

G S-Hydro UK Limited
Annual Report and Financial Statements
for the year ended 31 December 2015

Registered Number SC120350

THURSDAY



S5CN7QNC

SCT

04/08/2016

#198

COMPANIES HOUSE

G S-Hydro UK Limited

Annual report and financial statements

for the year ended 31 December 2015

Contents

Strategic report for the year ended 31 December 2015.....	1
Directors' report for the year ended 31 December 2015.....	3
Independent auditors' report to the members of G S-Hydro UK Limited	5
Profit and loss account for the year ended 31 December 2015.....	7
Balance sheet as at 31 December 2015.....	8
Statement of changes in equity for the year ended 31 December 2015	9
Notes to the financial statements for the year ended 31 December 2015	10

G S-Hydro UK Limited

Strategic report for the year ended 31 December 2015

Principal activities

The principal activity of the company during the year was the manufacture, installation and servicing and sale of hydraulic pipework.

Review of the business

The company has performed well in the year to 31 December 2015, with profits, after taxation, of £461,151 (2014 £1,254,280). Particulars of dividends paid are detailed in note 9 to the financial statements.

The company faces ongoing issues, as with all companies in this sector. Competition for work is high and it is through the company's reputation and experience that it aims to maintain and grow its current position in the industry.

Significant UK contracts have helped continue the company's domestic growth in 2015. With strong working relationships with sister companies within the G S-Hydro group this is hoped to continue into the future.

The company will continue to look to expand its operations, with concentrated efforts towards the offshore industry and selected land based customers. Service offering will be further developed by the company also. The EU referendum result is expected to create uncertainty in the short term.

Key performance indicators

The company uses a range of financial indicators to monitor the company's performance over time. The key performance indicators are set out below:

Total revenue - shows the growth of the business.

Operating profit and margin - a key profitability metric as we expect revenue to grow by more than costs through effective cost management.

Net assets - an indicator of the strength of the current balance sheet.

	2015	2014
	£'000	£'000
Turnover	10,084	11,309
Operating profit	599	1,570
Operating profit %	5.9%	13.9%
Net assets	7,161	3,069

G S-Hydro UK Limited

Strategic report for the year ended 31 December 2015 (continued)

Principal risks and uncertainties

To assist in the monitoring and control of the principal risks and uncertainties faced by the company it holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Interest rate risk

The company monitors interest rates closely in order to minimise the potential exposure risk it has to any interest rate movements.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to satisfy their obligations to the company.

Liquidity risk

The company's aim is to maintain a balance between continuity of funding and flexibility through maintaining a sustainable level of external borrowings if and when required.

Liquidity risk is also minimised through support of the company by other group members.

Fair values

Financial instruments included in the financial statements have been reviewed and the carrying values per the financial statements is the same as the fair value of these financial instruments.

Signed on behalf of the directors



Christopher Hargreaves

Director

Approved by the directors on 18 July 2016

G S-Hydro UK Limited

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Results and dividends

The profit for the financial year amounted to £461,151 (2014: £1,254,280). Dividends of £868,381 (2014: £375,000) were paid in the year. Particulars of dividends paid are detailed in note 9 to the financial statements.

The disclosures around financial risk management are detailed within the strategic report.

Directors

The directors who served the company during the year and up to the date of approval of these financial statements were as follows:

Christopher Hargreaves

Juha Pekka Frantii (resigned 16th November 2015)

Mari Kristiina Leppanen (resigned 15th April 2015)

Ville Veikko Mannola (appointed 9th June 2015)

Juha Antti Silvennoinen (appointed 16th November 2015)

Jukka Suotsalo

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

G S-Hydro UK Limited

Directors' report for the year ended 31 December 2015 (continued)

Statement of directors' responsibilities (continued)

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has complied with current legislation and prepared a strategic report that includes a review of the business and the principal risks and uncertainties faced by the company. Information regarding the future developments of the company are included within the strategic report.

Disclosure of information to auditors

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

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

Signed by order of the directors



Constance Yeoman
Company Secretary

Approved by the directors on 18 July 2016

Registered office:
Walton Road
Kirkhill Industrial Estate
Aberdeen
AB21 0GZ

G S-Hydro UK Limited

Independent auditors' report to the members of G S-Hydro UK Limited

Report on the financial statements

Our opinion

In our opinion, G S-Hydro UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of G S-Hydro UK Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

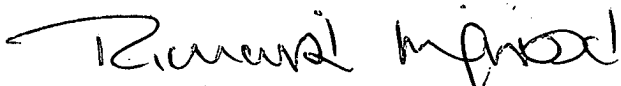
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard Lingwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
18 July 2016

G S-Hydro UK Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	10,083,512	11,308,949
Change in stocks of finished goods and work in progress		26,211	31,982
Other operating income	4	90,499	97,790
		10,200,222	11,438,721
Raw materials and consumables		(3,562,665)	(4,258,166)
Other external charges		(535,630)	(587,466)
Staff costs	5	(3,524,258)	(3,232,906)
Depreciation written off tangible assets	11	(214,246)	(171,932)
Other operating charges		(1,764,892)	(1,617,971)
Operating profit	4	598,531	1,570,280
Profit on disposal of fixed assets		14,430	41,517
		612,961	1,611,797
Interest receivable		165	330
Interest payable and similar charges	7	(2,354)	-
Profit on ordinary activities before taxation		610,772	1,612,127
Tax on profit on ordinary activities	8	(149,621)	(357,847)
Profit for the financial year		461,151	1,254,280

All items relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

Other Comprehensive Income for the year is £nil (2014: £nil).

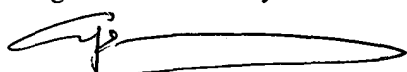
The notes on pages 10 to 25 form part of these financial statements.

G S-Hydro UK Limited

Balance sheet as at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	10	79,538	79,538
Tangible assets	11	875,607	871,145
Investments	12	5,378,928	100
		6,334,073	950,783
Current assets			
Stocks	13	592,752	566,541
Debtors	14	1,907,725	2,553,652
Cash at bank and in hand		926,902	1,289,111
		3,427,379	4,409,304
Creditors: amounts falling due within one year	15	(1,710,583)	(2,273,628)
Net current assets		1,716,796	2,135,676
Total assets less current liabilities		8,050,869	3,086,459
Creditors: amounts falling due after more than one year	16	(844,868)	-
Provisions for liabilities	17	(44,510)	(17,738)
Net assets		7,161,491	3,068,721
Capital and reserves			
Called up share capital	18	4,520,000	20,000
Profit and loss account		2,641,491	3,048,721
Total shareholders' funds		7,161,491	3,068,721

The financial statements on pages 7 to 25 were approved by the board of directors' on 18 July 2016 and were signed on its behalf by:



C Hargreaves

Director

Company Registration Number: SC120350

G S-Hydro UK Limited

Statement of changes in equity for the year ended 31 December 2015

	Notes	Called up share capital £	Profit and loss account £	Total shareholders ' funds £
At 1 January 2014		20,000	2,169,441	2,189,441
Profit for the financial year		-	1,254,280	1,254,280
Total comprehensive income for the year		-	1,254,280	1,254,280
Dividends	9	-	(375,000)	(375,000)
Total transactions with owners, recognised directly in equity		-	(375,000)	(375,000)
At 31 December 2014		20,000	3,048,721	3,068,721
At 1 January 2015		20,000	3,048,721	3,068,721
Profit for the financial year		-	461,151	461,151
Total comprehensive income for the year		-	461,151	461,151
Share issue	18	4,500,000	-	4,500,000
Dividends	9	-	(868,381)	(868,381)
Total transactions with owners, recognised directly in equity		4,500,000	(868,381)	3,631,619
At 31 December 2015		4,520,000	2,641,491	7,161,491

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015

1 Principal accounting policies

General information

The principal activity of the company during the year was the manufacture, installation and servicing and sale of hydraulic pipework.

The company is a private limited company incorporated in the United Kingdom.

Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

Basis of preparation

The company has adopted FRS101 for the first time. Details of the impact of transition to FRS 101 are set out in note 21.

The accounting policies set out below have been consistently applied to all the years presented unless otherwise stated. They have been prepared under the historical cost convention, and on a going concern basis.

Consolidated financial statements have not been prepared by the Company as it is entitled to the exemption under section 400 of the Companies Act 2006, by virtue of being included in the consolidated financial statements of GS-Hydro Oy. These financial statements present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (a) paragraph 79(a)(iv) of IAS 1;
 - (b) paragraph 73(e) of IAS 16 Property, plant and equipment;

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

- (c) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (a) 10(d), (statement of cash flows);
 - (b) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (c) 16 (statement of compliance with all IFRS);
 - (d) 38A (requirement for minimum of two primary statements, including cash flow statements);
 - (e) 38B-D (additional comparative information);
 - (f) 40A-D (requirements for a third statement of financial position);
 - (g) 111 (cash flow statement information); and
 - (h) 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Turnover

The turnover shown in the profit and loss account represents the value of goods despatched during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Goodwill and amortisation

Goodwill relating to acquisitions of businesses, which represents the excess of the fair value of the consideration paid over the fair value of the assets and liabilities acquired, is capitalised in the balance sheet in the year of acquisition and is subject to an annual impairment review.

Fixed assets investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property	Over the remaining lease term
Plant & equipment	15% - 25% on original cost
Motor vehicles	25% on original cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a weighted average basis.

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 company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

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 balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Other operating income

Other operating income relates to recharges made to other group companies in respect of non-direct costs and this income is recognised when the costs are incurred by the company.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

Business combinations

Results of subsidiary undertakings acquired during the current period are included in the financial statements from the effective date of control.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments, together with any costs directly attributable to the combination. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date.

2 Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Carrying value of goodwill

The directors are required to consider whether the carrying value of goodwill is supported by the estimated future cash flows of the business. In performing this review, the directors have considered the goodwill to relate to a single cash generating unit due to the integrated nature of the company's operations. The key assumptions used in this review relate to the cash flows extracted from the company's budgets and forecasts, the long term growth rate and the discount rate.

(ii) Long-term contract accounting

Estimates are made to assess the stage of completion of contracts which span the year end. The assessment is made based on progress against milestones within the contracts.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Turnover

	2015	2014
Geographical destination	£	£
United Kingdom	10,031,943	10,996,241
Rest of the world	51,569	312,708
	10,083,512	11,308,949

4 Operating profit

	2015	2014
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation for the year (note 11)	214,246	171,932
Operating leases rentals:		
- Plant and equipment	118,798	101,715
- Other	248,993	218,523
Foreign currency gains	(40,187)	(44,072)
Services provided by the company's auditor		
Fees payable for the audit	19,000	18,000
Other services	2,750	-

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2015	2014
	Number	Number
Operations staff	46	44
Management and admin staff	33	31
Senior management staff	1	1
	80	76

	2015	2014
	£	£
Staff costs (for the above persons)		
Wages and salaries	3,100,644	2,867,648
Social security costs	345,631	311,963
Other pension costs	77,983	53,295
	3,524,258	3,232,906

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Remuneration of directors

	2015	2014
	£	£
All directors:		
Emoluments in respect of qualifying services	123,351	111,524
Pension contributions to money purchase scheme	8,317	7,949

Retirement benefits are accruing to one director under a money purchase scheme (2014: one).

7 Interest payable and similar charges

	2015	2014
	£	£
Other interest	2,354	0

8 Tax on profit on ordinary activities

(a) Tax charge included in profit or loss

	2015	2014
	£	£
Current tax:		
UK Corporation tax on profits in the year	122,849	257,901
Total current tax	122,849	257,901
Deferred tax:		
Origination and reversal of timing differences	26,772	99,946
Total deferred tax	26,772	99,946
Tax on profit on ordinary activities	149,621	357,847

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Tax on profit on ordinary activities (continued)

(b) Reconciliation of tax charge

Tax expense for the year is higher (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	610,772	1,612,127
Profit on ordinary activities multiplied by standard rate in the UK 20.25% (2014: 21.50%)	123,681	346,607
Effects of:		
Expenses not deductible for tax purposes	21,398	878
Capital allowances in excess of depreciation	(19,288)	(80,576)
Change in tax rates	(20)	(82)
Gain on disposal of fixed assets	(2,922)	(8,926)
Origination and reversal of timing differences on deferred tax	26,772	99,946
Total tax charge	149,621	357,847

(c) Factors affecting future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Dividends

Equity dividends

	2015	2014
	£	£
Paid:		
Equity dividends on ordinary shares	868,381	375,000

The amount payable in the year amounted to £0.192 per ordinary share in issue (2014: £18.75).

10 Intangible assets

	Purchased goodwill
	£
Cost and net book amount	
At 1 January 2015 and 31 December 2015	79,538

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Tangible assets

	Short leasehold property £	Plant, equipment and vehicles £	Total £
Cost			
At 1 January 2015	329,139	2,623,782	2,952,921
Additions	56,073	168,855	224,928
Disposals	-	(68,483)	(68,483)
At 31 December 2015	385,212	2,724,154	3,109,366
Accumulated depreciation			
At 1 January 2015	202,094	1,879,682	2,081,776
Charge for the year	36,242	178,004	214,246
Disposals	-	(62,263)	(62,263)
At 31 December 2015	238,336	1,995,423	2,233,759
Net book amount			
At 31 December 2015	146,876	728,731	875,607
At 31 December 2014	127,045	744,100	871,145

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Investments

Investments in subsidiary undertakings

	£
Cost	
At 1 January 2015	100
Additions	5,378,828
At 31 December 2015	5,378,928
Net book value	
At 31 December 2015	5,378,928
At 31 December 2014	100

Investments per the accounts represent the following shareholdings;

- 100% holding of the issued share capital of GS Hydro Limited, a dormant company incorporated in England.
- 100% holding of the issued share capital of First Hose Limited, a trading company incorporated in Scotland. This acquisition was completed on 30 October 2015.

The investment in First Hose Limited consisted of cash consideration of £4,500,000 plus transaction costs of £33,960 and contingent consideration of £844,868, valued at present value of future cash considerations, dependent on future performance of First Hose Limited.

Details of the interests of the company in its subsidiary undertakings are as follows:

Principal subsidiaries	Nature of business	Description of shares held
First Hose Limited	Offshore Rig Hose Supplier	Ordinary £1 shares
GS-Hydro Limited	Dormant	Ordinary £1 shares

All of the investments are unlisted. The subsidiaries are incorporated in England and Scotland unless otherwise stated, are wholly owned and operate principally in Great Britain.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Stocks

	2015	2014
	£	£
Finished goods and goods for resale	592,752	566,541

There is no significant difference between the replacement cost of stocks and their carrying amounts.

Stock is stated after provisions for impairment of £nil (2014: £nil).

The amount of inventory recognised as an expense in the year was £3,562,665 (2014: £4,258,166).

14 Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	1,187,689	2,310,399
Amounts owed by group undertakings	377,004	58,105
Other debtors	89,848	38,044
Corporation Tax Repayable	77,545	-
Amounts recoverable on contracts	175,639	147,104
	1,907,725	2,553,652

The amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	665,686	1,017,936
Amounts owed to group undertakings	550,171	340,907
Taxation and social security	278,007	645,898
Accruals and deferred income	216,719	268,887
	1,710,583	2,273,628

Amounts owed to group undertakings comprise £336,476 (2014: £340,907) trading balances which are unsecured, interest free and have no fixed date for repayment and an unsecured short term loan of £213,695 (2014: £nil).

16 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to subsidiary undertakings	844,868	-

Creditors falling due after more than one year relates to the contingent consideration arising on the acquisition of First Hose Limited. This will be payable based on future performance of First Hose Limited, and falls due in 2017 and 2018.

17 Provisions for liabilities

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
Provision brought forward	17,738	(82,208)
Profit and loss account movement arising during the year	26,772	99,946
Provision carried forward	44,510	17,738

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

17 Deferred Taxation (continued)

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

	2015	2014
	£	£
Excess of taxation allowances over depreciation on tangible assets	44,510	17,738

18 Called up share capital

	2015	2014
Allotted, called up and fully paid		
4,520,000 (2014: 20,000) Ordinary shares of £1 each	4,520,000	20,000

During the year, G S-Hydro UK Limited issued 4,500,000 ordinary £1 shares at their par value, which were purchased by GS-Hydro Oy, the parent company.

19 Financial commitments

At 31 December, the company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiring within one year	271,192	202,234	94,216	75,564
Expiring in more than one year, but not more than 5 years	845,063	630,325	151,257	68,505
Expiring after 5 years	15,233	76,163	-	-
	1,131,488	908,722	245,473	144,069

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

20 Ultimate parent undertaking

The company is a wholly owned subsidiary of GS-Hydro Oy, a company incorporated in Finland. GS-Hydro Oy is a sub group of Ratos AB which is a company listed on the Stockholm Stock Exchange and the largest group to consolidate the company's results and financial position. The smallest group to consolidate the company's results and financial position is GS-Hydro Oy.

A copy of the main group financial statements are available from Lautatarhankatu 4, FI-13110 Hameenlinna, Finland.

21 Transition to FRS 101

This is the first year that the company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 101 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 101.

(i) **Goodwill amortisation**

Under UK GAAP, goodwill was amortised over its useful economic life, determined to be 10 years. Under FRS 101, the goodwill balance recognised under UK GAAP at 1 January 2014 was frozen and no longer subject to amortisation. Instead it is subject to an annual impairment review. The goodwill amortisation for the year ended 31 December 2014 previously recognised under UK GAAP has therefore been reversed under FRS 101.

The impact on total equity of adopting FRS 101 is as follows:

Total Equity	31 December 2014 £	1 January 2014 £
UK GAAP, as previously reported	3,051,037	2,189,441
Goodwill amortisation	17,684	-
	3,068,721	2,189,441

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

21 Transition to FRS 101 (continued)

The impact on profit and loss and total comprehensive income for the year ended 31 December 2014 is as follows:

		2014
	£	£
Profit for the financial year after tax as previously reported		1,236,596
- Goodwill amortisation	17,684	
- Tax impact of the above adjustments	-	
Total impact on profit for the year		17,684
Profit for the financial year under FRS 101		1,254,280
Other Comprehensive Income under FRS 101		-
Total Comprehensive Income under FRS 101		1,254,280