Unique System (UK) Limited

Annual report and consolidated financial statements

Registered number SC356252

31 December 2016

Contents

Officers and professional advisers

Directors

R J Hughes (resigned 17 November 2016)
H S Gandhi
G Brading (appointed 17 November 2016)

Registered office

Anderson House
24 Rose Street
Aberdeen
AB10 1UA

Auditor

KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB

Bankers

HSBC Bank PLC

Directors' report

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

Principal activities

The principal activities of the Group are the provision of engineering, sales and rental of equipment for the marine, diving and subsea market sectors.

The Group is a part of the Unique Maritime Group FZC who are based in the United Arab Emirates and are focussed on the provision of survey equipment, marine and subsea solutions, diving and life support services, buoyancy and ballast products and on-site engineering.

Business review

On 13 November 2015 Unique System (UK) Limited purchased GSE Rentals Limited, the resulting synergies have been the main driver in the higher level of business activity and improved performance during the year.

Turnover increased by 55% to £6,941,000 *(2015: £4,476,000)* as a result of as a result of a full years trading being included for GSE Rentals Limited.

As a result of the higher business activity the group reduced its operating loss to £101,000 *(2015 restated: £463,000)*.

Dividends

The directors do not recommend the payment of a dividend *(2015: £nil)*.

Directors

The following directors have held office since 1 January 2016 and up to the date of this report unless otherwise stated.

R J Hughes	(resigned 17 November 2016)
H S Gandhi	
G Brading	(appointed 17 November 2016)

Political contributions

Neither the company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year *(2015: £nil)*.

Employee involvement

Regular meetings are held between management and employees to allow a free flow of information and ideas through a number of channels.

Disabled persons

It is the group's policy to give full and fair consideration to suitable applications for employment from disabled persons. Registered disabled persons, once employed, receive equal opportunities for training, career development and promotion.

Opportunities also exist for employees of the group who become disabled, to continue in their employment, or to be trained for other positions within the group.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

G Brading
Director

Anderson House
24 Rose Street
Aberdeen
AB10 1UA

27 April 2017

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Unique System (UK) Limited

We have audited the financial statements of Unique System (UK) Limited for the year ended 31 December 2016 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council'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 group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 the information given in the Directors' Report for the finance year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

KPMG

Independent auditor's report to the members of Unique System (UK) Limited *(continued)*

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 by the parent company, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Paula Holland (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

28 April 2017

Consolidated Profit and Loss Account

for the year ended 31 December 2016

	Note	2016 £000	Restated 2015 £000
Group turnover	2	**6,941**	4,476
Cost of sales		**(3,207)**	(2,301)
Gross profit		**3,734**	2,175
Administrative expenses		**(4,113)**	(2,638)
Other operating income	6	**278**	-
Group operating loss	3-6	**(101)**	(463)
Interest payable and similar charges	7	**(475)**	(503)
Loss before taxation		**(576)**	(966)
Tax on loss	8	**(99)**	(11)
Loss for the financial year		**(675)**	(977)

The notes on pages 13 to 27 form part of these financial statements.

Consolidated balance sheet
at 31 December 2016

	Note	2016 £000	2016 £000	Restated 2015 £000	Restated 2015 £000
Fixed assets					
Intangible assets					
Goodwill	9		433		481
Other intangibles	9		145		145
Tangible assets	10		4,371		3,583
			4,949		4,209
Current assets					
Stocks	12	530		812	
Debtors	13	2,108		1,664	
Cash at bank and in hand		658		769	
		3,296		3,245	
Creditors: amounts falling due within one year	14	(8,326)		(6,859)	
Net current liabilities			(5,030)		(3,614)
Total assets less current liabilities			(81)		595
Creditors: amounts falling due after one year	15		(5,180)		(5,180)
Provisions for liabilities					
Deferred tax liability	17		(16)		(17)
Net liabilities			(5,277)		(4,602)
Capital and reserves					
Called up share capital	18		-		-
Profit and loss account			(5,277)		(4,602)
Shareholders' deficit			(5,277)		(4,602)

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 27 April 2017 and were signed on its behalf by:

G Brading
Director

Company balance sheet
at 31 December 2016

	Note	2016		Restated 2015	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*9*		145		145
Tangible assets	*10*		2,587		1,915
Investments	*11*		5,180		5,180
			7,912		7,240
Current assets					
Stocks	*12*	367		658	
Debtors	*13*	1,210		1,001	
Cash in hand and at bank		232		377	
		1,809		2,036	
Creditors: amounts falling due within one year	*14*	(8,244)		(6,510)	
Net current liabilities			(6,435)		(4,474)
Total assets less current liabilities			1,477		2,766
Creditors: amounts falling due after one year	*15*		(5,180)		(5,180)
Net liabilities			(3,703)		(2,414)
Capital and reserves					
Called up share capital	*18*		-		-
Profit and loss account			(3,703)		(2,414)
Shareholders' deficit			(3,703)		(2,414)

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 27 April 2017 and were signed on its behalf by:

G Brading
Director

Consolidated Statement of Changes in Equity

	Called up share capital £000	Restated profit & loss account £000	Total shareholders' equity £000
Balance at 1 January 2015	-	(3,625)	(3,625)
Total comprehensive expenditure for the year			
Loss for the year	-	(977)	(977)
Total comprehensive expenditure for the year	-	(977)	(977)
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2015	-	**(4,602)**	**(4,602)**

	Called up share capital £000	Restated profit & loss account £000	Total shareholders' equity £000
Balance at 1 January 2016	-	(4,602)	(4,602)
Total comprehensive expenditure for the year			
Loss for the year	-	(675)	(675)
Total comprehensive expenditure for the year	-	(675)	(675)
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2016	-	**(5,277)**	**(5,277)**

The notes on pages 13 to 27 form part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total shareholders' equity £000
Balance at 1 January 2015	-	(3,625)	(3,625)
Total comprehensive income for the year			
Profit for the year	-	1,211	1,211
Total comprehensive income for the year	-	1,211	1,211
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2015	**-**	**(2,414)**	**(2,414)**

	Called up share capital £000	Profit and loss account £000	Total shareholders' equity £000
Balance at 1 January 2016	-	(2,414)	(2,414)
Total comprehensive expenditure for the year			
Loss for the year	-	(1,289)	(1,289)
Total comprehensive expenditure for the year	-	(1,289)	(1,289)
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2016	**-**	**(3,703)**	**(3,703)**

The notes on pages 13 to 27 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2016

	Note	2016	2015
		£000	£000
Cash flows from operating activities			
Loss for the year		**(675)**	(977)
Adjustments for:			
Depreciation, amortisation and impairment	*3*	**1,835**	1,229
Gain on sale of fixed assets		**(278)**	-
Interest payable and similar charges	*7*	**475**	503
Taxation	*8*	**99**	11
Increase in trade and other debtors		**(445)**	(120)
Decrease/(increase) in stocks		**282**	(206)
Increase/(decrease) in trade and other creditors		**1,055**	(1,017)
Tax paid		**(163)**	-
Net cash from operating activities		**2,185**	(577)
Cash flows from investing activities			
Acquisition of tangible fixed assets		**(2,851)**	(1,158)
Acquisition of subsidiary undertaking		**-**	(2,894)
Proceeds from sale of tangible fixed assets		**555**	84
Net cash used in investing activities		**(2,296)**	(3,968)
Cash flows from financing activities			
Proceeds from new loan		**-**	5,180
Net cash used in financing activities		**-**	5,180
Net (decrease)/increase in cash and cash equivalents		**(111)**	635
Cash and cash equivalents at 1 January		**769**	134
Cash and cash equivalents at 31 December		**658**	769

The notes on pages 13 to 27 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Unique System (UK) Limited (the "Company") is a private company limited by shares and incorporated and domiciled in Scotland, in the UK. The registered number is SC356252 and the registered address is Anderson House, 24 Rose Street, Aberdeen, AB10 1UA.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from FRSSE, the Group and Company have noted no transition differences from the date of transition at 1 January 2015.

The 2015 balance sheet for both group and parent company and profit and loss account for the group have been restated as detailed in note 1.4. The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Unique System (UK) Limited defines key management personnel as the directors of the Company. Their remuneration has been disclosed in note 4 to the financial statements.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors, in the application of these accounting policies, have made certain judgments and estimates that may have significant effect on the financial statements. These judgements are detailed below:

Tangible fixed assets

The company selects the useful economic lives of its tangible fixed assets (as noted in 1.8) in order to best represent the economic consumption of the related benefits. There is judgement in this selection that effects the timing of depreciation charges to the profit and loss.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the loss of £675,000 incurred for the financial year and net current liabilities of £5,030,000 as at 31 December 2016, which the Directors believe to be appropriate for the following reasons. Unique Maritime Group FZC, the parent company, indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to meet its liabilities as they fall due. The Directors therefore have a reasonable expectation that the company has adequate resources to continue its operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' report and financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.4 Prior year restatement

During the year, the company identified that a loan from the immediate parent undertaking, which was included within current liabilities, should have been classified as due within greater than one year. As such, the 2015 comparatives for Group and Company have been restated to reflect this fact, with £5,180,000 being reclassified from creditors; amounts falling due within one year to creditors: amounts falling due after more than one year, see note 16 for further information.

The Group has identified a number of additional errors that had been posted in the prior year consolidated financial statements following the acquisition of GSE Rentals Limited. As a result, corrections were made to restate the 2015 balance sheet as follows:

- A reduction in the Capital redemption reserve from £300,000 to £Nil to remove subsidiary pre-acquisition reserves from the consolidated accounts.

- A £184,000 increase in the consolidated accruals balance.

The effect on consolidated net liabilities was a reduction of £184,000.

The 2015 consolidated profit has been corrected as follows:

- A reduction of £126,000 in the 2015 consolidated tax charge previously recognised in error.

- An increase of £10,000 in cost of sales which had previously been reduced in error.

The net impact of these corrections on the profit for the year ended 31 December 2015 and the profit and loss reserve was an increase of £116,000.

1.5 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.7 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Office equipment	-	25% reducing balance
Survey equipment	-	20% straight line
Improvements to property	-	50% straight line
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	25% straight line
Buoyancy and ballast	-	20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

Other intangibles are amortised over planned unit sales of the bespoke equipment that the business has developed.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Raw materials and consumables are measured at purchase cost on a first in, first out basis less provision for obsolescence.

Work in progress is valued at the cost of direct materials and labour. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.11 Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

For fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss is recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 *Employee benefits*

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.14 *Research and development*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

1.15 *Turnover*

Turnover represents revenue recognised in the accounts. Revenue is recognised when the company fulfils its contractual obligations to customers by suppling goods or services and excludes value added tax. Where services are performed gradually over time, revenue is recognised as activity progresses by reference to the value of the work performed.

Rental income is recognised on a straight line basis over the period of the lease contract. Turnover includes revenue on incidental disposals of ex-rental assets as and when sold.

1.16 *Expenses*

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.17 *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2016 £000	2015 £000
Sale of goods	**1,042**	2,340
Rendering of services	**402**	47
Rental income	**5,497**	2,089
Total turnover	**6,941**	4,476

In the opinion of the directors, it would be prejudicial to the Group to disclose a geographical analysis of turnover.

3 Notes to the profit and loss account

	2016 £000	2015 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	**1,787**	1,155
Rentals payable under operating leases	**157**	93
Gain on sale of tangible fixed assets	**278**	-
Amortisation of goodwill	**48**	4
Auditor's remuneration		
Audit of these financial statements	**13**	12
Amounts receivable by auditors in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**13**	12
Taxation compliance services	**3**	5
All other services	**-**	5

4 Directors' emoluments

	2016 £000	2015 £000
Directors' emoluments	**80**	136
Company's contributions to money purchase pension schemes	**6**	11
	86	147

Retirement benefits are accruing to zero (*2015: one*) directors under money purchase schemes.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees Group	
	2016	2015
	£000	£000
Management	**3**	4
Operations	**13**	14
Administration	**19**	22
	35	40

The aggregate payroll costs of these persons were as follows:

	Group	
	2016	2015
	£000	£000
Wages and salaries	**1,552**	1,702
Social security costs	**158**	113
Other pension costs (see note 20)	**144**	134
	1,854	1,949

6 Other operating income

	2016	2015
	£000	£000
Profit on disposal of fixed assets	**278**	-

7 Interest payable and similar charges

	2016	2015
	£000	£000
Interest on amounts owed to group undertakings	**475**	503
	475	503

Notes *(continued)*

8 Taxation

Analysis of (credit)/charge in year

	2016 £000	Restated 2015 £000
Current tax		
Current tax on income for the year	107	11
Adjustments in respect of prior years	(7)	-
Total current tax	100	11
Deferred tax (see note 17)		
Origination and reversal of timing differences	1	-
Adjustments in respect of prior year	(1)	-
Effect of change in tax rate	(1)	-
Total deferred tax	(1)	-
Tax on profit on ordinary activities	99	11

Total tax charge has been recognised in the profit and loss account in the current and prior year.

Factors affecting the tax charge for the current year

The tax charge for the year is higher *(2015: higher)* than the standard rate of corporation tax in the UK 20% (*2015: 20.5%*). The differences are explained below:

	2016 £000	Restated 2015 £000
Total tax reconciliation		
Loss for the year	(675)	(977)
Total tax expense	99	11
Loss excluding tax	(576)	(966)
Tax using the UK corporation tax rate at 20% *(2015: 20.5%)*	(115)	(198)
Effects of		
Expenses not deductible	17	22
Group relief surrendered	67	45
Adjustments in respect of prior year	(8)	-
Deferred tax not recognised	138	142
Total tax expense included in profit or loss (see above)	99	11

Factors affecting the future tax charge

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Intangible fixed assets

Group	Goodwill £000	Other intangibles £000	Total £000
Cost			
At beginning and end of year	485	215	700
Amortisation and impairment			
At beginning of year	4	70	74
Charge for the year	48	-	48
At end of year	52	70	122
Net book value			
At 31 December 2016	**433**	**145**	**578**
At 31 December 2015	481	145	626

Company	Other intangibles £000	Total £000
Cost		
At beginning and end of year	215	215
Amortisation and impairment		
At beginning of year	70	70
Charge for the year	-	-
At end of year	70	70
Net book value		
At 31 December 2016	**145**	**145**
At 31 December 2015	145	145

The amortisation charge is recognised in the administrative expenses in the profit and loss account for the current and prior year.

Notes *(continued)*

10 Tangible fixed assets

Group

	Office equipment £000	Survey equipment £000	Improvements to property £000	Plant and machinery £000	Motor vehicles £000	Computer equipment £000	Buoyancy and ballast £000	Total £000
Cost or valuation								
At beginning of year	10	6,808	44	76	59	75	-	7,072
Additions	5	2,745	7	-	-	2	92	2,851
Disposals	(5)	(284)	(5)	(2)	-	-	-	(296)
At end of year	10	9,269	46	74	59	77	92	9,627
Depreciation								
At beginning of year	7	3,320	29	45	31	57	-	3,489
Charge for year	1	1,734	11	8	19	13	1	1,787
On disposals	-	(18)	-	(2)	-	-	-	(20)
At end of year	8	5,036	40	51	50	70	1	5,256
Net book value								
At 31 December 2016	**2**	**4,233**	**6**	**23**	**9**	**7**	**91**	**4,371**
At 31 December 2015	3	3,488	15	31	28	18	-	3,583

Company

	Office equipment £000	Survey equipment £000	Improvements to property £000	Plant and machinery £000	Motor vehicles £000	Computer equipment £000	Buoyancy and ballast £000	Total £000
Cost or valuation								
At beginning of year	10	4,823	44	76	42	75	-	5,070
Additions	-	1,739	1	-	-	2	92	1,834
Disposals	-	(220)	-	(2)	-	-	-	(222)
At end of year	10	6,342	45	74	42	77	92	6,682
Depreciation								
At beginning of year	7	2,998	29	45	19	57	-	3,155
Charge for year	1	920	11	8	6	13	1	960
On disposals	-	(18)	-	(2)	-	-	-	(20)
At end of year	8	3,900	40	51	25	70	1	4,095
Net book value								
At 31 December 2016	**2**	**2,442**	**5**	**23**	**17**	**7**	**91**	**2,587**
At 31 December 2015	3	1,825	15	31	23	18	-	1,915

Notes *(continued)*

11 Fixed asset investments

Company	Investments in subsidiary companies £000
Cost or valuation	
At beginning and end of year	5,180

Details of the subsidiary undertakings can be found under note 23.

12 Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Raw materials and consumables	**530**	812	**367**	658

Raw materials and consumables recognised as cost of sales in the year amounted to £420,000 *(2015: £221,000)*. Company £216,000 (*2015: £206,000*).

13 Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	**1,232**	1,472	**522**	902
Amounts owed by group undertakings	**576**	-	**519**	-
Other debtors	**118**	91	**73**	-
Prepayments and accrued income	**182**	101	**89**	99
Corporation tax	**-**	-	**7**	-
	2,108	1,664	**1,210**	1,001

14 Creditors: amounts falling due within one year

	Group 2016 £000	Group Restated 2015 £000	Company 2016 £000	Company Restated 2015 £000
Trade creditors	**378**	2,869	**187**	2,788
Amounts owed to group undertakings	**7,437**	3,234	**6,893**	3,234
Amounts owed to subsidiary undertakings	**-**	-	**803**	-
Corporation tax	**100**	163	**-**	11
Accruals and deferred income	**281**	472	**281**	471
Other creditors	**40**	121	**7**	6
Taxation and social security	**90**	-	**73**	-
	8,326	6,859	**8,244**	6,510

Notes *(continued)*

15 Creditors: amounts falling due after one year

	Group		Company	
		Restated		Restated
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Amounts owed to group undertakings	**5,180**	5,180	**5,180**	5,180

16 Interest: bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
		Restated		Restated
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Creditors falling due more than one year				
Amounts owed to group undertakings	**5,180**	5,180	5,180	5,180

Terms and debt repayment schedule

Group	**Currency**	**Nominal Interest rate**	**Year of maturity**	**Repayment schedule**	**2016 £000**	2015 £000
Amounts owed to group undertakings	GBP	4%	2019	At maturity	**5,180**	5,180

Company	**Currency**	**Nominal Interest rate**	**Year of maturity**	**Repayment schedule**	**2016 £000**	2015 £000
Amounts owed to group undertakings	GBP	4%	2019	At maturity	**5,180**	5,180

17 Provisions

Group	**Deferred tax liability £000**
Balance at 1 January 2016	17
Provisions made during the year	(1)
Utilised during the year	-
Balance at 31 December 2016	**16**

Notes *(continued)*

17 Provisions *(continued)*

The deferred tax liability is made up as follows:

Group	2016 £000	2015 £000
Difference between accumulated depreciation and amortisation and capital allowances	16	17
	16	17

18 Capital and reserves

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
1 Ordinary share of £1 each	-	-

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Group		
Less than one year	157	157
Between one and five years	512	579
Over five years	23	113
	692	849

	2016 £000	2015 £000
Company		
Less than one year	90	90
Between one and five years	360	360
Over five years	23	113
	473	563

20 Pensions

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £144,000 *(2015: £134,000)*.

Notes *(continued)*

21 Financial instruments

Carrying amount of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities include:

	2016 £000	2015 £000
Assets measured at amortised cost	**2,584**	2,433
Liabilities measured at amortised cost	**13,316**	11,877

Assets measured at amortised cost comprise cash balances; trade debtors; amounts owed by group undertakings and other debtors.

Liabilities measured at amortised cost comprise trade creditors; amounts owed to group undertakings; other creditors and accruals.

22 Related party transactions

Group

The Group has transacted with both Sea and Land Technologies Pte Limited and Sea and Land Technologies Pty Limited during the period. These are non-wholly owned members of the wider Unique group.

Sales of £19,722 *(2015: £nil)* were made to these entities. Amounts receivable relating to these sales are £9,362 *(2015: £nil)* as at 31 December 2016.

Purchases of £58,890 *(2015: £6,740)* were made from these entities. Amounts payable relating to these purchases are £25,902 *(2015: £6,740)* as at 31 December 2016.

Transactions with key management personnel

Total compensation of key personnel in the year amounted to £202,000 *(2015: £162,000).*

Company

The Company is controlled by Unique Maritime Group FZC, the parent company.

The Company has transacted with both Sea and Land Technologies Pte Limited and Sea and Land Technologies Pty Limited during the period. These are non-wholly owned members of the wider Unique group.

Sales of £19,722 *(2015: £nil)* were made to these entities. Amounts receivable relating to these sales are £9,362 *(2015: £nil)* as at 31 December 2016.

Purchases of £31,590 *(2015: £6,740)* were made from these entities. Amounts payable relating to these purchases are £25,902 *(2015: £6,740)* as at 31 December 2016.

The Company leases its offices from Kariz Properties Limited, which is partly owned by Himanshu Gandhi, a director of Unique System (UK) Limited. In the year the company incurred rental charges of £90,000 *(2015 - £90,000)* payable to Kariz Properties Limited. At 31 December 2016 a balance of £nil (*2015* - £nil) was due to Kariz Properties Limited.

23 Subsidiaries

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves £	Profit for the year £	Registered office address	Class of shares held	Ownership 2016 %	Ownership 2015 %
GSE Rentals Limited	3,173,000	663,000	Anderson House, 24 Rose Street, Aberdeen, AB10 1UA	Ordinary	100	100

Notes *(continued)*

24 Ultimate parent company and parent company of larger groups

The company's immediate parent undertaking is Unique Maritime Group FZC, a company incorporated in the United Arab Emirates.

The ultimate controlling party is UMG Holdco 1 Limited, a limited liability company which is incorporated in Jersey. The largest and smallest group in which the results of the company and its subsidiaries are consolidated is that headed by UMG Holdco 1 Limited. No other group financial statements include the results of the company. The consolidated financial statements of this group are not available to the public.

25 Subsequent event

Subsequent to the balance sheet date, on 1 January 2017, the trade and assets of GSE Rentals Limited were hived up into Unique System (UK) Limited.