

Company Registration No. SC120350 (Scotland)

G S-HYDRO UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

G S-HYDRO UK LIMITED

COMPANY INFORMATION

Directors	Christopher Hargreaves Marcello Di Campli Fernando Guardio Villa	(Appointed 28 June 2021)
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Company number	SC120350
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Registered office	Unit A Broadford Road Bridge of Don Aberdeen United Kingdom AB23 8EE
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Auditor	Azets Audit Services 37 Albyn Place Aberdeen United Kingdom AB10 1JB
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Business address	Unit A, Camberwell Way Doxford International Business Park Sunderland United Kingdom SR3 3XN
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G S-HYDRO UK LIMITED

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G S-HYDRO UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

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 profit for the year is £724,641 (2019 - £386,365). No dividends have been paid in the year.

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

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 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 perform their obligations under financial instruments

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

Fair values

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

G S-HYDRO UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principle risks and uncertainties (continued)

The management of the company has been challenged by the COVID-19 pandemic, Business contingency plans have been implemented and will continue to be adjusted in response to the global situation. In the opinion of the directors that is a temporary restriction on trade and that the company, through a carefully planned strategy, will be able to continue as a going concern.

The strategy involves the following

- considering and making use of all the relevant government support that the company is eligible for utilising the Coronavirus Job Retention Scheme and the deferring of VAT payments.
- applying for the required ongoing support of its external lenders.
- receiving the ongoing support of the ultimate controlling entities.

The directors acknowledge that at the date of approval of the financial statements the company has not agreed new or amended bank facilities and has not received an unconditional offer of support from the other group entities.

Unquantifiable risks that could affect the company's management activities mentioned above include the duration and scope of the COVID-19 pandemic and impact on the demand for the company's services.

Brexit: We have considered the risks and potential impact of the United Kingdom's withdrawal from the European Union and have concluded that there are no material uncertainties arising that would have a significant effect on the company in respect of this.

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.

	2020	2019
	£000	£000
Turnover	13,936	12,922
Operating profit	912	502
Operating profit %	6.5%	3.9%
Net assets	2,606	1,882

On behalf of the board

Christopher Hargreaves

Director

21 July 2021

G S-HYDRO UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Christopher Hargreaves

Marcello Di Campli

Fabio Marasi

Fernando Guardio Villa

(Resigned 28 June 2021)

(Appointed 28 June 2021)

Auditor

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Christopher Hargreaves

Director

21 July 2021

G S-HYDRO UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

G S-HYDRO UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF G S-HYDRO UK LIMITED

Opinion

We have audited the financial statements of G S-Hydro UK Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

G S-HYDRO UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF G S-HYDRO UK LIMITED

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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

G S-HYDRO UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF G S-HYDRO UK LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Angus Cowie (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

23 July 2021

Chartered Accountants
Statutory Auditor

37 Albyn Place
Aberdeen
United Kingdom
AB10 1JB

G S-HYDRO UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	13,936,318	12,921,509
Change in stocks of finished goods and in work in progress		181,396	848,547
Other operating income		84,709	-
Raw materials and consumables		(7,571,707)	(7,918,552)
Other external expenses		(157,319)	(170,466)
Staff costs	5	(4,138,391)	(3,626,843)
Depreciation	4	(238,286)	(216,687)
Other operating expenses		(1,184,622)	(1,335,087)
Operating profit	4	912,098	502,421
Interest payable and similar expenses	7	(9,395)	(8,130)
Profit before taxation		902,703	494,291
Tax on profit	8	(178,062)	(107,926)
Profit for the financial year		724,641	386,365
Retained earnings brought forward		(2,638,261)	(3,024,626)
Retained earnings carried forward		(1,913,620)	(2,638,261)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

G S-HYDRO UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10	801,854		715,405	
Investments	11	35,557		35,557	
		<u>837,411</u>		<u>750,962</u>	
Current assets					
Stocks	13	2,612,175		2,430,779	
Debtors	14	2,531,481		2,163,419	
Cash at bank and in hand		690,400		800,684	
		<u>5,834,056</u>		<u>5,394,882</u>	
Creditors: amounts falling due within one year	15	<u>(4,062,908)</u>		<u>(4,264,105)</u>	
Net current assets			1,771,148		1,130,777
Total assets less current liabilities			2,608,559		1,881,739
Provisions for liabilities			(2,179)		-
Net assets			<u>2,606,380</u>		<u>1,881,739</u>
Capital and reserves					
Called up share capital	18	4,520,000		4,520,000	
Profit and loss reserves		<u>(1,913,620)</u>		<u>(2,638,261)</u>	
Total equity		<u>2,606,380</u>		<u>1,881,739</u>	

The financial statements were approved by the board of directors and authorised for issue on 21 July 2021 and are signed on its behalf by:

Christopher Hargreaves
Director

Company Registration No. SC120350

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

G S-Hydro UK Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit A Broadford Road, Bridge of Don, Aberdeen, United Kingdom, AB23 8EE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Interpump Group SpA, a company incorporated in Italy. These consolidated financial statements are available from its registered office, Via Enrico Fermi, 25, 42049 Sant'Ilano d'Enza RE Italy.

1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

It is the opinion of the directors that the COVID-19 pandemic is a temporary and short-term loss of trade and that the company, through a carefully planned strategy, will be able to continue to operate as a going concern.

The strategy involves considering and making use of all the relevant government support the company is eligible for including the Coronavirus job retention scheme.

Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised based on the results of an annual impairment review

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Tenants improvements	Over the remaining lease term
Plant and equipment	15-25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	4,813,853	6,234,614
Sale of services	9,122,465	6,686,895
	<u>13,936,318</u>	<u>12,921,509</u>
	<u><u>13,936,318</u></u>	<u><u>12,921,509</u></u>
	2020	2019
	£	£
Other significant revenue		
Grants received	84,709	-
	<u>84,709</u>	<u>-</u>
	<u><u>84,709</u></u>	<u><u>-</u></u>
	2020	2019
	£	£
Turnover analysed by geographical market		
UK	13,391,541	12,430,294
Overseas	544,777	491,215
	<u>13,936,318</u>	<u>12,921,509</u>
	<u><u>13,936,318</u></u>	<u><u>12,921,509</u></u>

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	58,358	-
Government grants	(84,709)	-
Fees payable to the company's auditor for the audit of the company's financial statements	66,000	89,709
Depreciation of owned tangible fixed assets	251,818	221,387
Profit on disposal of tangible fixed assets	(13,532)	(4,700)
Operating lease charges	416,671	444,656
	<u> </u>	<u> </u>

5 Employees

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

	2020	2019
	Number	Number
Production staff	28	43
Administrative staff	49	31
Management staff	1	1
	<u> </u>	<u> </u>
Total	78	75
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,652,556	3,195,717
Social security costs	375,318	330,848
Pension costs	110,517	100,278
	<u> </u>	<u> </u>
	4,138,391	3,626,843
	<u> </u>	<u> </u>

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	135,166	155,470
Company pension contributions to defined contribution schemes	9,734	9,578
	<u> </u>	<u> </u>
	144,900	165,048
	<u> </u>	<u> </u>

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	9,395	8,130

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	133,979	45,158
Deferred tax		
Origination and reversal of timing differences	44,083	62,768
Total tax charge	178,062	107,926

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	902,703	494,291
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	171,514	93,915
Tax effect of expenses that are not deductible in determining taxable profit	1,604	3,033
Tax effect of income not taxable in determining taxable profit	(2,691)	(893)
Tax effect of utilisation of tax losses not previously recognised	-	(71,577)
Permanent capital allowances in excess of depreciation	(36,448)	20,680
Original and reversal of timing differences on deferred tax	44,083	62,768
Taxation charge for the year	178,062	107,926

The March 2020 budget announced that a rate of 19% would continue with effect from 1 April 2020 and this change was enacted on 17 March 2020. This will therefore have no impact on the company's future current tax charge and deferred tax liability accordingly.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	3,586,520
Amortisation and impairment	
At 1 January 2020 and 31 December 2020	3,586,520
Carrying amount	
At 31 December 2020	-
At 31 December 2019	-

10 Tangible fixed assets

	Tenants improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	502,893	3,203,876	260,420	3,967,189
Additions	-	330,458	31,000	361,458
Disposals	-	(10,000)	(27,801)	(37,801)
At 31 December 2020	502,893	3,524,334	263,619	4,290,846
Depreciation and impairment				
At 1 January 2020	363,492	2,695,073	193,219	3,251,784
Depreciation charged in the year	30,998	200,877	19,943	251,818
Eliminated in respect of disposals	-	(8,832)	(5,778)	(14,610)
At 31 December 2020	394,490	2,887,118	207,384	3,488,992
Carrying amount				
At 31 December 2020	108,403	637,216	56,235	801,854
At 31 December 2019	139,401	508,803	67,201	715,405

11 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	12	35,557	35,557

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group
undertakings

£

Cost or valuation

At 1 January 2020 & 31 December 2020

35,557

Carrying amount

At 31 December 2020

35,557

At 31 December 2019

35,557

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
GS Hydro Limited	1	Ordinary	100.00
First Hose Limited	2	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Unit A Camberwell Way, Doxford Park, Sunderland, SR3 3XN
- 2 Unit 21 Denmore Industrial Estate, Bridge Of Don, Aberdeen, AB23 8JW

13 Stocks

2020

£

2019

£

Raw materials and consumables

2,612,175

2,430,779

14 Debtors

2020

£

2019

£

Amounts falling due within one year:

Trade debtors

2,511,601

2,040,416

Amounts owed by group undertakings

6,350

43,989

Other debtors

13,530

37,110

2,531,481

2,121,515

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors	(Continued)	
	2020 £	2019 £
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	-	41,904
Total debtors	2,531,481	2,163,419

15 Creditors: amounts falling due within one year	2020 £	2019 £
Trade creditors	916,952	1,313,685
Amounts owed to group undertakings	1,343,568	1,701,631
Corporation tax	133,979	45,158
Other taxation and social security	409,493	284,421
Accruals and deferred income	1,258,916	919,210
	4,062,908	4,264,105

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	57,179	-	-	(13,096)
Tax losses	(55,000)	-	-	55,000
	2,179	-	-	41,904
Movements in the year:				2020 £
Asset at 1 January 2020				(41,904)
Charge to profit or loss				44,083
Liability at 31 December 2020				2,179

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

G S-HYDRO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	110,517	100,278

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4,520,000	4,520,000	4,520,000	4,520,000

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	413,420	410,420
Between two and five years	339,641	478,560
	753,061	888,980

20 Events after the reporting date

As noted in the accounting policies the company continues to face issues in respect of the COVID-19 pandemic. This is an ongoing situation and the company continues to adopt a strategy to manage the ever changing situation as effectively as possible.

The directors confirm that the above subsequent event does not affect the company's ability to trade as a going concern and this basis is appropriate for the preparation of the accounts.

21 Ultimate controlling party

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'Illano d'Enza RE Italy.

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