

G S-Hydro UK Limited
Annual Report and Financial Statements
for the year ended 31 December 2017

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 2017

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G S-Hydro UK Limited

Strategic report for the year ended 31 December 2017

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.

On the 30th December 2017, due to the financial difficulties facing the GS Hydro Headquarters in Finland, the company, along with 12 other GS Hydro entities, was acquired by and is now a wholly owned subsidiary of the Interpump Group SpA, a company based in Italy. Restructuring has been carried out in the UK as a result of the acquisition, strengthening capabilities in order to ensure the company is in the best position to grow the business going forward.

The loss for the year, after exceptional charges (note 7), is £3,938,683 (2016 £1,564,414). No dividends have been paid in the year (2016 - £nil).

The company is now better placed to deal with the industry issues affecting it and the market does appear to be improving. Competition for work remains 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.

During the year under review on 1st August 2017 the operations of its wholly owned subsidiary, First Hose Limited, were transferred into the company along with all assets and liabilities at that date.

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.

	2017	2016
	£'000	£'000
Turnover	7,039	6,160
Operating loss (excluding exceptional charges)	(485)	(921)
Operating loss (excluding exceptional charges) %	(6.9%)	(14.9%)
Net assets	1,658	5,597

Strategic report for the year ended 31 December 2017 (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

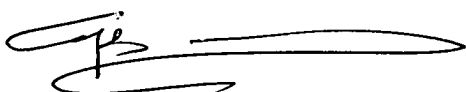
The company's aim is to maintain a balance between continuity of funding and flexibility through maintaining a sustainable level of external borrowings if and when required.

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 27/07/2018

G S-Hydro UK Limited

Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

Results and dividends

The loss for the financial year amounted to £3,938,683 (2016: £1,564,414). No dividends (2016: £nil) were paid in the year.

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 – resigned 1.6.17
Juha Antti Silvennoinen – resigned 5.10.17
Jukka Suotsalo – resigned 5.10.17
Antti Tapani Koivula – appointed 1.6.17, resigned 5.10.17
Matilde Verratti – appointed 1.2.18, resigned 25.3.18
Fabio Marasi – appointed 1.2.18
Marcello Di Campli – appointed 5.4.18

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 2017 (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 27/1/2018

Registered office:

Unit A
Broadfold Road
Bridge of Don
Aberdeen
AB23 8EE

G S-Hydro UK Limited

Independent auditors' report to the members of G S-Hydro UK Limited for the year ended 31 December 2017

Report on the financial statements

Opinion

We have audited the financial statements of G S-HYDRO UK LIMITED (the 'company') for the year ended 31 December 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

G S-Hydro UK Limited

Independent auditors' report to the members of G S-Hydro UK Limited for the year ended 31 December 2017 (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

Independent auditors' report to the members of G S-Hydro UK Limited for the year ended 31 December 2017 (continued)

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

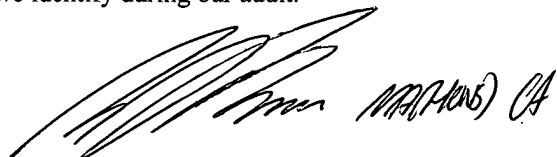
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditors' report to the members of G S-Hydro UK Limited for the year ended 31 December 2017 (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Angus Cowie', followed by the letters 'CA' in a larger, bold script.

Angus Cowie (Senior Statutory Auditor)

For and on behalf of
Williamson & Dunn
Chartered accountant & statutory auditor
3 West Craibstone Street
Aberdeen
AB11 6YW

..... 31/7/2018

G S-Hydro UK Limited

Statement of Income and Retained Earnings for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	7,038,942	6,160,351
Change in stocks of finished goods and work in progress		979,985	(32,829)
		8,018,927	6,127,522
Raw materials and consumables		(4,356,511)	(2,284,376)
Other external charges		(198,275)	(241,178)
Staff costs	5	(2,639,660)	(2,948,760)
Depreciation written off tangible assets	11	(216,131)	(221,067)
Other operating charges		(1,093,751)	(1,352,846)
Exceptional charges	7	(4,678,041)	(774,513)
Operating loss	4	(5,163,442)	(1,695,218)
Profit on disposal of fixed assets		-	18,913
Interest receivable		2,338	2,263
Interest payable and similar charges	8	(11,580)	(19,819)
Dividends receivable		1,088,760	-
Loss on ordinary activities before taxation		(4,083,924)	(1,693,861)
Tax on loss on ordinary activities	9	145,241	129,447
Loss for the financial year		(3,938,683)	(1,564,414)

All items dealt with in arriving at operating loss relate to continuing operations.

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

Other Comprehensive Income for the year is £nil (2016: £nil).

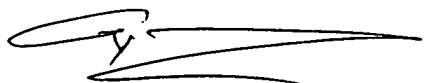
The notes on pages 12 to 24 form part of these financial statements.

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Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	10	-	79,538
Tangible assets	11	781,359	717,452
Investments	12	35,557	4,534,060
		816,916	5,331,050
Current assets			
Stocks	13	1,539,908	559,923
Debtors	14	1,700,404	1,585,551
Cash at bank and in hand		217,517	20,880
		3,457,829	2,166,354
Creditors: amounts falling due within one year	15	(2,616,351)	(1,862,414)
Net current assets		841,478	303,940
Total assets less current liabilities		1,658,394	5,634,990
Provisions for liabilities	16	-	(37,913)
Net assets		1,658,394	5,597,077
Capital and reserves			
Called up share capital	17	4,520,000	4,520,000
Profit and loss account		(2,861,606)	1,077,077
Total shareholders' funds		1,658,394	5,597,077

The financial statements on pages 9 to 24 were approved by the board of directors on 27/07/2018 and were signed on its behalf by:



Christopher Hargreaves

Director

Company Registration Number: SC120350

G S-Hydro UK Limited

Statement of changes in equity for the year ended 31 December 2017

	Note	Called up share capital £	Profit and loss account £	Total shareholders ' funds £
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 and at 1 January 2017		4,520,000	1,077,077	5,597,077
Loss for the financial year		-	(3,938,683)	(3,938,683)
Total comprehensive expenditure for the year		-	(3,938,683)	(3,938,683)
At 31 December 2017		4,520,000	(2,861,606)	1,658,394

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017

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, along with the supply of hydraulic hoses and couplings for the oil and gas industry.

The company registered address is Unit A, Broadfold Road, Bridge of Don, Aberdeen, AB23 8EE. The company is a private limited company limited by shares. The accounts are prepared in Sterling, which is the functional currency of the entity.

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 405 of the Companies Act 2006, by virtue of being not material for the purpose of giving a true and fair view in the consolidated financial statements of Interpump Group SpA. 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 2017 (continued)

Exemptions (continued)

- (b) paragraph 73I of IAS 16 Property, plant and equipment; paragraph 118I 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 2017 (continued)

(i) 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 2017 (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.

(j) 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

Geographical destination	2017 £	2016 £
United Kingdom	6,403,451	6,050,798
Rest of the world	635,491	109,553
	7,038,942	6,160,351

4 Operating loss

	2017 £	2016 £
Operating loss is stated after charging/(crediting):		
Depreciation for the year (note 11)	216,131	221,067
Impairment of investments (note 12)	1,088,760	844,868
Impairment of Goodwill (note 10)	3,489,281	-
Operating leases rentals:		
- Plant and equipment	84,427	99,540
- Other	268,739	269,975
Foreign currency (gains) / loss	(3,343)	27,864
Services provided by the company's auditor		
Fees payable for the audit	20,000	19,000
Other services	16,500	6,992

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

5 Employee information

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

	2017 Number	2016 Number
Operations staff	42	41
Management and admin staff	29	29
Senior management staff	1	1
	72	71

	2017 £	2016 £
Staff costs (for the above persons)		
Wages and salaries	2,292,575	2,579,219
Social security costs	268,178	269,725
Other pension costs	78,907	99,816
	2,639,660	2,948,760

6 Remuneration of directors

	2017 £	2016 £
All directors:		
Emoluments in respect of qualifying services	104,000	94,839
Pension contributions to money purchase scheme	9,360	8,535

Retirement benefits are accruing to one director under a money purchase scheme (2016: one).

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

7 Exceptional charges

	2017 £	2016 £
Redundancy and associated costs	-	427,753
Impairment of goodwill	3,489,281	-
Impairment of investments	1,088,760	-
Re-organisation costs	100,000	346,760
Total exceptional charges	4,678,041	774,513

8 Interest payable and similar charges

	2017 £	2016 £
Other similar charges payable	11,580	19,819
Total interest payable	11,580	19,819

9 Tax on loss on ordinary activities

Tax income included in profit or loss

	2017 £	2016 £
Current tax:		
UK Corporation tax on loss in the year	-	-
Adjustments in respect of prior periods	-	(122,850)
Total current tax	-	(122,850)
Deferred tax:		
Origination and reversal of timing differences	(19,339)	(6,597)
Utilise tax losses	(125,902)	-
Total deferred tax	(145,241)	(6,597)
Tax on loss on ordinary activities	(145,241)	(129,447)

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Tax on loss on ordinary activities (continued)

Factors affecting tax credit for current year

Tax income for the year is lower (2016: income is lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19 % (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before taxation	(4,083,924)	(1,693,861)
Loss on ordinary activities multiplied by standard rate in the UK 19% (2016: 20%)	(775,946)	(338,772)
Effects of:		
Expenses not deductible for tax purposes	684,457	157,491
Depreciation in excess of capital allowances	9,349	22,972
Change in tax rates	-	-
Gain on disposal of fixed assets	-	(3,783)
Losses utilised / carried forward	82,140	162,092
Origination and reversal of timing differences on deferred tax	(145,241)	(6,597)
Adjustments in respect of prior periods	-	(122,850)
Total tax credit	(145,241)	(129,447)

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 2017. 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 2016.

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

10 Intangible assets

	Purchased goodwill £
Cost	
At 1 January 2017	176,777
Additions through business amalgamation	3,409,743
At 31 December 2017	3,586,520
Amortisation	
At 31 January 2017	97,239
Impairment of Goodwill	3,489,281
At 31 December 2017	3,586,520
Net Book amount	
At 31 December 2017	-
At 31 December 2016	79,538

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Tangible assets

	Short leasehold property £	Plant, equipment and vehicles £	Total £
Cost			
At 1 January 2017	385,212	2,787,066	3,172,278
Additions	90,686	82,763	173,449
Transfers	133,063	330,811	463,874
At 31 December 2017	608,961	3,200,640	3,809,601
Accumulated depreciation			
At 1 January 2017	277,488	2,177,338	2,454,826
Charge for the year	33,226	182,905	216,131
Transfers	106,238	251,047	357,285
At 31 December 2017	416,952	2,611,290	3,028,242
Net book amount			
At 31 December 2017	192,009	589,350	781,359
At 31 December 2016	107,724	609,728	717,452

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

12 Investments

Investments in subsidiary undertakings

	£
Cost	
At 1 January 2017	4,534,060
Transfer due to business amalgamation	(3,409,743)
Investments written off	(1,088,760)
At 31 December 2017	35,557
Net book value	
At 31 December 2017	35,557
At 31 December 2016	4,534,060

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 dormant company incorporated in Scotland.

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	Dormant	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 and are wholly owned.

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Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	1,539,908	559,923

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

Stock is stated after provisions for impairment of £nil (2016: £nil).

The amount of inventory recognised as an expense in the year was £4,356,511 (2016: £2,284,376).

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	1,401,866	609,671
Amounts owed by group undertakings	81,053	654,934
Other debtors	131,824	120,127
Corporation tax repayable	-	200,819
Deferred tax asset (note 16)	85,661	-
	1,700,404	1,585,551

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 2017 (continued)

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	809,962	451,961
Amounts owed to group undertakings	696,436	297,868
Taxation and social security	222,903	126,811
Accruals and deferred income	887,050	985,774
	2,616,351	1,862,414

Amounts owed to group undertakings comprise £190,888 (2016: £20,079) trading balances which are unsecured, interest free and have no fixed date for repayment and an unsecured short term loan of £505,548 (2016: £277,789).

16 Provisions for liabilities

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

	2017 £	2016 £
Provision bought forward	37,913	44,510
Transferred through business combination	21,667	-
Credited to profit and loss (note 9)	(145,241)	(6,597)
(Asset)/liability carried forward	(85,661)	37,913

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

	2017 £	2016 £
Excess of taxation allowances over depreciation on tangible assets	40,241	37,913
Tax losses	(125,902)	-
	(85,661)	37,913

G S-Hydro UK Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Called up share capital

	2017	2016
Allotted, called up and fully paid		
4,520,000 (2016: 4,520,000) Ordinary shares of £1 each	4,520,000	4,520,000

18 Financial commitments

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

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Expiring within one year	25,000	13,045	28,651	73,444
Expiring in more than one year, but not more than 5 years	1,199,022	857,786	148,423	83,730
	1,224,022	870,831	177,074	157,174

19 Ultimate parent undertaking

The company is a wholly owned subsidiary of Interpump Group SpA a company incorporated in Italy.

A copy of the main group financial statements is available from Via Enrico Fermi, 25, 42049 Sant'Ilario d'Enza RE, Italy.