

G S-Hydro UK Limited
Annual Report and Financial Statements
for the year ended 31 December 2016

Registered Number SC120350

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G S-Hydro UK Limited

G S-Hydro UK Limited

Annual report and financial statements

for the year ended 31 December 2016

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G S-Hydro UK Limited

Strategic report for the year ended 31 December 2016

Review of the business and future developments

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

The company has been affected by the downturn in the oil and gas sector and results have suffered as a consequence. The loss for the year, after exceptional charges, is £1,564,414 (2015 profit £461,151). Particulars of dividends paid are detailed in note 10 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 target key strategic objectives to help maintain and safeguard its position in the industry.

The company will continue to look to selectively expand its offering, with concentrated efforts towards the offshore industry and selected land based customers. Service offering will be further developed by the company also.

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.

	2016	2015
	£'000	£'000
Turnover	6,160	10,084
Operating (loss) / profit (excluding exceptional charges)	(921)	599
Operating (loss) / profit (excluding exceptional charges) %	(14.9%)	5.9%
Net assets	5,597	7,161

G S-Hydro UK Limited

Strategic report for the year ended 31 December 2016 (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

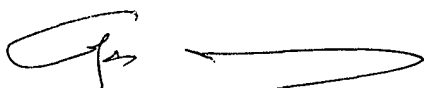
The company's aim is to maintain a balance between continuity of funding and flexibility through maintaining a sustainable level of external borrowings if and when required.

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 25 August 2017.

G S-Hydro UK Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Results and dividends

The loss for the financial year amounted to £1,564,414 (2015: profit £461,151). No dividends (2015: £868,381) were paid in the year. Particulars of dividends paid are detailed in note 10 to the financial statements.

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
Ville Veikko Mannola
Juha Antti Silvennoinen
Jukka Suotsalo

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis. Where necessary the group will also provide financial support to the business in order to meet the Company's day to day working capital requirements as they fall due.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

G S-Hydro UK Limited

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities (continued)

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditors are aware of that information.

Signed by order of the directors



Constance Yeoman
Company Secretary

Approved by the directors on 25 August 2017

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2016;
- 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

G S-Hydro UK Limited

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

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.

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 set out on page 3 and 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) ("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.

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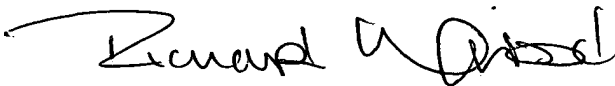
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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

What an audit of financial statements involves (continued)

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Richard Lingwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Newcastle upon Tyne
25 August 2017

G S-Hydro UK Limited

Profit and loss account for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	6,160,351	10,083,512
Change in stocks of finished goods and work in progress		(32,829)	26,211
Other operating income		-	90,499
		6,127,522	10,200,222
Raw materials and consumables		(2,284,376)	(3,562,665)
Other external charges		(241,178)	(535,630)
Staff costs	5	(2,948,760)	(3,524,258)
Depreciation written off tangible assets	12	(221,067)	(214,246)
Other operating charges		(1,352,846)	(1,764,892)
Exceptional charges	7	(774,513)	-
Operating (loss) / profit	4	(1,695,218)	598,531
Profit on disposal of fixed assets		18,913	14,430
Interest receivable		2,263	165
Interest payable and similar charges	8	(19,819)	(2,354)
(Loss) / profit on ordinary activities before taxation		(1,693,861)	610,772
Tax on (loss) / profit on ordinary activities	9	129,447	(149,621)
(Loss) / profit for the financial year		(1,564,414)	461,151

All items dealt with in arriving at operating (loss)/profit relate to continuing operations.

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

Other Comprehensive Income for the year is £nil (2015: £nil).


The notes on pages 11 to 24 form part of these financial statements.

G S-Hydro UK Limited

Balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	79,538	79,538
Tangible assets	12	717,452	875,607
Investments	13	4,534,060	5,378,928
		5,331,050	6,334,073
Current assets			
Stocks	14	559,923	592,752
Debtors	15	1,585,551	1,907,725
Cash at bank and in hand		20,880	926,902
		2,166,354	3,427,379
Creditors: amounts falling due within one year	16	(1,862,414)	(1,710,583)
Net current assets		303,940	1,716,796
Total assets less current liabilities		5,634,990	8,050,869
Creditors: amounts falling due after more than one year	17	-	(844,868)
Provisions for liabilities	18	(37,913)	(44,510)
Net assets		5,597,077	7,161,491
Capital and reserves			
Called up share capital	19	4,520,000	4,520,000
Profit and loss account		1,077,077	2,641,491
Total shareholders' funds		5,597,077	7,161,491

The financial statements on pages 8 to 24 were approved by the board of directors' on 25 August 2017 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 2016

	Note	Called up share capital £	Profit and loss account £	Total shareholders funds £
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		4,500,000	-	4,500,000
Dividends	10	-	(868,381)	(868,381)
Total transactions with owners, recognised directly in equity		4,500,000	(868,381)	3,631,619
At 31 December 2015 and at 1 January 2016		4,520,000	2,641,491	7,161,491
Loss for the financial year		-	(1,564,414)	(1,564,414)
Total comprehensive expenditure for the year		-	(1,564,414)	(1,564,414)
At 31 December 2016		4,520,000	1,077,077	5,597,077

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016

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 registered address is Walton Road, Kirkhill Industrial Estate, Dyce, Aberdeen, AB21 0GZ. The company is a private limited company limited by shares.

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 'Reduced Disclosure Framework'.

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.

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis. Where necessary the group will also provide financial support to the business in order to meet the Company's day to day working capital requirements as they fall due.

Exemptions

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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;

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Notes to the financial statements for the year ended 31 December 2016 (continued)

Exemptions (continued)

- (b) paragraph 73(e) of IAS 16 Property, plant and equipment; 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 2016 (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 & machinery	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 2016 (continued)

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.

3 Turnover

	2016	2015
Geographical destination	£	£
United Kingdom	6,050,798	10,031,943
Rest of the world	109,553	51,569
	6,160,351	10,083,512

4 Operating (loss) / profit

	2016	2015
	£	£
Operating (loss) / profit is stated after charging/(crediting):		
Depreciation for the year (note 12)	221,067	214,246
Impairment of investments (note 13)	844,868	-
Operating leases rentals:		
- Plant and equipment	99,540	118,798
- Other	269,975	248,993
Foreign currency loss / (gains)	27,864	(40,187)
Services provided by the company's auditor		
Fees payable for the audit	19,000	19,000
Other services	6,992	2,750

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Employee information

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

	2016	2015
	Number	Number
Operations staff	41	46
Management and admin staff	29	33
Senior management staff	1	1
	71	80

	2016	2015
	£	£
Staff costs (for the above persons)		
Wages and salaries	2,579,219	3,100,644
Social security costs	269,725	345,631
Other pension costs	99,816	77,983
	2,948,760	3,524,258

6 Remuneration of directors

	2016	2015
	£	£
All directors:		
Emoluments in respect of qualifying services	94,839	123,351
Pension contributions to money purchase scheme	8,535	8,317

Retirement benefits are accruing to one director under a money purchase scheme (2015: one).

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Exceptional charges

	2016	2015
	£	£
Redundancy and associated costs	427,753	-
Re-organisation costs	346,760	-
Total exceptional charges	744,513	-

8 Interest payable and similar charges

	2016	2015
	£	£
Other similar charges payable	19,819	2,354
Total interest payable	19,819	2,354

9 Tax on (loss) / profit on ordinary activities

Tax (income) / expense included in profit or loss

	2016	2015
	£	£
Current tax:		
UK Corporation tax on (loss) / profits in the year	-	122,849
Adjustments in respect of prior periods	(122,850)	-
Total current tax	(122,850)	122,849
Deferred tax:		
Origination and reversal of timing differences	(6,597)	26,772
Total deferred tax	(6,597)	26,772
Tax on (loss) / profit on ordinary activities	(129,447)	149,621

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Tax on (loss) / profit on ordinary activities (continued)

Factors affecting tax (credit)/charge for current year

Tax income for the year is lower (2015: expense is higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20 % (2015: 20.25%). The differences are explained below:

	2016	2015
	£	£
(Loss) / profit on ordinary activities before taxation	(1,693,861)	610,772
(Loss) / profit on ordinary activities multiplied by standard rate in the UK 20% (2015: 20.25%)	(338,772)	123,681
Effects of:		
Expenses not deductible for tax purposes	157,491	21,398
Depreciation in excess of capital allowances	22,972	(19,288)
Change in tax rates	-	(20)
Gain on disposal of fixed assets	(3,783)	(2,922)
Losses utilised / carried forward	162,092	-
Origination and reversal of timing differences on deferred tax	(6,597)	26,772
Adjustments in respect of prior periods	(122,850)	-
Total tax (credit) / charge	(129,447)	149,621

Factors affecting the tax charge for future years

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 2016 (continued)

10 Dividends

Equity dividends

	2016	2015
	£	£
Paid:		
Equity dividends on ordinary shares	-	868,381

No dividends were paid in the year (2015 dividends paid amounted to £0.192 per ordinary share in issue)

11 Intangible assets

	Purchased goodwill
	£
Cost	
At 1 January 2016 and 31 December 2016	79,538
Net Book amount	
At 31 December 2016	79,538
At 31 December 2015	79,538

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Tangible assets

	Short leasehold property £	Plant, equipment and vehicles £	Total £
Cost			
At 1 January 2016	385,212	2,724,154	3,109,366
Additions	-	62,912	62,912
At 31 December 2016	385,212	2,787,066	3,172,278
Accumulated depreciation			
At 1 January 2016	238,336	1,995,423	2,233,759
Charge for the year	39,152	181,915	221,067
At 31 December 2016	277,488	2,177,338	2,454,826
Net book amount			
At 31 December 2016	107,724	609,728	717,452
At 31 December 2015	146,876	728,731	875,607

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Investments

Investments in subsidiary undertakings

	£
Cost	
At 1 January 2016	5,378,928
Impairment	(844,868)
At 31 December 2016	4,534,060
Net book value	
At 31 December 2016	4,534,060
At 31 December 2015	5,378,928

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 initial 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. In 2016, with the restructuring of the operations of First Hose Limited, the contingent consideration will no longer be payable and has therefore be removed from the carrying value of the investments.

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

Principal subsidiaries and registered office	Nature of business	Description of shares held
First Hose Limited Unit 21, Denmore Industrial Estate, Bridge of Don, Aberdeen, AB23 8JW	Offshore Rig Hose Supplier	Ordinary £1 shares
GS-Hydro Limited Unit A Camberwell Way, Doxford Park, Sunderland, SR3 3XN	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. Full information on all subsidiary companies will be annexed to the Company's next annual return to the Registrar of Companies.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	559,923	592,752

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

Stock is stated after provisions for impairment of £nil (2015: £nil).

The amount of inventory recognised as an expense in the year was £2,284,376 (2015: £3,562,665).

15 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	609,671	1,187,689
Amounts owed by group undertakings	654,934	377,004
Other debtors	120,127	89,848
Corporation Tax Repayable	200,819	77,545
Amounts recoverable on contracts	-	175,639
	1,585,551	1,907,725

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	451,961	665,686
Amounts owed to group undertakings	297,868	550,171
Taxation and social security	126,811	278,007
Accruals and deferred income	985,774	216,719
	1,862,414	1,710,583

Amounts owed to group undertakings comprise £20,079 (2015: £336,476) trading balances which are unsecured, interest free and have no fixed date for repayment and an unsecured short term loan of £277,789 (2015: £213,695).

17 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Amounts owed to subsidiary undertakings	-	844,868

18 Provisions for liabilities

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

	2016	2015
	£	£
Provision bought forward	44,510	17,738
Credited to profit and loss (note 9)	(6,597)	26,772
Provision carried forward	37,913	44,510

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Provision for liabilities (continued)

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

	2016	2015
	£	£
Excess of taxation allowances over depreciation on tangible assets	37,913	44,510

19 Called up share capital

	2016	2015
Allotted, called up and fully paid		
4,520,000 (2015: 4,520,000) Ordinary shares of £1 each	4,520,000	4,520,000

20 Financial commitments

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

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Expiring within one year	13,045	271,192	73,444	94,216
Expiring in more than one year, but not more than 5 years	857,786	845,063	83,730	151,257
Expiring after 5 years	-	15,233	-	-
	870,831	1,131,488	157,174	245,473

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

21 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.

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