

Mitsubishi Hitachi Power Systems Europe Ltd

Report and Financial Statements

for the fifteen-month period ended 31 March 2015

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COMPANIES HOUSE

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Directors

H Nakagawa
S Hoshi
K Sato
K Hasegawa

Secretary

T Kitani
M Muraoka

Auditor

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Strategic Report

Results

The profit for the period before taxation amounted to £7m (year ended 31 December 2013 – loss of £24m).

Principal activity and review of the business

The principal activity of the company and the group is the provision of sales, after-sales service of Hot Gas Path Parts (HGPP), full range field service and Long Term Service Agreement to conventional and gas power plants in Europe, the Middle East and Africa (EMEA) to ensure optimum reliability and operation of their plants.

The group continued to operate offices in the United Kingdom, Italy, Ireland, Austria, Turkey, Netherlands, Spain, Belgium, Egypt and Romania.

The group's income increased by £31m (22%) to £169m in the 15 months financial activity mainly due to an extended financial year end and successful contracts extension in the United Kingdom and Middle East.

Cost reduction programmes and improvement in work performance coupled with the reorganisation of Maintenance Partner N.V business carried out since last year has contributed to an improvement in the Group's gross profit ratio to 22% in 2014 from 16% in 2013. Group profit before tax of £7m was up from losses accounted in the previous year.

The engineering, procurement, project management and construction arm of the group lead by MH Power Systems Engineering Vienna GmbH in Austria contributed 26% (16% last year) to the group's total revenue.

Principal risks and uncertainties

The group has identified the principal risks that it faces as:

Credit risk

The group's principal financial assets are cash and cash equivalents and trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables. In order to manage credit risk the group performs an individual risk assessment based upon independent credit references, financial position, past experiences and other factors to incorporate the latest developments and qualitative information.

For maintaining the relationships with customers, the group also strives to work in partnership with key distributors to deliver the products required whilst through the use of bank guarantees, trade insurance and payments in advance attempting to minimise the risk of being unable to recover a debt.

Liquidity risk

The group's business activities, together with factors likely to affect its future development, performance and position are disclosed in this director's report. The financial position of the group and its cash flows are presented in the balance sheet and statement of cash flows.

The group's management oversee the operations of its subsidiaries and their funding requirements. With the exception of one of a subsidiary who used some bank loans, overdraft and finance leases, the group's funding is from available cash resources. The borrowings and the nature thereof are disclosed in notes 23.

Excess cash is maintained in the current account or short-term deposits which carry little financial risk.

Strategic Report (continued)

Principal risks and uncertainties (continued)

The group has considerable financial resources together with long-term contracts with a number of customers. Therefore management do not consider that there is any particular liquidity risk facing the group.

Foreign currency risk

In addition to Sterling which is the main functional currency of the entities within the group, the group buys and sells significantly in two other currencies (Euro and JPY). The group minimises the foreign currency risk in three ways:

- Through the operation of overseas branches/divisions who transact in their local foreign currency or any hard currencies and maintain bank financial statements in these foreign currencies, reducing exposure to exchange rate fluctuations.
- By ensuring its major supplier (MHPS) invoices for goods or services supplied in the currency to be invoiced to the customer, where this is not the local currency of the country in which the branch or division is located, and the group maintains individual bank financial statements relating to each currency thereby reducing its exposure to exchange rate fluctuations.
- The UK treasury operations of MHPSE generate and hold sufficient sterling balances to meet operational activities and minimise foreign currency risks by managing cash flow forecasts of foreign operations and converting local currencies into sterling.

IFRS 7 defines currency risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The table below shows the group's sensitivity to non-Sterling exchange rates on its non-Sterling financial instruments (mainly Cash and cash equivalents, and Trade other payables/receivables, and related party balances).

A 10% strengthening of Sterling against the following currencies would impact post tax profit (2013 – loss) by the amounts shown below. This analysis assumes that all other variables remain constant. In this table financial instruments are only considered sensitive for exchange rates where they are not in the functional currency of the entity that holds them.

	<i>Increase / (decrease) in post tax profit</i>	
	<i>15 months ended</i>	<i>Year ended</i>
	<i>31 March 2015</i>	<i>31 December 2013</i>
	<i>£000</i>	<i>£000</i>
Euro	(320)	(359)
US Dollar	(212)	(9)
Japanese yen	(188)	(226)

A 10% weakening of Sterling against these currencies would have had the equal and opposite effect to that shown above on the basis other variable remain constant.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to interest rate charged on the borrowing from group cash pool as well as lending to the cash pool.

Operational management

The group maintain core operational activities. The group has established rules for internal audit and regular risk assessments are carried out by carrying out internal audit, instilling an awareness of accountability and risk management. The objective is to ensure sufficient working capital within the group and monitor the management of credit and operational risks at a business unit level on an ongoing basis

Legislative risks

The group is subject to continuous changes in the UK and European standards and any new directive that may have an impact on the ability of the group to distribute and supply products at a profit.

Capital risk management

The group considers the equity (share capital and reserves, note 29) to be the capital of the business. At 31 March 2015 this was £27,913,000 (31 December 2013 – £26,439,000) and the movement is mainly due to success in group strategy to reorganise and consolidate its business performance in designated regions.

By order of the Board



Secretary
T Kitani

Date: 3 August 2015

Directors' Report

The company changed its accounting year end to be coterminous with the ultimate parent company's financial year ending 31 March and the results in this report and the group financial statements are for the 15 months ended 31 March 2015.

Dividends

The directors do not recommend a dividend payment. (31 December 2013 – £3.6m).

Future developments

The group's strategy is to focus on improving its competitive and outstanding gas maintenance services, penetrating in new territories such as CIS and to exploit opportunities in the provision of non OEM gas turbine maintenance services. The group engineering skills and know-how will assist in the build-up of an Engineering, Procurement and Construction (EPC) in EMEA.

The group is improving its competitive advantage by exploiting the synergy realised from the merger of thermal power business between Mitsubishi Heavy Industries Ltd and Hitachi, Ltd in 2014 and forge a new team and product service with increased capability and performance.

Going concern

The company and group's business activities and the factors likely to affect its future development, performance and position together with the principal risks it faces are set out in the Business Review on page 2, 3 and 4.

The company and group have considerable financial resources together with long-term contracts and maintain good relationships with a number of customers across different geographic areas. In addition to this, the company and group have an established supply chain since the major supplier of the company and group is MHI, the ultimate parent undertaking.

The company directors and the management team regularly review the group management financial statements along with forecasts and, as a consequence, believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The company directors and the management team have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the company during the period and subsequently were as follows:

H Nakagawa (appointed 07 April 2015)

S Hoshi

K Sato

K Hasegawa

Y Hanasawa (resigned 07 April 2015)

Policy and practice on payment of creditors

It is the company's policy that payments to its suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 March 2015, the company had an average of 140 days (31 December 2013 – 166 days) purchases outstanding in trade and related party creditors.

Directors' Report

Disclosure of information to the 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, 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.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the Board



Secretary
T Kitani

Date: 3 August 2015

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the group and company for that period. In preparing those financial statements the directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's and company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Mitsubishi Hitachi Power Systems Europe Ltd

We have audited the financial statements of Mitsubishi Hitachi Power Systems Europe Ltd for the fifteen-month period ended 31 March 2015 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group Statement of Changes in Equity, the Group and Company Statement of Cash Flows and the related notes 1 to 30. 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 and, as regards the parent undertaking financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent undertakings' circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31st March 2015 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report (continued)

to the members of Mitsubishi Hitachi Power Systems Europe Ltd

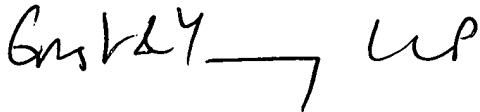
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 parent company 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.



James Hilditch (Senior statutory auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
Date: 3 August 2015

Group income statement

for the 15 months ended 31 March 2015

		<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
	<i>Notes</i>		
Revenue	5	168,932	137,680
Cost of sales		(130,902)	(115,798)
Gross profit		38,030	21,882
Administrative expenses		(32,022)	(46,080)
Group trading income/(loss)		6,008	(24,198)
Other operating income	6	1,662	360
Group operating profit/(loss) from continuing operations	7	7,670	(23,838)
Finance revenue	10	47	84
Finance costs	11	(474)	(445)
Group profit/(loss) from continuing operations before taxation		7,243	(24,199)
Taxation (charge)/credit	12	(2,411)	501
Profit/(loss) for the year from continuing operations		4,832	(23,698)

All amounts relate to continuing activities.

Group statement of comprehensive income

for the 15 months ended 31 March 2015

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
<i>Profit/(loss) for the year</i>	4,832	(23,698)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>		
Re-measurement (losses)/gain on defined benefit plans	(349)	184
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Exchange difference on retranslation of foreign operations	(3,009)	637
<i>Total comprehensive profit/(loss) for the year</i>	<u>1,474</u>	<u>(22,877)</u>

Group statement of financial position

at 31 March 2015

		31 March 2015	31 December 2013
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	13	12,599	18,085
Intangible assets	14	1,994	2,294
Financial assets	15	566	691
Available for sale investments	16	18	21
Deferred tax asset	12(c)	2,739	3,153
		<u>17,916</u>	<u>24,244</u>
Current assets			
Trade and other receivables	18	62,248	83,796
Inventories	19	4,657	14,856
Cash and cash equivalents	20	12,141	16,699
		<u>79,046</u>	<u>115,351</u>
Total assets		96,962	139,595
Current liabilities			
Trade and other payables	22	(45,829)	(80,613)
Loans and borrowings	23	(566)	(712)
Deferred revenue	24	(11,161)	(13,232)
Derivative financial instruments		–	(13)
Provisions	26	(586)	(1,261)
		<u>(58,142)</u>	<u>(95,831)</u>
Non-current liabilities			
Loans and borrowings	23	(4,122)	(5,526)
Deferred revenue	24	(5,105)	(10,012)
Employee benefit liability	27	(1,010)	(681)
Other liabilities		(131)	(212)
Deferred tax liability	12(c)	(347)	(139)
Provisions	26	(192)	(755)
		<u>(10,907)</u>	<u>(17,325)</u>
Total liabilities		(69,049)	(113,156)
Net Assets		27,913	26,439
Capital and reserves			
Equity share capital	28	20,773	20,773
Currency translation	29	(5,387)	(2,378)
Retained earnings	29	12,527	8,044
Total equity	29	27,913	26,439

Director
H Nakagawa

Date: 3 August 2015

Company statement of financial position

at 31 March 2015

		31 March 2015 £000	31 December 2013 £000
	Notes		
Non-current assets			
Property, plant and equipment	13	5,014	7,721
Intangible assets	14	371	458
Financial assets	15	564	687
Investments in subsidiaries	17	44,322	42,668
Deferred tax asset	12(c)	1,274	1,527
		<u>51,545</u>	<u>53,061</u>
Current assets			
Trade and other receivables	18	36,885	51,062
Inventories	19	3,562	8,318
Cash and cash equivalents	20	4,953	11,013
		<u>45,400</u>	<u>70,393</u>
Total assets		96,945	123,454
Current liabilities			
Trade and other payables	22	(14,530)	(36,911)
Loans and borrowings	23	–	(1)
Deferred revenue	24	(8,699)	(8,967)
Derivative financial instruments		–	(12)
		<u>(23,229)</u>	<u>(45,891)</u>
Non-current liabilities			
Financial liabilities		(132)	(209)
Deferred revenue	24	(5,105)	(10,088)
Provisions		–	(97)
Employee benefit		–	(7)
Deferred tax liability	12(c)	(2)	(4)
		<u>(5,239)</u>	<u>(10,405)</u>
Total liabilities		(28,468)	(56,296)
Net Assets		68,477	67,158
Capital and reserves			
Equity share capital	28	20,773	20,773
Foreign currency translation reserves	29	(2,158)	264
Retained earnings	29	49,862	46,121
Total equity		68,477	67,158

中川 浩一

Director

H Nakagawa

Date: 3 August 2015

Group statement of changes in equity

for the 15 months ended 31 March 2015

Attributable to the equity holders of the parent

<i>Group</i>	<i>Equity share capital £000</i>	<i>Currency translation £000</i>	<i>Retained earnings £000</i>	<i>Group shareholders' equity £000</i>
At 1 January 2013	67,749	(2,996)	3,422	68,175
Loss for the year	–	–	(23,698)	(23,698)
Other comprehensive income	–	637	184	821
Share capital issued in the year	1,495	–	–	1,495
Capital reduction	(48,471)	–	48,471	–
Disposal of businesses	–	(19)	(16,735)	(16,754)
Payment of dividends	–	–	(3,600)	(3,600)
At 1 January 2014	20,773	(2,378)	8,044	26,439
Profit for the period	–	–	4,832	4,832
Other comprehensive income	–	(3,009)	(349)	(3,358)
At 31 March 2015	20,773	(5,387)	12,527	27,913

Non-controlling interests

	<i>Total £</i>
At 1 January 2013	(59)
On disposal	59
At 31 December 2013	–
At 31 December 2014	–

Group statement of cash flows

for the 15 months ended 31 March 2015

		15 months ended 31 March 2015 £000	Year ended 31 December 2013 £000
	Notes		
Cash flows from operating activities			
Cash receipts from customers		180,804	127,096
Cash paid to suppliers and employees		(181,256)	(132,095)
Cash flow from operations		(452)	(4,999)
Other income	6	1,070	247
Income taxes paid		(1,263)	(1,847)
Net cash flow from operating activities		(645)	(6,599)
Cash flows from investing activities			
Transfer of subsidiary - cash transferred		-	(7,365)
Purchase of property, plant and equipment	13	(825)	(8,356)
Purchase of intangible assets	14	(387)	(827)
Proceeds from sale of equipment		520	10,029
Interest received		46	84
Net cash flow from investing activities		(646)	(6,435)
Cash flows from financing activities			
Cash pooling with group companies		(793)	28,869
Repayments of short-term borrowings		(464)	(15,743)
Interest paid		(475)	(455)
Dividends paid		-	(3,600)
Finance lease payments		(702)	(441)
Net cash flow from financing activities		(2,434)	8,630
Net decrease in cash and cash equivalents		(3,725)	(4,404)
Cash and cash equivalents at 1 January		16,699	22,025
Cash and cash equivalents at 31 March/31 December	21	12,141	16,699
		(4,558)	(5,326)
Less: net foreign exchange loss		833	922
		(3,725)	(4,404)

Company statement of cash flows

for the 15 months ended 31 March 2015

		<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
	<i>Notes</i>		
Cash flows from operating activities			
Cash receipts from customers		91,485	76,390
Cash paid to suppliers and employees		(91,816)	(72,280)
Cash flow from operations		(331)	4,111
Income taxes paid		(856)	(2,214)
Net cash flow from operating activities		(1,187)	1,896
Cash flows from investing activities			
Purchase of fixed assets	13	(246)	(7,742)
Reduction in cash when transferring subsidiary		–	(5,049)
Purchase of intangible assets	14	(82)	(471)
Proceeds from sale of equipment		(5)	222
Interest received		26	61
Investment in subsidiaries		(1,654)	–
Net cash used in investing activities		(1,961)	(12,979)
Cash flows from financing activities			
Cash pooling with Group companies		(2,324)	11,352
Interest paid		(5)	(8)
Dividends paid		–	(3,600)
Net cash flow from financing activities		(2,329)	7,744
Net decrease in cash and cash equivalents		<u>(5,477)</u>	<u>(3,338)</u>
Cash and cash equivalents at 1 January		11,013	14,608
Cash and cash equivalents at 31 March/31 December	21	<u>4,953</u>	<u>11,013</u>
		(6,060)	(3,595)
Less: net foreign exchange loss		583	257
		<u>(5,477)</u>	<u>(3,338)</u>

Notes to the financial statements

at 31 March 2015

1. General information

The financial statements of Mitsubishi Hitachi Power Systems Europe Ltd (MHPSE) and its subsidiaries (the 'Group') for the 15 months ended 31 March 2015 were authorised for issue by the board of directors on 31 July 2015 and the balance sheet was signed on the board's behalf by H Nakagawa. Mitsubishi Hitachi Power Systems Europe Ltd (MHPSE) reports to Mitsubishi Hitachi Power Systems Japan which is itself a subsidiary undertaking of Mitsubishi Heavy Industries Limited (the ultimate parent undertaking and controlling party) which is incorporated in Japan. Mitsubishi Hitachi Power Systems Europe Ltd is a private company incorporated and domiciled in England and Wales. The address of the company's registered office is 20 North Audley Street, London W1K 6WE. The principal activity of the company and the group is sales and the provision of after-sales service of power generating equipment and systems to customers in Europe, the Middle East and Africa (EMEA).

2. Basis of preparation

Statement of compliance

The group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the group for the 15 months ended 31 March 2015.

Basis of consolidation

The group financial statements comprise the financial statements of Mitsubishi Hitachi Power Systems Europe Ltd and its subsidiaries as at 31 March 2015.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent undertaking, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the group and is presented separately within equity in the group balance sheet, separately from parent shareholders' equity.

3. Significant accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

Key sources of estimation uncertainty

Impairment of goodwill and other intangible assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4 below. The recoverable amounts of cash-generating units have been determined based on income approach calculations for the CGU of Maintenance Partner N.V, MH Power Systems Belgium NV and MH Power Systems Romania S.R.L

Notes to the financial statements

at 31 March 2015

3. Significant accounting estimates and assumptions (continued)

Impairment of goodwill and other intangible assets (continued)

The income approach indicates the market value of the business based on the present value of the cash flows that the business can be expected to generate in the future and such cash flows are based on a discounted cash flow model that reflects the time value of money and the risks associated with the cash flows. The cash flows are derived from the management business plan for the next five years and cash flows beyond the five years are extrapolated using an estimated growth and inflation rates. The discount rate used is post-tax and is calculated on an average tax rate of the countries where the sales are realised i.e., reflecting specific risks relating to the CGU. A prudent perpetual long-term average growth of 3% was used to represent the growth rate of products, industries and growth in which the group operates.

Warranty provision

The group recognises provision for maintenance warranties claims based on past experience of the level of repairs and returns for the period of the contractual warranty which is normally not longer than 15 months. Assumptions used to calculate the provision for warranties were based on current sales levels current information available about returns based on the warranty years for all products sold.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective group company's domicile.

4. Accounting policies

The accounting policies which follow set out the significant policies which apply in preparing the financial statements for the 15 months ended 31 March 2015. No income statement is presented for Mitsubishi Hitachi Power Systems Europe Ltd as permitted by section 408 of the Companies Act 2006. The accounting policies adopted are consistent with those of the previous financial year.

New and amended standards and interpretations

A number of new and amended IFRS and IFRIC interpretations are mandatory and applicable to the group as of 1 January 2014 and have been adopted in the period. The directors consider none of them has a material impact on the Groups' financial statements.

New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements and which might have an effect on the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 15 Revenue from Contracts with Customers (required for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions; and
- IFRS 9 Financial Instruments (required for annual periods beginning on or after 1 January 2018).

The directors do not anticipate that the adoption of these or other standards and interpretations that are issued, but not yet effective, will have a material impact on the Group's financial statements in the period of initial application.

Notes to the financial statements

at 31 March 2015

4. Accounting policies (continued)

Statement of cash flows

Group prepares statement of cash flows under IAS 7 applying direct method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over its useful life, as follows:

Freehold land	–	nil
Leasehold land and buildings	–	remaining lease term
Computer equipment	–	3 to 5 years
Fixtures and fittings	–	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Investments in subsidiaries

Investments in subsidiaries held by Mitsubishi Power Systems Europe Limited are accounted for at cost in the separate financial statements of the company. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Other intangibles

Separately identifiable intangible assets acquired are capitalised at cost and those acquired from a business acquisition are capitalised at fair value as at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial

Notes to the financial statements

at 31 March 2015

4. Accounting policies (continued)

Intangible assets (continued)

year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates.

(b) Other intangibles

The amortisation period for the principal categories of intangible assets is calculated as follows:

Software	–	3-5 years
Licences	–	10-20 years

Intangible assets are tested for impairment when a trigger event occurs. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured excluding discounts, rebates, and other sales taxes such as VAT.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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 delivery of the goods.

Rendering of services

Revenue from the provision of long-term contracts is recognised by reference to the stage of completion. Stage of completion is measured by reference to total actual costs incurred to date as a percentage of total estimated costs for each contract on the basis that the contract outcome can be measured reliably based on the group's past experience in similar contracts.

Royalties

Royalties income are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Foreign currency translation

Items included in the financial statements of each group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial information, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the group financial statements.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements

at 31 March 2015

4. Accounting policies (continued)

Foreign currency translation (continued)

Net investment in a foreign operation shall be recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the group financial statements, such exchange differences shall be recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the group financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venture is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Current income tax

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The group recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the year of the lease.

Financial assets and financial liabilities

Initial recognition

Financial assets and liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument. The group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, available-for-sale financial assets and derivative financial instruments.

Trade receivables

Trade receivables are carried at original invoice amount, including value added tax, less an estimate made for doubtful receivables based on a review of any outstanding amounts at the year end and on historical performance. Bad debts are written off in the year in which they are identified.

Notes to the financial statements

at 31 March 2015

4. Accounting policies (continued)

Available-for-sale financial investments

Available-for-sale financial investments are recorded at fair value.

Financial liabilities and equity

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 group after deducting all of its liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that do not meet the hedge accounting criteria as defined by IAS 39.

Government grants and contributions

Government grants and contributions in respect of property, plant and equipment are deferred and credited to the income statement by instalments over the expected economic lives of the related assets. Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants and contributions received in respect of an item of expense during the year are recognised to the income statement on a systematic basis in line with the cost that it is intended to compensate.

Employee Benefits

(a) Pension Plans

- *Defined contribution scheme*

The group operates defined contribution schemes for those members of staff who are not members of its defined benefit scheme. Two are pension plans under which the group pays a fixed contribution into a separate entity which operates the schemes. The other provides the employees with a lump sum on retirement, with which they then invest in an annuity. Other than this contribution the group has no further legal or constructive obligation to make further contributions to the scheme.

Obligations for contributions to the scheme are recognised as an expense in the income statement in the year in which they arise.

- *Defined benefit scheme*

The group operates defined benefit schemes in Belgium. Defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation.

The schemes are funded by payments, determined by periodic actuarial calculations agreed between the company and the trustees to trustee administered funds liability or asset is recognised in the balance sheet in respect of the group's net obligations to the schemes calculated separately for each scheme. The liability represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and past service costs. The plan assets are assets that are mainly held by qualifying Bonds, Real Estate funds and Equities funds. Plan assets are not available to the creditors of the group, nor can they be paid directly to the group.

Notes to the financial statements

at 31 March 2015

4. Accounting policies (continued)

Employee Benefits (continued)

(b) Pension Plans

• Defined benefit scheme (continued)

The defined benefit obligation represents the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share-based payment transactions – Cash-settled

The cost of cash-settled transactions is measured initially at fair value at the grant date based on the equity value of the business. The expense and the liability will be deemed tranche vest over the fixed year in which the services are provided by the employees.

5. Revenue

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
UK	38,825	14,375
Europe	50,992	66,553
Middle East	21,672	17,631
Rest of the world	57,443	39,121
	<u>168,932</u>	<u>137,680</u>

Notes to the financial statements

at 31 March 2015

6. Other operating Income/(charges)

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Gain/(loss) on disposal of property, plant and equipment	480	(130)
Government grants (note 21)	113	244
Other income	1,069	246
Total other income	<u>1,662</u>	<u>360</u>

7. Group operating profit/(loss)

This is stated after charging:

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Auditors' remuneration (note 8)	<u>237</u>	<u>291</u>
Depreciation of property, plant and equipment (note 13)	4,538	3,456
Amortisation and impairment of intangible assets (note 14)	<u>601</u>	<u>13,033</u>
Total depreciation and amortisation expense	<u>5,139</u>	<u>16,489</u>
Operating lease payments	2,017	2,023
(Decrease)/increase in provision of trade receivables (note 18)	(400)	273
Net foreign currency (gain)/loss	<u>(461)</u>	<u>2,223</u>

Notes to the financial statements

at 31 March 2015

8. Auditors' remuneration

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Audit of the group financial statements	104	101
Other fees to auditors – auditing the financial statements of subsidiaries	116	117
– other services relating to taxation	3	50
– other advisory services	14	23
	<u>237</u>	<u>291</u>

9. Staff costs

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Wages and salaries	21,204	23,168
Social security costs	4,244	4,679
Pension costs	402	670
	<u>25,850</u>	<u>28,517</u>

Included in other pension costs are £203,000 (year ended 31 December 2013 – £521,000) in respect of defined contribution scheme and £199,000 (year ended 31 December 2013 – £149,000) in respect of defined benefit scheme and the average weekly number of employees during the year was as follows:

	<i>No.</i>	<i>No.</i>
Administrative, sales and operating staff	<u>428</u>	<u>618</u>

10. Finance revenue

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Interest from short-term bank deposits	10	44
Other interest income	37	40
Total finance revenue	<u>47</u>	<u>84</u>

Notes to the financial statements

at 31 March 2015

11. Finance costs

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Interest on debts and borrowings loan	112	160
Finance costs payables under finance leases and hire purchase contracts	325	220
Other interest expense	37	65
	<u>474</u>	<u>445</u>

12. Tax

(a) Tax on profit on ordinary activities
Tax charge/(credit) in the income statement

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Current income tax		
UK corporation tax – continuing operations	389	–
Adjustments in respect of prior years	–	(53)
	<u>389</u>	<u>(53)</u>
Foreign tax:		
Current year	1,469	1,084
Adjustments in respect of prior years	68	129
	<u>1,537</u>	<u>1,213</u>
Total current income tax	<u>1,926</u>	<u>1,160</u>

Notes to the financial statements

at 31 March 2015

12. Tax (continued)

(a) Tax on profit on ordinary activities (continued)

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Deferred tax:		
Origination and reversal of temporary differences	341	(1,519)
Effect of changes in tax rates on opening liability	–	(229)
Adjustments in respect of prior years	144	87
Total deferred tax	485	(1,661)
Tax charge/(credit) in the income statement	2,411	(501)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 21.4% (year ended 31 December 2013 – 23.25%). The differences are reconciled below:

	<i>15 months ended 31 March 2015 £000</i>	<i>Year ended 31 December 2013 £000</i>
Profit/(loss) from continuing activities before taxation	7,243	(24,199)
Accounting loss multiplied by standard rate of corporation tax in the UK of 21.4% (year ended 31 December 2013 – 23.25%)	1,550	(5,626)
Effects of:		
Expenses not deductible for tax purposes	313	3,589
Transfers to unrecognised tax asset	365	2,546
Current year movement rate movement	3	59
Impact of differences in overseas tax rates	(32)	(1,003)
Adjustments in respect of prior years – current tax	68	75
Adjustments in respect of prior years – deferred tax	144	87
Impact of change in tax rate on deferred tax	–	(228)
Total tax charge/(credit) reported in the income statement	2,411	(501)

Notes to the financial statements

at 31 March 2015

12. Tax (continued)

(c) Deferred tax

The deferred tax included in the group and company statement of financial position relates to the following:

	<i>Group</i>		<i>Company</i>	
	<i>15 months ended</i>	<i>Year ended</i>	<i>15 months ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred tax liabilities				
Accelerated depreciation	21	–	2	–
Foreign exchange	133	–	–	–
Pensions	–	–	–	2
Deferred income & expense	–	–	–	2
Deferred leasing liabilities	188	125	–	–
Reclassification of government grant	–	12	–	–
Other timing difference	5	2	–	–
	<u>347</u>	<u>139</u>	<u>2</u>	<u>4</u>
Deferred tax asset				
Tax losses	5,271	3,932	–	209
Less not recognised	(4,198)	(2,495)	–	–
	<u>1,073</u>	<u>1,437</u>	<u>–</u>	<u>209</u>
Decelerated capital allowances	185	88	187	88
Spanish risk and expenses provisions	1,087	1,230	1,087	1,230
Other timing differences	26	19	–	–
Pensions	355	379	–	–
Grants	13	–	–	–
	<u>2,739</u>	<u>3,153</u>	<u>1,274</u>	<u>1,527</u>
Disclosed on the balance sheet				
Deferred tax asset	2,739	3,153	1,274	1,527
Deferred tax liability	(347)	(139)	(2)	(4)
	<u>2,392</u>	<u>3,014</u>	<u>1,272</u>	<u>1,523</u>

Notes to the financial statements

at 31 March 2015

12. Tax (continued)

(c) Deferred tax (continued)

Reconciliation of deferred tax asset

	<i>Group</i>		<i>Company</i>	
	<i>15 months ended</i>	<i>Year ended</i>	<i>15 months ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Opening balance as of 1 January	3,014	(562)	1,523	1,221
On disposal of subsidiary	–	1,855	–	–
Other comprehensive income	113	–	–	–
Foreign exchange movement	(250)	60	–	26
To income statement	(485)	1,661	(251)	276
	<u>2,392</u>	<u>3,014</u>	<u>1,272</u>	<u>1,523</u>

The deferred tax included in the group and company income statement relates to the following:

	<i>Group</i>		<i>Company</i>	
	<i>15 months ended</i>	<i>Year ended</i>	<i>15 months ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred tax in the income statement:				
Effect of change in tax rate on opening liability	–	(228)	–	(3)
Origination and reversal of temporary differences	341	–	100	–
Prior year adjustment	144	87	151	102
Other timing differences	–	(1,519)	–	(375)
	<u>485</u>	<u>(1,661)</u>	<u>251</u>	<u>(276)</u>

(d) Factors that may affect future tax charges

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015. As these reductions were enacted at the balance sheet date, the deferred tax balances arising in the UK have been recognised at the 20% tax rate.

Further reductions were proposed in the July 2015 Budget taking the rate to 19% from April 2017 and 18% from April 2020. The effect on the company of these proposed reductions in the UK corporation tax rate will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted. The effect of the UK deferred tax balances unwinding at the lower rates is not considered to be material.

Notes to the financial statements

at 31 March 2015

13. Property, plant and equipment

<i>Group</i>	<i>Land and buildings £000</i>	<i>Plant and equipment £000</i>	<i>Construction in progress £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2013	9,429	10,730	16,987	37,146
Foreign currency adjustment	589	201	63	853
Additions	2,876	2,675	6,340	11,891
Transfers	8,287	6,018	(14,305)	–
Disposals	(8,932)	(3,191)	(8,957)	(21,080)
At 31 December 2013	12,249	16,433	128	28,810
Amendment to opening balance	–	1,425	–	1,425
Additions	70	722	33	825
Disposals	(775)	(879)	–	(1,654)
Transfers	–	(223)	(71)	(294)
Foreign currency adjustment	(1,214)	(1,175)	(9)	(2,398)
At 31 March 2015	10,330	16,303	81	26,714
Depreciation:				
At 1 January 2013	(1,683)	(2,852)	–	(4,535)
Foreign currency adjustment	(38)	(50)	–	(88)
Provided during the year	(940)	(2,517)	–	(3,457)
Disposals	418	922	–	1,340
Impairment during the year	(2,447)	(1,538)	–	(3,985)
At 31 December 2013	(4,690)	(6,035)	–	(10,725)
Amendment to opening balance	–	(1,425)	–	(1,425)
Provided during the year	(758)	(3,780)	–	(4,538)
Disposals	592	776	–	1,368
Transfers	–	106	–	106
Foreign currency adjustment	508	591	–	1,099
At 31 March 2015	(4,348)	(9,767)	–	(14,115)
Net book value:				
At 31 March 2015	5,982	6,536	81	12,599
At 1 January 2014	7,559	10,398	128	18,085

The group leases various plant and equipment under non-cancellable leases agreements. These assets are pledged as security for the related finance lease. The following amounts include items that were under finance leases where the group is a lessee:

	<i>31 March 2015 £000</i>	<i>31 December 2013 £000</i>
Cost-capitalised finance leases	7,628	7,528
Accumulated depreciation	(4,603)	(1,977)
Net book amount	3,025	5,552

Notes to the financial statements

at 31 March 2015

13. Property, plant and equipment (continued)

<i>Company</i>	<i>Leasehold improve- ments £000</i>	<i>Plant and equipment £000</i>	<i>Construction progress £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2013	2,541	3,582	7,130	13,253
Foreign currency adjustment	2	18	56	76
Additions	152	1,320	6,269	7,741
Transfers	–	4,655	(4,655)	–
Disposals	(162)	(1,366)	(8,742)	(10,270)
At 31 December 2013	2,533	8,209	58	10,800
Additions	2	212	32	246
Disposals	(306)	(340)	–	(646)
Transfers	–	–	(56)	(56)
Foreign currency adjustment	(7)	(61)	–	(68)
At 31 March 2015	2,222	8020	34	10,276
Depreciation:				
At 1 January 2013	(459)	(1,637)	–	(2,096)
Foreign currency adjustment	–	(15)	–	(15)
Provided during the year	(217)	(1,114)	–	(1,331)
Disposals	6	357	–	363
At 31 December 2013	(670)	(2,409)	–	(3,079)
Provided during the year	(189)	(2,657)	–	(2,846)
Disposals	311	293	–	604
Foreign currency adjustment	2	57	–	59
At 31 March 2015	(546)	(4,716)	–	(5,262)
Net book value				
At 31 March 2015	1,676	3,304	34	5,014
At 1 January 2014	1,863	5,800	58	7,721

The company does not hold any fixed assets that were held under finance leases at year end (2013 – £nil).

Notes to the financial statements

at 31 March 2015

14. Intangible assets

<i>Group</i>	<i>Goodwill</i>	<i>Software</i>	<i>Licences</i>	<i>Contractual customer relationship</i>	<i>Developed technology</i>	<i>In-process research and development</i>	<i>Construction in progress</i>	<i>Total</i>
<i>Cost:</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2013	17,432	4,312	40	5,968	9,155	3,390	–	40,297
Foreign currency adjustment	359	59	–	51	–	–	–	469
Additions	–	827	–	–	–	–	–	827
Disposals	(1,586)	(2,483)	–	(67)	(9,155)	(3,390)	–	(16,681)
At 31 December 2013	16,205	2,715	40	5,952	–	–	–	24,912
Additions	–	349	–	–	–	–	38	387
Disposals	–	(220)	–	–	–	–	(1)	(221)
Transfers	–	237	–	–	–	–	57	294
Foreign currency adjustment	(2,040)	(265)	–	(750)	–	–	–	(3,055)
At 31 March 2015	14,165	2,816	40	5,202	–	–	94	22,317
<i>Amortisation:</i>								
At 1 January 2013	(6,001)	(751)	(10)	(3,916)	(1,272)	–	–	(11,950)
Foreign currency adjustment	(137)	(30)	–	(4)	–	–	–	(171)
Provided during the year	–	(460)	(2)	(178)	(559)	–	–	(1,199)
Disposals	–	640	–	67	1,831	–	–	2,538
Impairment during the year	(9,912)	(3)	–	(1,921)	–	–	–	(11,836)
At 31 December 2013	(16,050)	(604)	(12)	(5,952)	–	–	–	(22,618)
Provided during the year	–	(601)	–	–	–	–	–	(601)
Disposals	–	184	–	–	–	–	–	184
Transfers	–	(106)	–	–	–	–	–	(106)
Foreign currency adjustment	2,021	47	–	750	–	–	–	2,818
At 31 March 2015	(14,029)	(1,080)	(12)	(5,202)	–	–	–	(20,323)
<i>Net book value:</i>								
At 31 March 2015	136	1,736	28	–	–	–	94	1,994
At 1 January 2014	155	2,111	28	–	–	–	–	2,294

Notes to the financial statements

at 31 March 2015

14. Intangible assets (continued)

<i>Company</i>	<i>Software £000</i>	<i>Licences £000</i>	<i>Construction in progress £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2013	819	40	–	859
Foreign currency adjustment	15	–	–	15
Additions	471	–	–	471
Disposals	(669)	–	–	(669)
At 31 December 2013	636	40	–	676
Additions	44	–	38	82
Disposals	(199)	–	–	(199)
Transfers	–	–	56	56
Foreign currency adjustment	(3)	–	–	(3)
At 31 March 2015	478	40	94	612
Amortisation:				
At 1 January 2013	(511)	(10)	–	(521)
Foreign currency adjustment	(8)	–	–	(8)
Provided during the year	(142)	(2)	–	(144)
Disposals	455	–	–	455
At 31 December 2013	(206)	(12)	–	(218)
Provided during the year	(178)	(28)	–	(206)
Disposals	184	–	–	184
Foreign currency adjustment	(1)	–	–	(1)
At 31 March 2014	(201)	(40)	–	(241)
Net book value:				
At 31 March 2015	277	–	94	371
At 1 January 2014	430	28	–	458

15. Non current financial assets

	<i>Group</i>		<i>Company</i>	
	<i>31 March 2015 £000</i>	<i>31 December 2013 £000</i>	<i>31 March 2015 £000</i>	<i>31 December 2013 £000</i>
Other debtors including lease deposits	566	691	564	687
	566	691	564	687

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at 31 March 2015

16. Available for sale investments

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Corporate bonds	18	21	–	–
	<u>18</u>	<u>21</u>	<u>–</u>	<u>–</u>

Available for sale investments held in Maintenance Partners N.V. are unquoted corporate bonds commercial paper in Vlerick Business School with maturity date of May 2016.

Management's estimate, on the basis that the financials of Vlerick Business School remain stable, the market value of the assets at 31 March 2015 is £18,000. The fair value of the assets is not discounted to present value due to its short duration and size.

17. Investments in subsidiaries

	<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Maintenance Partners N.V	34,564	34,564
MH Power Systems Egypt LLC	1,000	1,000
MH Power Systems Engineering Vienna GmbH	2,543	889
MH Power Systems Europe Belgium N.V	5,994	5,994
MH Power Systems Europe Romania	221	221
	<u>44,322</u>	<u>42,668</u>

18. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade receivables	30,026	34,005	18,426	21,699
Amounts owed by related parties	16,852	17,514	14,233	13,395
Prepayments	6,779	14,353	520	515
Accrued income	6,958	14,712	2,917	14,069
Corporation tax receivable	730	484	729	644
Other debtors	903	2,728	60	740
	<u>62,248</u>	<u>83,796</u>	<u>36,885</u>	<u>51,062</u>

Notes to the financial statements

at 31 March 2015

18. Trade and other receivables (continued)

Trade receivables are non-interest bearing and are generally on 30-180 days' terms. As at 31 March 2015 trade receivables at nominal value of £468,000 (31 December 2013 – £868,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January	868	595	–	–
Written off/Charge for the year	86	289	–	–
Reversal of unused amounts	(413)	–	–	–
Exchange rate movement	(73)	(16)	–	–
At 31 March	<u>468</u>	<u>868</u>	<u>–</u>	<u>–</u>

19. Inventories

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Supplies and parts	1,691	7,765	720	985
Finished goods and goods for resale	2,966	7,091	2,842	7,333
	<u>4,657</u>	<u>14,856</u>	<u>3,562</u>	<u>8,318</u>

The amount of write-down on inventories during the period was £1,045,000 (31 December 2013 – £586,000).

20. Cash and short-term deposits

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	11,970	8,830	4,781	3,144
Short-term deposits (< 3 months)	171	7,869	171	7,869
	<u>12,141</u>	<u>16,699</u>	<u>4,953</u>	<u>11,013</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying years of between one day and six months depending on the immediate cash requirements of the group and earn interest at the respective deposit rates. The fair value of cash and cash equivalents for the group is £12,141,000 (31 December 2013 – £16,699,000) and the company is £4,953,000 (31 December 2013 – £11,013,000).

The group only deposits cash surpluses with major banks of high quality credit standing.

Notes to the financial statements

at 31 March 2015

21. Government grant

	31 March 2015 £000	31 December 2013 £000
At 1 January	–	57
Received during the year	(113)	(378)
Transfer of wind division	–	(107)
Released to the income statement	113	428
At 31 March	–	–

Grant received of £113,000 from the Wallonie government in Belgium in respect of wind research and development is offset against payroll, administrative expenses and a smaller part against depreciation in the Income Statement and not accounted as other income. There are no unfulfilled conditions or contingencies attached to the grant.

22. Trade and other payables

	Group		Company	
	31 March 2015 £000	31 December 2013 £000	31 March 2015 £000	31 December 2013 £000
Amounts owed to ultimate parent undertaking	13,151	39,828	7,056	25,027
Amounts owed to fellow group companies	301	706	913	2,554
Trade payables	9,630	12,293	1,863	2,710
Other taxes and social security costs	908	1,114	425	581
Other creditors	17,191	19,287	440	215
Corporation tax payable	909	–	742	–
Accruals	3,739	7,385	3,091	5,824
	<u>45,829</u>	<u>80,613</u>	<u>14,530</u>	<u>36,911</u>

23. Loans and borrowings

Obligations under finance leases and hire purchase contracts

	Group		Company	
	31 March 2015 £000	31 December 2013 £000	31 March 2015 £000	31 December 2013 £000
Current				
Obligations under finance leases and hire purchase contracts (note 25)	<u>528</u>	<u>600</u>	<u>–</u>	<u>–</u>
Non-current				
Obligations under finance leases and hire purchase contracts (note 25)	<u>4,120</u>	<u>5,464</u>	<u>–</u>	<u>–</u>

Notes to the financial statements

at 31 March 2015

23. Loans and borrowings (continued)

Loans and other credit facilities

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Current				
KBC credit facility	–	46	–	–
IBM Loan	38	65	–	–
Other loans	–	1	–	1
	<u>38</u>	<u>112</u>	<u>–</u>	<u>1</u>
Non-current				
IBM loan	2	63	–	–
	<u>2</u>	<u>63</u>	<u>–</u>	<u>–</u>
Total loans and borrowings	<u>4,688</u>	<u>6,238</u>	<u>–</u>	<u>–</u>
Included within current liabilities	<u>566</u>	<u>712</u>	<u>–</u>	<u>–</u>
Included within non-current liabilities	<u>4,122</u>	<u>5,526</u>	<u>–</u>	<u>–</u>

24. Deferred revenue

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Long-term Service Agreements and Maintenance Agreements</i>				
At 1 January	19,055	23,763	19,055	28,672
Deferred and released to the income statement	(3,292)	(4,708)	(5,251)	(9,617)
At 31 March	<u>15,763</u>	<u>19,055</u>	<u>13,804</u>	<u>19,055</u>
<i>Advances from Customers</i>				
At 1 January	4,189	10,844	–	–
Deferred and released to the income statement	(3,685)	(6,655)	–	–
At 31 March	<u>504</u>	<u>4,189</u>	<u>–</u>	<u>–</u>
Total deferred income	<u>16,267</u>	<u>23,244</u>	<u>13,804</u>	<u>19,055</u>
Included within current liabilities	<u>11,161</u>	<u>13,232</u>	<u>8,699</u>	<u>8,967</u>
Included within non-current liabilities	<u>5,105</u>	<u>10,012</u>	<u>5,105</u>	<u>10,088</u>

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25. Lease Obligations

Obligations under finance leases

The group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses.

Future minimum lease payments under finance leases and hire purchase contract together with the present value of the net minimum lease payments are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Future minimum payments due:				
Not later than one year	744	879	–	–
After one year but not more than five years	3,125	3,812	–	–
Later than 5 years	2,031	3,150	–	–
	5,900	7,841	–	–
Less finance charges allocated to future years	(1,252)	(1,777)	–	–
Present value of minimum lease payments	4,648	6,064	–	–

Obligations under operating leases

The group has entered into commercial operating leases on certain properties, motor vehicles and items of machinery.

These leases have an average duration of between 3 and 15 years. Only property lease agreements contain an option for renewal, with such options being exercisable three to twelve months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases. The building in Maintenance Partners N.V. contains an option to extend the lease for a further five years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Not later than one year	1,548	1,802	1,096	1,348
After one year but not more than five years	2,610	4,187	1,617	3,003
After five years	3,075	3,771	–	–
	7,233	9,760	2,713	4,351

Group and company comparative balances were restated to reflect cancellable leases only.

Notes to the financial statements

at 31 March 2015

26. Provisions

Provisions

Group	<i>Maintenance warranties</i>	<i>Early retirement benefits</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2014	1,261	755	2,016
Arising during the period	272	113	385
Utilised	(597)	(196)	(793)
Reversal of unused amounts	(229)	(373)	(602)
Exchange rate movements	(121)	(107)	(228)
At 31 March 2015	<u>586</u>	<u>192</u>	<u>778</u>
Analysed as:			
Current	586	–	586
Non-Current	–	192	192
At 31 March 2015	<u>586</u>	<u>192</u>	<u>778</u>

Maintenance warranties

Warranty claims are provided for based on past experience of the level of repairs and returns for the period of the contractual warranty which is normally not longer than 12 months. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty years for all products sold.

Early retirement obligations

The group's subsidiary in Belgium has an obligation due to local regulations to make payments to employees wishing to take up early retirement up until they reach state pensionable age. At that point the employees will switch to the state pension and payments from the company will cease.

The provision is calculated based on best estimates of the company's future payments to employees and taking into account the time value of money.

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27. Pensions

The group has a defined benefit pension plan in Maintenance Partners N.V covering all its employees. The plan requires contributions to be made to separately administered funds. The actuarial valuation is performed annually and the latest was performed as of 31 March 2015.

The following tables summarise the components of net benefit expense recognised in the income statements and the funded status and amounts recognised in the statements of financial position for the respective plan:

	31 March 2015 £000	31 December 2013 £000
Net benefit expense:		
Current service cost (net of employee contributions)	(167)	(180)
Interest cost on net benefit obligation	(32)	(28)
Benefit liability	<u>(199)</u>	<u>(208)</u>

Benefits paid are the sum of the benefits paid (or transferred) for participants who retired or left during the years and the decease premium paid by Maintenance Partners N.V to the insurer (risk premium).

Changes in the present value of the defined benefit obligation

	2015 £000	2013 £000
Defined benefit obligation at 1 January	1,654	1,617
Interest cost	74	56
Current service cost (including employee contribution)	167	180
Participants' contributions	38	36
Benefits paid	(166)	(92)
Actuarial loss/(gain) on obligation	454	(180)
Exchange differences	(250)	37
Defined benefit obligation at 31 March/31 December	<u>1,971</u>	<u>1,654</u>

Changes in fair value of plan assets

	2015 £000	2013 £000
Fair value of plan assets at 1 January	973	872
Expected return	42	28
Contributions by employer (including employee contribution)	212	107
Participants' contributions	38	36
Benefits paid	(166)	(92)
Actuarial (loss)/gain in the year	(8)	4
Exchange differences	(130)	18
Defined benefit obligation at 31 March/31 December	<u>961</u>	<u>973</u>

Notes to the financial statements

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27. Pensions (continued)

Employee benefit liability

	2015 £000	2013 £000
Opening balance at 1 January	681	745
Current service cost	167	180
Interest expense	32	28
Benefits paid	(212)	(107)
Actuarial loss and (gains) in the year	462	(184)
Exchange differences	(120)	19
Defined benefit obligation at 31 March/31 December	1,010	681

The principal assumptions used in determining pension benefit obligations for the group's plan are shown below:

	31 March 2015	31 December 2013
Discount rate	1.50%	3.50%
Inflation	1.75%	2.00%
Annual rate of salary increase (inflation included)	3.25%	3.50%
Mortality tables:		
Male	MR-5	MR-5
Female	FR-5	FR-5
Disability table	None	None
Estimated age at retirement	65	65

Turnover is at 5% per year from affiliation till age 35 with no turnover expected after the age of 35.

The discount rate reflects the yield on high quality long-term corporate bonds at the valuation date with the same duration as the pension liabilities.

The assets consist of the mathematical reserves and profit sharing reserves of the group insurance (financed by both the employer's and the employee's premiums) and the assets of the financing funds.

The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

Categories of plan assets:

	31 March 2015	31 December 2013
Other	100%	100%

Notes to the financial statements

at 31 March 2015

27. Pensions (continued)

Defined contributions pension

The group operate a defined contribution pension scheme, the Mitsubishi Power Systems Europe Group Personal Pension Plan for its employees in the United Kingdom, which is with Aviva and is approved under Schedule IV Part XIV of the Income and Corporation Taxes Act 1988. The cost to the group as at 31 March 2015 was £316,000 (31 December 2013 – £187,000). The group also participated in a defined contribution pension scheme, Personal Retirement Saving Accounts (PRSAs), in Ireland, which is with Eagle Star Life Assurance/Zurich. The cost to the group as at 31 March 2015 was £4,000 (31 December 2013 – £5,000). In Italy the group has a defined contribution pension scheme with Previdai. The cost to the group as at 31 March 2015 was £111,000 (31 December 2013 – £20,000). In Belgium, group has only a defined benefit pension scheme and the cost of the defined contribution pension scheme to the group as nil for both financial years ending 31 March 2015 and 31 December 2013.

28. Share capital

		31 March 2015		31 December 2013
<i>Authorised</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £0.3 each		<u>20,773</u>	69,244	<u>20,773</u>
		31 March 2015		31 December 2013
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares				
At 1 January	69,244	20,773	67,749	67,749
Issued during the year		–	1,495	1,495
Capital reduction		–	–	(48,471)
At 31 March/31 December		<u>20,773</u>	69,244	<u>20,773</u>

Notes to the financial statements

at 31 March 2015

29. Reconciliation of movements in equity

<i>Group</i>	<i>Equity share capital £000</i>	<i>Currency translation £000</i>	<i>Retained earnings £000</i>	<i>Total equity holders of parent £000</i>
At 1 January 2013	67,749	(2,996)	3,422	68,175
Other comprehensive income	–	637	184	821
Share capital issued in the year	1,495	–	–	1,495
Capital reduction	(48,471)	–	48,471	–
Transfer of wind business	–	(19)	(16,735)	(16,754)
Payment of dividends	–	–	(3,600)	(3,600)
Total recognised income and expense for the year	–	–	(23,698)	(23,698)
At 1 January 2014	20,773	(2,378)	8,044	26,439
Profit for the period	–	–	4,832	4,832
Other comprehensive income	–	(3,009)	(349)	(3,358)
At 31 March 2015	20,773	(5,387)	12,527	27,913

<i>Company</i>	<i>Equity share capital £000</i>	<i>Currency translation £000</i>	<i>Retained earnings £000</i>	<i>Total equity holders of parent £000</i>
At 1 January 2013	67,749	(68)	22,084	89,764
Share capital issued in the year	1,495	–	–	1,495
Transfer of wind business	–	–	(24,727)	(24,727)
Capital reduction	(48,471)	–	48,471	–
Total recognised income and expense for the year	–	332	293	625
At 1 January 2014	20,773	264	46,121	67,158
Total recognised income and expense, for the year	–	(2,422)	3,741	1,319
At 31 March 2015	20,773	(2,158)	49,862	68,477

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign branches.

30. Related party transactions

Entities with significant influence over the group

Mitsubishi Hitachi Power Systems (MHPS) owns 100% of the ordinary shares of Mitsubishi Power Systems Europe Limited.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at arms length. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected between 30 and 180 days of the invoice.

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30. Related party transactions (continued)

Terms and conditions of transactions with related parties (continued)

Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany financial statements with no specified credit year. The company has not provided or benefited from any guarantees for any related party receivables or payables. During the 15 months ended 31 March 2015, the company has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2013 – £nil).

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed below. Transactions entered into, and trading balances outstanding at 31 March with other related parties, are as follows:

<i>Group</i>	<i>Sales to related party £000</i>	<i>Purchases from related party £000</i>	<i>Amounts owed by related party £000</i>	<i>Amounts owed to related party £000</i>
<i>Related party</i>				
Entities with significant influence over the group				
31 March 2015	50,576	38,764	5,230	13,151
31 December 2013	38,140	20,406	3,069	39,828
<i>Other related parties</i>				
31 March 2015	7,708	4,208	11,622	301
31 December 2013	2,253	9,079	12,283	706
<i>Company</i>				
<i>Related party</i>				
Entities with significant influence over the company				
31 March 2015	6,280	38,672	497	7,056
31 December 2013	15,310	20,301	998	25,027
<i>Other related parties</i>				
31 March 2015	5,695	2,587	13,736	913
31 December 2013	1,276	9,079	12,397	2,554

Notes to the financial statements

at 31 March 2015

30. Related party transactions (continued)

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>			
Maintenance Partners, N.V.	Ordinary	100%	Parent undertaking
Maintenance Partners The Netherlands N.V.	Ordinary	100%	Service and repair of rotating machines
Maintenance Partners Wallonie S.A.	Ordinary	100%	Service and repair of rotating machines
Maintenance Partners Belgium N.V	Ordinary	100%	Service and repair of rotating machines
Eric Spoor Consultants BV	Ordinary	100%	Payroll company
Maintenance Partners Morocco SARL	Ordinary	100%	Service and repair of rotating machines
MH Power Systems Egypt LLC	Ordinary	100%	Maintenance of power plants
MH Power Systems Engineering Vienna GmbH	Ordinary	100%	Engineering and procurement of power systems
MH Power Systems Europe Belgium N.V	Ordinary	100%	Maintenance of power plants
MH Power Systems Europe Romania	Ordinary	100%	Maintenance of power plants

Notes to the financial statements

at 31 March 2015

30. Related party transactions (continued)

Compensation of key management personnel (including the director)

	<i>Group</i>		<i>Company</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2013</i>	<i>2015</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Short-term employee benefits	304	239	304	239

At year end all key management personnel are the directors of the company and none were participants of defined benefit pension schemes. The highest paid director during the financial year earned £304,000 and £239,000 last year.