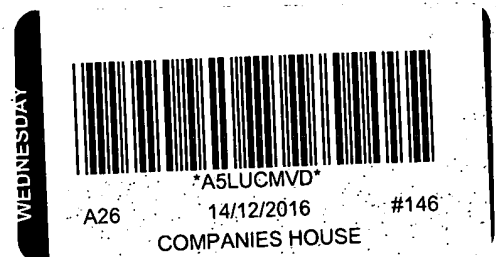


**Hydrasun Group Investments Limited**

**Annual report and financial statements**

**Registered number 08369193**

**31 March 2016**



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## **Officers and professional advisers**

### **Directors**

G J Doherty  
R S Drummond

### **Secretary**

G J Doherty

### **Registered office**

48 Grosvenor Street  
London  
W1K 3HW

### **Bankers**

Lloyds TSB Bank Plc  
3-5 Albyn Place  
Aberdeen  
AB10 1PY

### **Solicitors**

Burness Paull & Williamsons LLP  
Union Plaza  
Union Wynd  
Aberdeen  
AB10 1SL

### **Auditor**

KPMG LLP  
37 Albyn Place  
Aberdeen  
AB10 1JB

## Strategic report

### Principal activities

The company is an intermediate holding company and does not trade.

The Hydrasun Group is a leading provider of a wide range of fluid transfer, power and control solutions to the Energy industry.

The principal services provided by the Group include the design, engineering, manufacture, assembly and testing of hydraulic equipment, control panels, fluid connectors, multi-line hydraulic and electro-hydraulic control umbilicals for the Oil and Gas industry, along with a range of associated hose inspection and integrity management services. Outwith Oil & Gas, other important market sectors are Petrochemical, Marine and Defence.

### Business model

The business model is based around Hydrasun Limited, the main trading company in the Hydrasun Group. Hydrasun's growth strategy focuses on internationalisation of the business, and the development of specialist products, services and bespoke solutions which are complementary to its established core product offering.

### Business review and results

Since the date of incorporation the business has not made a profit or a loss. The company is expected to have sufficient reserves going forward to meet any future costs through dividends received from its subsidiary undertaking.

### Principal risks and uncertainties

The Group's principal risks and uncertainties are around any change in the global oil price which may affect companies' decisions to invest and ultimately use Hydrasun products. There are no additional risk specific to this Company.

### Future developments

The Hydrasun Group will continue to develop both its UK and International markets in the financial year 2016/17, and will continue to extend its range of product, service and solutions offering.

Signed on behalf of the board



**R S Drummond**  
*Director*

48 Grosvenor Street  
London  
W1K 3HW

1 July 2016

## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 March 2016.

### **Directors**

The directors who held office during the period were as follows:

G J Doherty  
R S Drummond  
R McAlpine

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**R S Drummond**  
*Director*

48 Grosvenor Street  
London  
W1K 3HW

1 July 2016

## **Statement of directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of Hydrasun Group Investments Limited

We have audited the financial statements of Hydrasun Group Investments Limited for the year ended 31 March 2016 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are 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](http://www.frc.org.uk/auditscopeukprivate)

### Opinion on financial statements

In our opinion the financial statements:

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

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

Paula Holland (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
37 Albyn Place  
Aberdeen  
AB10 1JB

7 July 2016

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 March 2016*

During the current period the company had no income, expenditure, gains or losses.



**Balance Sheet**  
*at 31 March 2016*

	<i>Note</i>	<b>£000</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Fixed assets</b>				
Investments	6		240	240
<b>Current assets</b>				
Debtors	7	106,738	106,738	
		<u>106,738</u>	<u>106,738</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(106,738)</u>	<u>(106,738)</u>	
<b>Net current assets</b>			-	-
<b>Total assets less current liabilities</b>			<u>240</u>	<u>240</u>
<b>Net assets</b>			<u>240</u>	<u>240</u>
<b>Capital and reserves</b>				
Called up share capital	9		240	240
<b>Shareholder's funds</b>			<u>240</u>	<u>240</u>

These financial statements were approved by the board of directors on 1 July 2016 and were signed on its behalf by:



**R S Drummond**  
*Director*

**Statement of Changes in Equity**  
*For the year ended 31<sup>st</sup> March 2015*

	Called up share capital £000
Balance at beginning and end of the year	240

**Statement of Changes in Equity**  
*For the year ended 31<sup>st</sup> March 2016*

	Called up share capital £000
Balance at beginning and end of the year	240

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Hydrasun Group Investments Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date.
- Designation of previously recognised financial instruments – certain financial assets and liabilities were at the 1 April 2014 designated at fair value through profit or loss.
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Group and Company has analysed facts and circumstances existing at 1 April 2014 rather than commencement date of the arrangement.

The Company's ultimate parent undertaking, Hydrasun Group Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Hydrasun Group Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Hydrasun Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors, in the application of these accounting policies, have not made any judgments that would have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The directors remain confident of the group's ability to generate continuing profits and cash flow from the geographic markets that it serves. Having considered the forecast results, the directors expect the group to be profitable and cash generative, to remain fully compliant with banking covenants in the foreseeable future and is well placed to manage its business risk successfully and therefore continue to adopt the going concern basis in the preparation of the financial statements.

#### 1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

#### *Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

### 2 Notes to the profit and loss account

Auditors' remuneration of £2,000 (2015: £2,000) was borne by another group company, Hydrasun Limited.

### 3 Remuneration of directors

Directors' remuneration in the current period was borne by another group company, Hydrasun Limited.

### 4 Staff numbers and costs

The company had no employees in the current or prior year, other than directors.

### 5 Taxation

During the period from incorporation to 31 March 2016 the company has not traded therefore no tax provision is included in these accounts.

## Notes (continued)

### 6 Fixed asset investments

<i>Cost and net book value</i>						Shares in group undertakings £'000
At beginning and end of year						240
Company	Aggregate of capital and reserves £000s	Profit for the year £000s	Country of incorporation and operation	Activity	Class of shares held	Proportion of ordinary shares held current and prior year
Hydrasun Group Acquisitions Limited	(28,414)	(20,040)	England	Holding company	Ordinary	100%
Hydrasun Group Limited*	561	-	England	Holding company	Ordinary	100%
Hydrasun Limited*	83,161	(1,583)	Scotland	Hydraulic equipment manufacture supply and associated services	Ordinary	100%
Hydrasun Instrumentation BV*	2,083	251	Netherlands	Hydraulic equipment manufacture supply and associated services	Ordinary	100%
Hydrasun Kazakhstan LLP*	134	(25)	Kazakhstan	Hydraulic equipment manufacture supply and associated services	Ordinary	100%
Hydrasun IFP Limited*	-	-	Scotland	Hydraulic engineering services and supply of Hydraulic Power & Control Products	Ordinary	100%
Hydrasun Remaq Mangueiras e Conexões Ltda*	100	(860)	Brazil	Hydraulic equipment manufacture supply and associated services	Ordinary	100%
Hydrasun FZE*	88	(513)	United Arab Emirates	Hydraulic equipment manufacture supply and associated services	Ordinary	100%
Hydrasun AMC Limited *	(164)	3	Scotland	Research and development of innovative subsea products	Ordinary	60%
Hydrasun Rapid Solutions Limited*	519	90	Scotland	Hydraulic equipment manufacture supply and associated services	Ordinary	50%
<i>Participating interests</i>						
Hydrasun Rapid Solutions LLC*	62	(138)	Azerbaijan	Hydraulic equipment manufacture supply and associated services	Ordinary	50%

\* Held by subsidiary

**Notes (continued)**

**7 Debtors**

	2016 £000	2015 £000
Amounts owed by group undertakings	106,738	106,738

**8 Creditors: amounts falling due within one year**

	2016 £000	2015 £000
Amounts due to group undertakings	106,738	106,738

**9 Called up share capital**

	2016 £	2015 £
<i>Allotted, called up and fully paid</i> 239,695 Ordinary shares of £1 each	239,695	239,695

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**10 Contingent liabilities**

The company has provided a cross guarantee, as secured by certain property, plant and machinery and a floating charge over the assets of the company to its bankers in respect of the borrowings of all UK incorporated subsidiaries of Hydrasun Group Holdings Limited, the company's ultimate parent undertaking. The contingent liability to the company at 31 March 2016 amounted to £43,120,000 (2015: £47,080,000).

**11 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Hydrasun Group Finance Limited which itself is a subsidiary of Hydrasun Group Holdings Limited, the ultimate parent company incorporated in England.

The largest and only group in which the results of the company are consolidated is that headed by Hydrasun Group Holdings Limited. The consolidated financial statements of Hydrasun Group Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**12 Explanation of transition to FRS 102**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 102 balance sheet at 1 April 2014 (the Company's date of transition).

In the transition to FRS 102, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 102. The transition did not affect the reported financial position as at 1 April 2014 (the transition date) or the financial performance for the year ended 31 March 2015 as previously reported in accordance with UK GAAP, the company's old basis of accounting. Therefore no adjustments have been made to any comparative figures to that included in the 2015 published financial statements, and no reconciliation has been presented.