ACQUASPEN LIMITED

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

Registered Number: 06120431 (England and Wales)

ACQUASPEN LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS

ACQUASPEN LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors

H D W Middleton
A W Thompson

Company Secretary

N J Redman

Registered Office

Aspen Building, Apex Way, Hailsham, East Sussex, BN27 3WA

Independent Auditor

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers

Lloyds Bank plc, 10 Gresham Street, London, EC2V 7AE

Solicitors

Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL

Company number: 06120431

ACQUASPEN LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company during the period was as a holding company.

On the 23 February 2015 PG Topco Limited (the parent of the Pump Group Limited) was acquired by Managment and 3i Investment Plc through investment in the new corporate structure headed by Colorado Holdco Limited. 100% of the equity held in PG Topco Limited was acquired Colorado Bidco Limited, a newly formed subsidiary of Colorado Holdco Limited. As a consequence of this acquisition, all the banking facilities in existence at that time, entered into by Acquaspen Limited with Lloyds Bank PLC and the funding through loan notes were repaid in full.

New group bank facilities were entered into by Colorado Bidco Limited, with a banking syndicate comprising Lloyds Bank PLC, HSBC Bank PLC, Babson Capital Global Advisors Limited and GE Corporate Finance Bank SCA.

On 23 June 2015, a trading subsidiary company, Aspen Pumps Limited, acquired 60% of the share capital of ProPipe Supplies Pty Limited, with an option to acquire the remaining 40% after one year. On the 30 August 2016 Aspen Pumps Limited exercised its option and acquired the remaining 40% of ProPipe Supplies Pty Limited. ProPipe Supplies Pty Limited is the exclusive distributor of the Group's products in Australia. The acquisition of the remaining 40% was funded through cash.

On the 10th May 2016, through a newly set up subsidiary, Malessa & Schüller GmbH, the Group acquired the Business and Stock of Malessa & Schüller Gbr, a partnership whose principal activities were the distribution of the Groups products within Germany. The primary reason for this acquisition was to step closer to the customer and to enhance control of the distribution channel in one of the Group's largest markets. The acquisition was funded through cash.

On the 31st December 2016, the Group merged the trading entities of Big Foot Systems Limited and Aspen Pumps Limited. This enabled the business to reorganise its Sales and Operational structure to manage the trading business on a regional platform as opposed to product category. In addition, a new MRP system, SAP ByDesign was successfully implemented into the business, which will help facilitate the international expansion, enhance management information and increase the control environment.

On the 28th April 2017, the Group acquired 100% of the share capital in Salina SAS, whose principal activities were the distribution of the Group's products within France. The primary reason for this acquisition was to step closer to the customer and to enhance control of the distribution channel in one of the Group's largest markets. The acquisition was funded through cash.

On the 8th June 2017, Aspen Pumps Limited acquired 100% of the share capital in JAVAC (UK) Limited. JAVAC (UK) Limited is a leading manufacturer of specialist vacuum and refrigeration products, designing and building their own brand of recovery and vacuum products for the refrigeration industry. The acquisition was funded through cash.

The results of the Company for the year, as set out on pages 10 - 14, show a loss for the year of £3.4 m (2015: profit for the year of £1.1m).

The key performance indicators monitored by management are: Net Assets and Borrowings.

<u>Summary of key performance indicators</u>

	2016 Actual £'000	2015 Actual £'000
Net assets	29,577	32,992
Borrowings	30,668	24,202

ACQUASPEN LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are, to the extent relevant to its activities, consistent with those facing the Group as outlined below.

The process of risk assessment and risk management is addressed though a framework of policies, procedures and internal controls. The business of the Group is subject to certain risks. The key business risks relate to competition, ensuring that the Group continues at the forefront of product development, the health of the markets which it serves and counterparty credit risks.

Competitive risks

The Group is subject to competitive risks. The Group's strength in managing these risks is to diversify its sales into new geographical markets, to closely monitor major competitors within the markets that it trades in and to seek competitive advantage from continuous innovation and product development within the sector.

Political and legislative risks

The Group is subject to political and legislative risks. The Group's strength in managing these risks is demonstrated by its ability to successfully diversify sales into new markets. This diversification mitigates the risk to the Group of any change in legislation for any single market or political uncertainty.

Credit risk

Trade and other receivables are short-term and without undue concentration, they are subject to a strong credit control process in order to mitigate credit risk. The Group is exposed to counterparty credit risk of a major clearing bank in relation to the financial derivatives entered into. The Group does not hold significant cash deposits, but again these are held with the same clearing bank.

On behalf of the Board

Hamish Middleton

Director
Date 7/8/2017

ACQUASPEN LIMITED

REPORT OF THE DIRECTORS

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

RESULTS AND DIVIDENDS

The Company loss for the year after taxation and comprehensive loss amounted to £3.4m (2015: £1.1m). No dividend was declared or paid during the year (2015: £Nil).

A review of the business and principal risks and uncertainties is included in the Strategic Report on page 3 and 4.

DIRECTORS

The directors set out below held office throughout the year except where stated:

H D W Middleton
A W Thompson

FUTURE DEVELOPMENTS

The growth in the principal trading subsidiaries achieved during 2016 is expected to continue in the forthcoming year with all markets continuing to be developed along with additional product ranges. Continual improvements in the supply chain and strong operational cost control should also lead to development of the margin.

The Company itself does not actively trade.

POST BALANCE SHEET EVENTS

On the 28th April 2017, the Group acquired 100% of the share capital in Salina SAS, whose principal activities were the distribution of the Group's products within France. The primary reason for this acquisition was to step closer to the customer and to enhance control of the distribution channel in one of the Group's largest markets. The acquisition was funded through cash.

On the 8th June 2017, Aspen Pumps Limited acquired 100% of the share capital in JAVAC (UK) Limited. JAVAC (UK) Limited is a leading manufacturer of specialist vacuum and refrigeration products, designing and building their own brand of recovery and vacuum products for the refrigeration industry. The acquisition was funded through cash.

There were no post balance sheet events directly impacting the Company.

FINANCIAL RISK MANAGEMENT

Information relating to the Group's financial risk management is detailed in note 19 to the financial statements.

GOING CONCERN

Acquaspen Limited is an intermediate holding company. The Group's management expects the principal trading subsidiaries of Aspen Pumps Limited, Malessa & Schüller GmbH and ProPipe Supplies Pty Limited to continue to grow in 2017 and continue to generate positive cash flows sufficient to meet the day to day working capital requirements and the terms of the Group's bank borrowings. To manage the Group's liquidity risk, an intermediate parent company, Colorado Bidco Limited, has secured bank borrowings on a long term basis.

The Group's forecasts and projections, taking account of reasonably possible changes in the trading performance of its subsidiaries, show that the Group should be able to operate within the level of its current facilities. The Group's directors believe that the Group is well placed to manage its business risks successfully, as detailed above, despite the challenging market conditions and therefore have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus the directors of the Company continue to adopt the going concern basis of accounting in preparation of the financial statements of the Company.

ACQUASPEN LIMITED

REPORT OF THE DIRECTORS (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution is to be proposed at the Annual General Meeting for re-appointment of BDO LLP as auditor of the Company.

On behalf of the Board

Hamish Middleton

Director
Date 7/8/2017

ACQUASPEN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

On behalf of the Board

Hamish Middleton

Director
Date 7/8/2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACQUASPEN LIMITED

We have audited the financial statements of Acquaspen Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACQUASPEN LIMITED (continued)

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 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 by the Company, 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.

BDO LLP

David Eagle (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date: 10 August 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ACQUASPEN LIMITED

Statement of comprehensive income for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Administrative expenses		(21)	(71)
Loss from operations		(21)	(71)
Finance income	8	3,154	5,422
Finance expense	8	(6,548)	(4,140)
(Loss)/profit before tax		(3,415)	1,211
Income tax expense	9	-	(101)
(Loss)/profit for the year and total comprehensive income		(3,415)	1,110

The notes on pages 15 to 25 form part of the financial statements

ACQUASPEN LIMITED

Statement of financial position as at 31 December 2016
Company No: 06120431

	Note	31 December 2016 £'000	As restated 31 December 2015 £'000
Assets			
Current assets			
Trade and other receivables	10	39,896	42,434
Total current assets		39,896	42,434
Non-current assets			
Investments in subsidiaries	12	26,036	26,036
Total non current assets		26,036	26,036
Total assets		65,932	68,470
Liabilities			
Current liabilities			
Trade and other payables	13	5,687	11,214
Corporation tax		-	62
Borrowings	14	30,668	24,202
Total current liabilities		36,355	35,478
Total liabilities		36,355	35,478
Net assets		29,577	32,992

The notes on pages 15 to 25 form part of the financial statements

Statement of financial position as at 31 December 2016 (continued)
Company No: 06120431

	Note	31 December 2016 £'000	As restated 31 December 2015 £'000
Equity attributable to equity holders of the Company			
Share capital	4,16	812	689
Share premium	4,16	-	-
Capital contribution	4,16	-	123
Retained earnings	16	28,765	32,180
Total equity		29,577	32,992

The financial statements were approved by the Board of Directors and authorised for issue on

Hamish Middleton
Director
7/8/2017

The notes on pages 15 to 25 form part of the financial statements

Statement of changes in equity for the year ended 31 December 2016

	Note	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
Equity as at 1 January 2015 as previously stated		-	123	-	31,070	31,193
Prior year adjustment	4	-	(123)	123	-	-
Equity as at 1 January 2015 as restated		-	-	123	31,070	31,193
Profit and total comprehensive income		-	-	-	1,110	1,110
Contributions by owners:						
Shares issued in the year as previously stated		7	682	-	-	689
Prior year adjustment	4	682	(682)	-	-	-
Shares issued in the year as restated		689	-	-	-	689
Equity as at 31 December 2015 as previously stated		7	805	-	32,180	32,992
Equity as at 31 December 2015 as restated	4	689	-	123	32,180	32,992
Loss and total comprehensive income for the year		-	-	-	(3,415)	(3,415)
Contributions by owners:						
Shares issued in the year		123	-	(123)	-	-
Equity as at 31 December 2016		812	-	-	28,765	29,577

The notes on pages 15 to 25 form part of the financial statements

Statement of cash flows for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Operating activities			
(Loss)/Profit after tax		(3,415)	1,110
Adjustments for:			
Add back corporation tax		-	101
Net finance charge	8	3,394	(1,282)
		(21)	(71)
Decrease/(Increase) in trade and other receivables		169	(3,202)
(Decrease)/Increase in trade and other payables		(86)	1,148
Cash generated from/ (used in) operations		62	(2,125)
Income taxes paid		(62)	(376)
Net cash flows from operating activities		-	(2,501)
Investing activities			
Payments of contingent consideration		-	(218)
Additions to investment in subsidiary		-	(689)
Net cash used in investing activities		-	(907)
Financing activities			
Interest paid		(5,523)	(986)
Interest received		5,523	3,145
Loan repaid		-	(22,606)
Loans drawn down		-	23,166
Dividends paid		-	-
Shares issued		-	689
Net cash generated from financing activities		-	(3,408)
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The notes on pages 15 to 25 form part of the financial statements

1. General information

Acquaspen Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office can be found on the Directors, Officers and Advisors page. The nature of the Company's operations and its principal activities are detailed in the strategic report.

2. Accounting policies

Accounting convention
The financial information for the period ended 31 December 2016 has been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee Interpretations issued by the International Accounting Standards Board, as adopted by the European Union ("IFRSs").

Basis of preparation
The financial statements are for the year ended 31 December 2016. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2016. The financial statements are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in note 3.

Consolidation
The Company is exempt from preparing consolidated financial statements in accordance with the Companies Act 2006 Section 400 on the basis that it is a wholly owned subsidiary of Colorado Holdco Limited and its results have been included in the consolidated financial statements of Colorado Holdco Limited.

Going concern
Acquaspen Limited is an intermediate holding company. The Group's management expects the principal trading subsidiaries of Aspen Pumps Limited, Malessa & Schüller GmbH and ProPipe Supplies Pty Limited to continue to grow in 2017 and continue to generate positive cash flows sufficient to meet the day to day working capital requirements and the terms of the Group's bank borrowings. To manage the Group's liquidity risk, an intermediate parent company, Colorado Bidco Limited, has secured bank borrowings on a long term basis.

The Group's forecasts and projections, taking account of reasonably possible changes in the trading performance of its subsidiaries, show that the Group should be able to operate within the level of its current facilities. The Group's directors believe that the Group is well placed to manage its business risks successfully, as detailed above, despite the challenging market conditions and therefore have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus the directors of the Company continue to adopt the going concern basis of accounting in preparation of the financial statements of the Company.

Changes in accounting policies
None of the new standards, interpretations and amendments, which are effective for the first time for periods beginning on or after 1 January 2016 had a significant effect on the Group's financial statements.

The ASB have issued IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial instruments' both of which are effective for periods commencing from 1 January 2018, subject to EU endorsement. The potential impact on the Company's financial statements of adopting these standards is still under review.

Foreign currency translation
Functional and presentational currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency and presentational currency is Sterling.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign

Financial assets
The Company classifies its financial assets into the appropriate category, based upon the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity and only has assets in the following category at the period end:

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The Company's loans and receivables comprise trade and other receivables included within the statement of financial position.

The Company does not carry any cash in its statement of financial position and does not have a bank account.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The Company currently classifies all of its financial liabilities other than derivatives as other financial liabilities. These include the following:

- Bank loans and loans due to group entities which are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowings are expensed over the repayment period at a constant rate.
- Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Derivative instruments
The Company uses forward exchange contracts to mitigate exposure to foreign currency risks and interest rate caps and swaps to mitigate exposure to interest rate risk. Gains or losses from utilising these instruments are recognised in the statement of comprehensive income in the period in which they occur.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Fair value hierarchy
All financial instruments measured at fair value must be classified into one of the levels below:
- Level 1: Observable prices, in active markets
- Level 2: Fair Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

Share capital
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

Dividends
Final equity dividends to the shareholders of the Company are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period they are declared by the directors.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

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 on either:
- the same taxable group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Investments
Investments by the Company in subsidiary undertakings are carried at cost less any provision for impairment.

Impairment
Intangible assets are subject to impairment tests annually at the financial period end. The carrying values of non financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in profit or loss, except to the extent they reverse previous gains recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Notes to the financial statements (continued)

3. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Having given the matter consideration, the directors consider that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period.

4. Prior year adjustment

The prior year statement of financial position and statement of changes in equity include the following restatement in order to correct a classification error.

The share premium account has been reduced by £805k with corresponding increases of £682k in share capital and £123k in capital contribution.

The restatement is a reclassification only and has no effect on either the prior year results or the prior year total equity.

5. Capital management

The equity capital structure of the Company consists of the shareholders' equity as set out in the statement of changes in equity.

The Company's objectives when maintaining capital are:

- To safeguard its ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

All working capital requirements are financed from existing cash resources.

6. Loss from operations

The loss from operations is stated after charging:

	2016	2015
	£'000	£'000
Staff costs	-	91
Auditors' remuneration:		
- Fees for audit of company	-	-

Fees for the audit of the Company amounting to £6,500 (2015: £6,000) were borne by a fellow Group subsidiary.

Notes to the financial statements (continued)

7. Directors' remuneration and key management personnel costs

The key management personnel are considered to be the directors of the company.

The directors have service agreements with other Group companies and their costs are borne by those companies. The amounts attributable to the Company, calculated on the basis of work carried out by the directors for the Company, are as follows:

	2016	**2015**
	£'000	£'000
Salaries	-	7
Bonuses	-	71
Pension costs	-	2
Directors' remuneration	-	80
Social security costs	-	11
Key management personnel costs	-	91
The emoluments of the highest paid director were:	-	80

In addition contributions of £Nil (2015: £2,000) were made to the Group's defined contribution pension scheme on his behalf.

The Company incurred no staff costs in the year and accordingly no compensation was paid to key management personnel in the year. The directors have service agreements with other Group companies and their costs are borne by those companies in the year. No amounts were deemed attributable to the Company in the year, based on the work carried out by the directors for the Company.

There were two (2015: four) directors in the Group's defined contribution pension scheme during the period.

8. Finance income and expenses

	2016	**2015**
	£'000	£'000
Finance income		
Foreign exchange gains	-	1,520
Fair value gains on interest rate swaps	-	757
Fair value gains on foreign exchange contracts	-	72
Interest received on amounts due from Group entities	3,154	3,145
	3,154	5,422
Finance expense		
Bank loans and overdrafts	-	986
Fair value loss on foreign exchange contracts	-	278
Foreign exchange losses	4,922	-
Interest payable on amounts due to Group entities	1,626	1,918
Loan fee amortisation	-	958
	6,548	4,140

Notes to the financial statements (continued)

9. Income tax

	2016 £'000	2015 £'000
Current tax expense		
Current tax on UK profits for the period	-	-
Adjustment for under provision in prior periods	-	5
	-	5
Deferred tax expense		
Current year	-	97
Tax rate adjustment	-	(1)
	-	96
Total tax expense	-	101

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year as follows:

	2016 £'000	2015 £'000
Effective tax rate for the year	20%	20.25%
(Loss)/profit before tax	(3,415)	1,211
Expected tax charge based on effective tax rate	(683)	245
Adjustments in respect of prior years	-	5
Expenses not deductible	2	-
Tax rate changes	-	(1)
Effects of group reliefs	681	(148)
Total tax expense	-	101

10. Trade and other receivables

	2016 £'000	2015 £'000
Current		
Amounts owed by Group entities	39,887	42,425
Prepayments and accrued income	9	9
	39,896	42,434

Notes to the financial statements (continued)

11. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates appropriate for the period. The movement on the deferred tax account is as shown below:

	31 December 2016 £'000	31 December 2015 £'000
Deferred tax asset		
At the start of the year	-	96
Recognised in the statement of total comprehensive income	-	(96)
At the end of the year	-	-

The Company had no unrecognised deferred tax relating to tax losses.

12. Investments in subsidiaries

	31 December 2016 £'000	31 December 2015 £'000
At the start of the year	26,036	25,347
Additions	-	689
Carrying amount at the end of the year	26,036	26,036

The full listing subsidiaries of the Company are as follows:

Name	Country of incorporation or registration	2016 Ownership %	Nature of business	Registered office
Aspen Pumps Ltd *	UK	100%	Pump manufacturer	**
Aspen Oldco Ltd	UK	100%	Non trading	**
Propipe Supplies Pty Limited	Australia	100%***	Pump Distributor	Lonsdale SA 5160, Australia
Aspen Pumps Netherlands BV *	The Netherlands	100%	Holding company	Amsterdam, The Netherlands
Aspen Pumps India PVT Limited	India	100%	Pump Distributor	Delhi, India
Big Foot Systems Ltd	UK	100%	Freestanding systems to support plant equipment manufacturer	**
Malessa & Schüller GmbH	Germany	100%	Pump Distributor	Dusseldorf, Germany

* Intermediate parent company. Only Aspen Pumps Limited and Big Foot Systems Limited are held directly.

** The registered office of the UK subsidiaries is the same as that of the parent.

*** The Company had a call option to acquire the remaining 40% of the capital of the entity. The directors had previously considered that the option will most likely be exercised and as such the investment cost reflected this. The call option has been exercised and settled during the year.

13. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Current		
Accruals and deferred income	7	-
Amounts owed to group entities	5,680	11,214
	5,687	11,214

Amounts owed to holding entities are unsecured and have no fixed terms of repayment. No interest is charged.

The directors consider that the carrying values of trade and other payables classified as financial liabilities measured at amortised cost approximate to their fair value.

14. Loans and borrowings

	31 December 2016 £'000	31 December 2015 £'000
Current		
Loan amounts owed to group entities	30,668	24,202

The directors consider that the carrying values of the Group's borrowings approximate to their fair value.

Loans due to Group entities comprised a £22.2 million loan bearing interest at 10% and has no fixed terms of repayment.

Loans and borrowings held in currencies other than sterling are as follows (sterling equivalent):

	31 December 2016 £'000	31 December 2015 £'000
Euro	30,668	24,202

15. Financial assets and liabilities

The classification of the Group's financial assets and liabilities as follows:

	31 December 2016 £'000	31 December 2015 £'000
Financial assets - current		
Classified as loans and receivables measured at amortised cost		
Amounts owed by Group entities	39,887	42,425
Total financial assets	39,887	42,425
Financial liabilities - current		
Classified as financial liabilities measured at amortised cost		
Accruals	7	-
Loans to Group entities	30,668	24,204
Amounts owed to Group entities	5,680	11,214
Total financial liabilities	36,355	35,418

Notes to the financial statements (continued)

16. Share capital and reserves

	Note	2016 Nominal value £'000	2016 Number '000
Share classified as equity			
Allotted, called up and fully paid			
At 1 January 2015 as previously stated		7	7
Prior year adjustment	4	682	682
At 1 January 2015 as restated		689	689
Share issue		123	123
At 31 December 2016		812	812

On 30 November 2016, the Company issued 123k ordinary £1 shares at par by way of a transfer from the capital contribution reserve.

The following describes the nature and purpose of each reserve in equity:

Share premium

Share premium is the amount subscribed for share capital in excess of the nominal value.

Retained earnings

This reserve encaptures all other net gains and losses and transactions with owners, such as dividends which are not recognised elsewhere.

17. Related party transactions

The following transactions took place with related parties during the year and comprise the provision of banking facilities and working capital finance:

	2016	2015
	£'000	£'000
Owed (to)/by Group companies		
Current		
Aspen Pumps	(2,369)	3,053
Aspen Pumps	5,462	1,158
Colorado Bidco loans	(6,466)	(24,202)
Colorado Bidco	(169)	169
Colorado Bidco	73	(80)
PG Bidco	-	27
PG Topco	-	41
	(3,469)	(19,834)

Amounts paid to directors can be found in note 7.

The following balances existed at period ends with related parties (payable)/receivable

	2016	2015
	£'000	£'000
Owed (to)/by Group companies		
Current		
Aspen Pumps	39,887	42,256
Aspen Pumps	(5,621)	(11,083)
Colorado Bidco loan	(30,668)	(24,202)
Colorado Bidco	-	169
Colorado Bidco	(7)	(80)
Aspen Oldco	(51)	(51)
	3,540	7,009

Amounts paid to directors can be found in note 6.

18. Control

The immediate parent undertaking is The Pump Group Limited. The directors consider the ultimate parent undertaking and controlling party at 31 December 2016 to be 3i Investments Plc by virtue of its indirect controlling interest in the Company.

19. Financial instruments

The Company's activities are limited to certain intercompany transactions. The exposure to financial risks: market risk (interest rate risk), credit risk and liquidity risk is therefore considered to be negligible.

The Company's principal financial instruments are amounts due to group entities.

This note provides further detail on the Company's financial risk management activities and includes quantitative information on any specific risks the Company is exposed to. The Group's overall risk management programme focuses on the unpredictability of financial markets. The directors of the Company seek to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Board and their policies are outlined below.

a) Market risk

Interest rate risk
The Company does not hold any external borrowings.

The directors regard the Company's interest rate risk on intra-group lending transactions as negligible.

b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has no debtors other than amounts due from group entities. The Company does not trade with external parties and the directors consider the credit risk as negligible.

c) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company does not currently have a bank account and therefore relies on group companies to assist in managing the Company's and the Group's liquidity risk. The Group aims to maintain flexibility in funding by keeping committed credit lines available.