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.

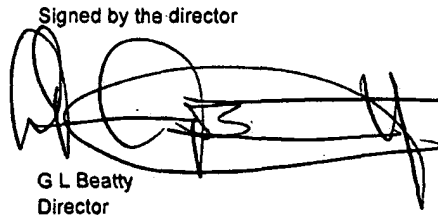
Auditor

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: 8 November 2018

Survival Systems International (UK) Limited

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

Year ended 31 March 2018

Opinion

We have audited the financial statements of Survival Systems International (UK) Limited for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, consolidated and company statements of changes in equity, consolidated and company statements of financial position, consolidated statement of cash flows and the related notes, including a summary of 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Survival Systems International (UK) Limited

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

Year ended 31 March 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Survival Systems International (UK) Limited

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

Year ended 31 March 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

Use of our report

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.

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

8 November 2018

Survival Systems International (UK) Limited

Consolidated statement of comprehensive income

Year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	4	8,063,775	6,586,837
Cost of sales		<u>(3,798,668)</u>	<u>(3,036,442)</u>
Gross profit		4,265,107	3,550,395
Administrative expenses		<u>(4,306,224)</u>	<u>(3,919,206)</u>
		(41,117)	(368,811)
Other operating income	5	<u>176,733</u>	<u>120,345</u>
Operating profit/(loss)	6	135,616	(248,466)
Interest receivable and similar income		158	195
Interest payable	8	<u>(77,523)</u>	<u>(68,170)</u>
Profit/(loss) on ordinary activities before taxation		58,251	(316,441)
Tax on profit/(loss) on ordinary activities	9	<u>(44,538)</u>	<u>(10,501)</u>
Profit/(loss) for the financial year		13,713	(326,942)
Other comprehensive (loss)/income			
Currency translation differences on retranslation of foreign operations		<u>(130,089)</u>	<u>164,719</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(130,089)</u>	<u>164,719</u>
Loss for the year and total comprehensive income		<u>(116,376)</u>	<u>(162,223)</u>

The notes on pages 15 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Consolidated statement of changes in equity

Year ended 31 March 2018

	Called-up equity share capital £	Profit and loss account £	Total equity £
At 1 April 2016	45,000	2,618,874	2,663,874
Loss for the year	-	(326,942)	(326,942)
Foreign exchange translation differences on retranslation of foreign operations	-	164,719	164,719
Total comprehensive income for the year	-	(162,223)	(162,223)
At 31 March 2017	<u>45,000</u>	<u>2,456,651</u>	<u>2,501,651</u>
At 1 April 2017	45,000	2,456,651	2,501,651
Profit for the year	-	13,713	13,713
Foreign exchange translation differences on retranslation of foreign operations	-	(130,089)	(130,089)
Total comprehensive loss for the year	-	(116,376)	(116,376)
At 31 March 2018	<u>45,000</u>	<u>2,340,275</u>	<u>2,385,275</u>

The notes on pages 15 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Company statement of changes in equity

Year ended 31 March 2018

	Called-up equity share capital £	Profit and loss account £	Total equity £
At 1 April 2016	45,000	1,249,321	1,294,321
Profit for the year and total comprehensive income for the year	-	86,806	86,806
At 31 March 2017	45,000	1,336,127	1,381,127
At 1 April 2017	45,000	1,336,127	1,381,127
Profit for the year and total comprehensive income for the year	-	22,921	22,921
At 31 March 2018	45,000	1,359,048	1,404,048

The notes on pages 15 to 27 form an integral part of these accounts.

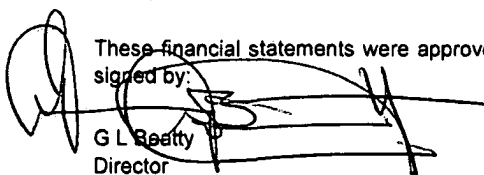
Survival Systems International (UK) Limited

Consolidated statement of financial position

As at 31 March 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	10		15,672		22,125
Tangible assets	11		<u>1,742,145</u>		<u>1,743,657</u>
			1,757,817		1,765,782
Current assets					
Stocks	14	1,723,455		1,582,374	
Debtors	15	2,474,708		2,277,813	
Cash at bank and in hand		<u>497,098</u>		<u>224,197</u>	
		4,695,261		4,084,384	
Creditors - amounts falling due within one year	16	<u>(3,970,676)</u>		<u>(3,244,044)</u>	
Net current assets			<u>724,585</u>		<u>840,340</u>
Total assets less current liabilities			2,482,402		2,606,122
Creditors - amounts falling due after more than one year	17		(39,378)		(50,138)
Provisions for liabilities					
Deferred taxation	18		<u>(57,749)</u>		<u>(54,333)</u>
			<u>2,385,275</u>		<u>2,501,651</u>
Capital and reserves					
Called-up equity share capital	19		45,000		45,000
Profit and loss account			<u>2,340,275</u>		<u>2,456,651</u>
Equity shareholders' funds			<u>2,385,275</u>		<u>2,501,651</u>

These financial statements were approved by the director and authorised for issue on 8/11/2018, and are signed by:


G L Beatty
Director

The notes on pages 15 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Company statement of financial position

As at 31 March 2018

	Notes	2018	2017
		£	£
Fixed assets			
Tangible assets	12	1,166,433	1,084,778
Investments			
Subsidiary undertakings	13	<u>182,128</u>	<u>182,128</u>
		1,348,561	1,266,906
Current assets			
Stocks	14	492,396	488,373
Debtors	15	1,556,041	1,790,158
Cash at bank and in hand		<u>331,964</u>	<u>74,613</u>
		2,380,401	2,353,144
Creditors - amounts falling due within one year	16	<u>(2,262,085)</u>	<u>(2,171,762)</u>
Net current assets		<u>118,316</u>	<u>181,382</u>
Total assets less current liabilities		1,466,877	1,448,288
Creditors - amounts falling due after more than one year	17	(5,080)	(13,744)
Provisions for liabilities			
Deferred taxation	18	<u>(57,749)</u>	<u>(53,417)</u>
		<u>1,404,048</u>	<u>1,381,127</u>
Capital and reserves			
Called-up equity share capital	19	45,000	45,000
Profit and loss account		<u>1,359,048</u>	<u>1,336,127</u>
Shareholders' funds		<u>1,404,048</u>	<u>1,381,127</u>

These financial statements were approved by the director and authorised for issue on 9/11/2018, and are signed by:

G.L. Beatty
Director

Company Registration Number: 01344170

The notes on pages 15 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Consolidated statement of cash flows

Year ended 31 March 2018

	2018 £	2017 £
Cash flow from operating activities		
Profit/(loss) for the financial year	13,713	(326,942)
Adjustments for:		
Depreciation of tangible assets	283,416	278,685
Amortisation of intangible assets	4,231	5,081
(Profit)/loss on disposal of tangible assets	(44,076)	(11,624)
Other interest receivable and similar income	(158)	(195)
Interest payable and similar charges	77,523	68,170
Tax on profit on ordinary activities	44,538	10,501
Changes in:		
Stocks	(141,081)	(308,009)
Debtors	(189,532)	443,916
Creditors	512,525	165,556
Cash generated from operations	561,099	325,139
Interest received and similar income	158	195
Interest paid and similar charges	(77,523)	(68,170)
Tax paid	(36,320)	(5,483)
Net cash from operating activities	447,414	251,681
Cash flows from investing activities		
Purchase of tangible assets	(388,896)	(219,687)
Purchase of intangible assets	-	(27,206)
Proceeds from sale of tangible assets	115,706	11,913
Net cash used in investing activities	(273,190)	(234,980)
Cash flows from financing activities		
Repayment of long-term debt	(35,531)	(70,202)
Repayment of obligations under hire purchase agreements	(62,560)	(10,346)
Net cash from financing activities	(98,091)	(80,548)
Net increase/(decrease) in cash and cash equivalents	76,133	(63,847)
Cash and cash equivalents at beginning of year	(212,486)	(148,639)
Cash and cash equivalents at end of year	(136,353)	(212,486)
Cash and cash equivalents consist of:		
Cash at bank and in hand	497,098	224,197
Overdrafts	(633,451)	(436,683)
	(136,353)	(212,486)

The notes on pages 15 to 27 form an integral part of these accounts.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

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 2018.

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 2018. The comparative period, as presented, is for the year to 31 March 2017.

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 profit for the year was £22,921 (profit 2017: £86,806).

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 2018

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 2018

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 are 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.

Intangible assets - goodwill

Goodwill arising on the acquisition of a trade is capitalised at the difference between the fair value of the consideration paid and the fair value of the net assets acquired. This value is amortised over the director's estimate of the goodwill's useful life.

Goodwill is currently being amortised over six years on a straight line basis.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

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 with 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 2018

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 profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
UK	2,149,590	1,962,431
Rest of Europe	296,604	270,060
Middle East	1,441,375	1,613,522
Africa	469,375	398,389
South East Asia	1,462,036	726,941
Australia	2,203,361	1,526,222
USA	41,434	89,272
	<u>8,063,775</u>	<u>6,586,837</u>

An analysis of turnover by nature is given below:

	2018 £	2017 £
Sales of goods	1,840,433	966,647
Rendering of services	6,041,888	5,325,568
Hire of equipment	181,454	294,622
	<u>8,063,775</u>	<u>6,586,837</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

5. Other operating income

	2018 £	2017 £
SSI certification	14,838	14,477
Malaysia Management fee/Recharged	-	3,357
Commission receivable	<u>161,895</u>	<u>102,511</u>
	<u>176,733</u>	<u>120,345</u>

6. Operating profit/(loss)

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

	2018 £	2017 £
Depreciation of owned fixed assets	265,991	248,199
Depreciation of assets held under hire purchase agreements	17,425	30,486
Amortisation of intangible assets	4,231	5,081
(Profit)/loss on disposal of fixed assets	(44,076)	(11,624)
Auditors' remuneration:		
Parent company auditor's remuneration	9,700	8,000
Subsidiary auditors' remuneration	9,067	8,163
Operating lease costs	190,865	200,594
Net gain on foreign currency translation	<u>(2,636)</u>	<u>(97,257)</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

7. Particulars of employees and directors

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

	2018 No	2017 No
Technicians	54	52
Administration	29	31
	<u>83</u>	<u>83</u>

The aggregate payroll costs of the above were:

	2018 £	2017 £
Wages and salaries	2,616,281	2,826,125
Social security costs	164,807	172,997
Pension contributions	76,038	35,204
	<u>2,857,126</u>	<u>3,034,326</u>

The director did not receive any remuneration, or accrue any benefits under a company pension schemes, in either year.

8. Interest payable

	2018 £	2017 £
Interest on bank borrowings and hire purchase	<u>77,523</u>	<u>68,170</u>

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

9. Taxation

(a) Tax on profit on ordinary activities

	2018 £	2017 £
Group		
Current tax:		
Corporation tax based on the results for the year at 19% (2017: 20%)	5,756	-
Foreign taxation	45,797	33,431
Under provision in prior periods	(10,420)	1,424
	41,133	34,855
Deferred tax:		
Increase/(decrease) in provision for deferred tax	3,405	(24,354)
Tax on profit on ordinary activities	<u>44,538</u>	<u>10,501</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before taxation	<u>58,251</u>	<u>(316,441)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	11,068	(63,289)
Effects of:		
Expenses not deductible for tax purposes and reliefs	7,376	(280)
Untaxed income and profits	-	(53,842)
Foreign tax losses	11,452	120,242
Differences in tax rates	17,202	3,270
Adjustments to tax charge in respect of previous periods	(5,192)	1,424
Foreign tax adjustments	<u>2,632</u>	<u>2,976</u>
Tax on profit/(loss) on ordinary activities	<u>44,538</u>	<u>10,501</u>

The reduction in the main rate of corporation tax to 17% has already been enacted. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2020, the date on which that new rate becomes effective. The impact on the future results of this reduction in corporation tax rates is not considered to be material.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

10. Intangible fixed assets (Group)

Cost	Total £	Goodwill £
1 April 2017	27,206	27,206
Exchange difference	(2,732)	(2,732)
31 March 2018	<u>24,474</u>	<u>24,474</u>
Amortisation		
1 April 2017	5,081	5,081
Exchange difference	(510)	(510)
Charge for the year	<u>4,231</u>	<u>4,231</u>
31 March 2018	<u>8,802</u>	<u>8,802</u>
Net book amount		
31 March 2018	<u>15,672</u>	<u>15,672</u>
31 March 2017	<u>22,125</u>	<u>22,125</u>

During the year to 31 March 2017 Survival Systems Australia Pty Ltd acquired the trade and assets of Allwood Breathing Services Pty Ltd. The goodwill from the acquisition has been capitalised and is being amortised. Amortisation is included within administration expenses.

11. Tangible fixed assets (Group)

Cost	Total £	Short leasehold property £	Freehold property £	Plant & machinery £	Motor vehicles £
1 April 2017	3,163,673	175,668	809,051	1,983,715	195,239
Exchange difference	(93,342)	(18,359)	-	(64,200)	(10,783)
Additions	402,774	40,118	-	352,780	9,876
Disposals	<u>(195,038)</u>	<u>-</u>	<u>-</u>	<u>(180,779)</u>	<u>(14,259)</u>
31 March 2018	<u>3,278,067</u>	<u>197,427</u>	<u>809,051</u>	<u>2,091,516</u>	<u>180,073</u>
Depreciation					
1 April 2017	1,420,016	66,168	137,753	1,120,120	95,975
Exchange difference	(44,102)	(6,939)	-	(32,297)	(4,866)
Charge for the period	283,416	22,956	15,511	217,969	26,980
Disposals	<u>(123,408)</u>	<u>-</u>	<u>-</u>	<u>(109,147)</u>	<u>(14,261)</u>
31 March 2018	<u>1,535,922</u>	<u>82,185</u>	<u>153,264</u>	<u>1,196,645</u>	<u>103,828</u>
Net book amount					
31 March 2018	<u>1,742,145</u>	<u>115,242</u>	<u>655,787</u>	<u>894,871</u>	<u>76,245</u>
31 March 2017	<u>1,743,657</u>	<u>109,500</u>	<u>671,298</u>	<u>863,595</u>	<u>99,264</u>

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

Included within the net book value of £1,742,145 is £84,712 (2017: £163,356) relating to assets held under hire purchase agreements.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

12. Tangible fixed assets (Parent company)

Cost	Total £	Freehold property £	Plant & machinery £	Motor vehicles £
1 April 2017	1,932,010	809,051	1,080,800	42,159
Additions	165,776	-	165,776	-
31 March 2018	<u>2,097,786</u>	<u>809,051</u>	<u>1,246,576</u>	<u>42,159</u>
Depreciation				
1 April 2017	847,232	137,753	686,489	22,990
Charge for the period	84,121	15,511	64,177	4,433
31 March 2018	<u>931,353</u>	<u>153,264</u>	<u>750,666</u>	<u>27,423</u>
Net book amount				
31 March 2018	<u>1,166,433</u>	<u>655,787</u>	<u>495,910</u>	<u>14,736</u>
31 March 2017	<u>1,084,778</u>	<u>671,298</u>	<u>394,311</u>	<u>19,169</u>

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

Included within the net book value of £1,166,433 is £24,940 (2017: £86,239) relating to assets held under hire purchase agreements.

13. Shares in subsidiary undertakings

Cost	2018 £	2017 £
1 April 2017 and 31 March 2018	<u>182,128</u>	<u>182,128</u>

Details of the subsidiary undertakings, all of which have as their main the activity the service of marine survival equipment have a 31 March 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 Trading Co. LLC did not trade in the year to 31 March 2018 and is in the process of being liquidated.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

14. Stocks

	2018		2017	
	Group £	Company £	Group £	Company £
Stock	1,146,403	226,926	1,039,436	309,117
Work in Progress	<u>577,052</u>	<u>265,470</u>	<u>542,938</u>	<u>179,256</u>
	<u>1,723,455</u>	<u>492,396</u>	<u>1,582,374</u>	<u>488,373</u>

The amount of stock recognised as an expense was charged through cost of sales during the year for the group was £2,697,298 (2017: £1,870,735) and for the company £1,123,239 (2017: £1,175,160).

15. Debtors

	2018		2017	
	Group £	Company £	Group £	Company £
Trade debtors	942,142	348,559	1,154,226	396,910
Corporation tax	7,363	7,363	-	-
Amounts owed by subsidiary undertakings	-	646,290	-	1,009,462
Amounts owed by parent undertaking	313,350	103,432	182,633	126,269
Prepayments and accrued income	<u>1,211,853</u>	<u>450,397</u>	<u>940,954</u>	<u>257,517</u>
	<u>2,474,708</u>	<u>1,556,041</u>	<u>2,277,813</u>	<u>1,790,158</u>

16. Creditors - Amounts falling due within one year

	2018		2017	
	Group £	Company £	Group £	Company £
Bank overdraft - secured	633,451	633,451	436,683	436,683
Bank loans - secured	<u>420,435</u>	<u>366,595</u>	<u>455,966</u>	<u>392,063</u>
Bank loans and overdrafts	1,053,886	1,000,046	892,649	828,746
Trade creditors	567,320	434,525	428,703	313,464
Amounts owed to subsidiary undertakings	-	105,872	-	343,837
Amounts owed to parent undertaking	1,299,368	217,954	828,377	271,674
Corporation tax	12,326	-	161	-
Taxation and social security	267,347	267,347	219,786	219,786
Hire purchase - secured	8,233	8,736	46,155	17,686
Other creditors	<u>762,196</u>	<u>227,605</u>	<u>828,213</u>	<u>176,569</u>
	<u>3,970,676</u>	<u>2,262,085</u>	<u>3,244,044</u>	<u>2,171,762</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 with 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 2018

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

	2018		2017	
	Group £	Company £	Group £	Company £
Hire purchase - secured:				
Repayable between 1 & 5 years	39,378	5,080	50,138	13,744
	<u>39,378</u>	<u>5,080</u>	<u>50,138</u>	<u>13,744</u>

18. Deferred taxation

	2018		2017	
	Group £	Company £	Group £	Company £
Deferred taxation provided				
1 April 2017	54,333	53,417	78,680	77,771
Exchange difference	11	-	7	-
Increase in provision	3,405	4,332	(24,354)	(24,354)
31 March 2018	<u>57,749</u>	<u>57,749</u>	<u>54,333</u>	<u>53,417</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	58,509	58,509	70,889	69,973
Tax losses available	-	-	(15,922)	(15,922)
Other timing differences	(760)	(760)	(634)	(634)
	<u>57,749</u>	<u>57,749</u>	<u>54,333</u>	<u>53,417</u>

19. Share capital

	2018		2017	
	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>

20. 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.

Survival Systems International (UK) Limited

Notes to the financial statements

Year ended 31 March 2018

21. Operating lease commitments

At 31 March 2018 the group had aggregate annual commitments under non-cancellable operating leases as set out below.

	2018		2017	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	54,360	16,861	52,468	8,171
Within 2 to 5 years	<u>474</u>	<u>4,164</u>	<u>75,879</u>	<u>2,649</u>
	<u>54,834</u>	<u>21,025</u>	<u>128,347</u>	<u>10,820</u>

22. Financial instruments

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

	2018		2017	
	Group £	Company £	Group £	Company £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,182,280</u>	<u>970,629</u>	<u>2,048,002</u>	<u>1,079,541</u>
Financial liabilities				
Financial liabilities measured at amortised cost	1,600,418	1,195,165	2,305,240	1,054,603
Loan commitments measured at cost less impairment	<u>468,046</u>	<u>380,411</u>	<u>552,259</u>	<u>423,493</u>

23. 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.

The cost of compensation paid in respect of key management personnel during the year was £137,606 (2017: £129,482).

24. 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.