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REGISTERED NUMBER: 00926679 (England and Wales)

**Abbreviated Accounts**  
**for the Year Ended 31 December 2012**  
**for**  
**Primary Fluid Power Limited**

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for the Year Ended 31 December 2012**

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**Primary Fluid Power Limited**  
**Company Information**  
**for the Year Ended 31 December 2012**

**DIRECTORS**

S Merrie  
A C Browne  
J Burke  
P A McGrady

**SECRETARY:**

J Burke

**REGISTERED OFFICE**

Caddick Road  
Knowsley Business Park  
Knowsley  
Merseyside  
L34 9HP

**REGISTERED NUMBER**

00926679 (England and Wales)

**AUDITORS:**

Wilson Henry LLP  
Registered Auditor  
145 Edge Lane  
Liverpool  
Merseyside  
L7 2PF

**BANKERS:**

Barclays Bank Plc  
4 Water Street  
Liverpool  
L69 2DU

**Report of the Directors  
for the Year Ended 31 December 2012**

The directors present their report with the accounts of the company for the year ended 31 December 2012

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the supply and manufacture of hydraulic and pneumatic components to the engineering industry

**REVIEW OF BUSINESS**

The results for the year ended 31 December 2012 and financial position of the company are as shown in the annexed financial statements

The results of the company showed a pre tax profit of £1,217,476 (2011 £813,947) for the year end

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2012

**FUTURE DEVELOPMENTS**

The directors are in the opinion that the company will continue to grow at a rate consistent with prior years

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

S Merrie  
A C Browne  
J Burke  
P A McGrady

**PRINCIPLE RISKS AND UNCERTAINTIES FACING THE COMPANY**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Primary Fluid Power Limited (Registered number 00926679)**

**Report of the Directors  
for the Year Ended 31 December 2012**

**AUDITORS**

Wilson Henry LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium companies

**ON BEHALF OF THE BOARD.**

A handwritten signature in black ink, appearing to read 'S Merrie', written over a horizontal line.

S Merrie - Director

Date 23/04/2013

**Report of the Independent Auditors to  
Primary Fluid Power Limited  
Under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages five to thirteen, together with the full financial statements of Primary Fluid Power Limited for the year ended 31 December 2012 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

Hilene S Henry (Senior Statutory Auditor)  
for and on behalf of Wilson Henry LLP  
Registered Auditor  
145 Edge Lane  
Liverpool  
Merseyside  
L7 2PF

Date 23/04/2013



**Primary Fluid Power Limited (Registered number. 00926679)**

**Abbreviated Profit and Loss Account  
for the Year Ended 31 December 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>	2	11,616,815	10,428,862
Cost of sales		(8,604,905)	(7,782,914)
		<hr/> 3,011,910	<hr/> 2,645,948
Administrative expenses		<hr/> 1,750,374	<hr/> 1,779,921
<b>OPERATING PROFIT</b>	4	<hr/> 1,261,536	<hr/> 866,027
Interest payable and similar charges	5	<hr/> 44,060	<hr/> 52,080
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<hr/> 1,217,476	<hr/> 813,947
Tax on profit on ordinary activities	6	<hr/> 5,000	<hr/> -
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<hr/> <hr/> 1,212,476	<hr/> <hr/> 813,947

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these abbreviated accounts

Primary Fluid Power Limited (Registered number: 00926679)

Abbreviated Balance Sheet  
31 December 2012

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,315,657	1,386,280
<b>CURRENT ASSETS</b>			
Stocks	8	1,768,249	1,782,930
Debtors	9	2,782,497	2,304,549
Cash at bank and in hand		876,870	527,280
		<u>5,427,616</u>	<u>4,614,759</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>1,652,567</u>	<u>2,066,862</u>
<b>NET CURRENT ASSETS</b>		<u>3,775,049</u>	<u>2,547,897</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,090,706</u>	<u>3,934,177</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	<u>510,894</u>	<u>566,841</u>
<b>NET ASSETS</b>		<u><u>4,579,812</u></u>	<u><u>3,367,336</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	7,800,100	7,800,100
Profit and loss account	16	(3,220,288)	(4,432,764)
<b>SHAREHOLDERS' FUNDS</b>	21	<u><u>4,579,812</u></u>	<u><u>3,367,336</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies

The financial statements were approved by the Board of Directors on 23/04/2013 and were signed on its behalf by



S Merrie - Director

The notes form part of these abbreviated accounts



**Notes to the Abbreviated Accounts  
for the Year Ended 31 December 2012**

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Freehold property	- 2% on cost
Plant and machinery	- 20% on cost
Office equipment	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value. There is no distinction between raw materials and finished goods as it is deemed that both these stock categories are in a saleable state and as such can be sold as completed stock items. In determining the value of stock, a standard cost price is attached to all items held.

Work in progress is valued by calculating the costs attributed to a job in terms of materials.

The policy for writing down stock is to consistently apply a fixed monthly rate of amortisation to all items, on a line by line basis.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**Primary Fluid Power Limited (Registered number 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012**

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2012 £	2011 £
United Kingdom	10,571,659	9,724,699
Rest of Europe	890,860	515,923
Rest of World	154,296	188,240
	<u>11,616,815</u>	<u>10,428,862</u>

**3 STAFF COSTS**

	2012 £	2011 £
Wages and salaries	1,433,134	1,349,638
Social security costs	132,489	147,957
Other pension costs	69,981	59,230
	<u>1,635,604</u>	<u>1,556,825</u>

The average monthly number of employees during the year was as follows

	2012	2011
Sales and service	48	47
Warehouse	6	6
Administrative	4	4
Directors	4	4
	<u>62</u>	<u>61</u>

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation - owned assets	118,585	106,873
Depreciation - assets on hire purchase contracts	24,201	21,675
Profit on disposal of fixed assets	(417)	-
Auditors' remuneration	7,000	11,000
Auditors' remuneration for non audit work	4,450	1,000
	<u>195,385</u>	<u>253,914</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>4</u>	<u>4</u>
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**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Bank interest	40,808	48,525
Hire purchase	3,252	3,555
	<u>44,060</u>	<u>52,080</u>

Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012

6 TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax		
UK corporation tax	5,000	-
	<u>5,000</u>	<u>-</u>
Tax on profit on ordinary activities	<u>5,000</u>	<u>-</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Profit on ordinary activities before tax	1,217,476	813,947
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 21%)	292,194	170,929
Effects of		
Expenses not deductible for tax purposes	21,017	12,888
Capital allowances in excess of depreciation	(4,281)	(15,910)
Utilisation of tax losses	(300,943)	(167,907)
Taxed provision	(2,172)	-
Change of corporation tax rate	(815)	-
Current tax charge	<u>5,000</u>	<u>-</u>

**Factors that may affect future tax charges**

The Group has an unrecognised deferred tax asset of £54,337 (2011 unrecognised asset £391,877) in respect of tax losses and other timing differences. Legislation was introduced in Finance Act 2012 to reduce the main rate of corporation tax from 26% to 24% which effect from 1 April 2012.

On 21 March 2012 as part of the 2012 Budget, the UK government has announced its intention to legislate to reduce the rate to 23% with effect from 1 April 2013 and further by 1% per annum falling to 22% with effect from 1 April 2014. On 5 December 2012, as part of his autumn statement, the Chancellor announced his intention to reduce the rate by a further 1% to 21% with effect from 1 April 2014. The reduction to 24% has subsequently been enacted under the provisions of the Provisional Collection of Taxes Act 1968. The directors estimate the maximum effect of these rate changes will be to reduce the unrecognised deferred tax asset to £49,809.

The company has no unrelieved trading losses available for carry forward against future profits from the same trade as at 31 December 2012. At the previous balance sheet date, the unrelieved losses available for carry forward, after eliminating timing differences, totalled £1,195,000.

Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012

7 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £
<b>COST</b>			
At 1 January 2012	1,333,426	757,732	628,528
Additions	-	26,577	1,000
At 31 December 2012	1,333,426	784,309	629,528
<b>DEPRECIATION</b>			
At 1 January 2012	166,017	694,108	628,520
Charge for year	26,676	41,154	184
Eliminated on disposal	-	-	-
At 31 December 2012	192,693	735,262	628,704
<b>NET BOOK VALUE</b>			
At 31 December 2012	1,140,733	49,047	824
At 31 December 2011	1,167,409	63,624	8
	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2012	300,530	680,448	3,700,664
Additions	36,655	10,634	74,866
Disposals	(61,593)	-	(61,593)
At 31 December 2012	275,592	691,082	3,713,937
<b>DEPRECIATION</b>			
At 1 January 2012	200,083	625,656	2,314,384
Charge for year	48,038	26,734	142,786
Eliminated on disposal	(58,890)	-	(58,890)
At 31 December 2012	189,231	652,390	2,398,280
<b>NET BOOK VALUE</b>			
At 31 December 2012	86,361	38,692	1,315,657
At 31 December 2011	100,447	54,792	1,386,280

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £
<b>COST</b>	
At 1 January 2012 and 31 December 2012	96,800
<b>DEPRECIATION</b>	
At 1 January 2012	33,325
Charge for year	24,201
At 31 December 2012	57,526
<b>NET BOOK VALUE</b>	
At 31 December 2012	39,274
At 31 December 2011	63,475

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012**

<b>8 STOCKS</b>		
	2012	2011
	£	£
Stocks	1,768,249	1,782,930
	<u>          </u>	<u>          </u>

<b>9 DEBTORS</b>		
	2012	2011
	£	£
Amounts falling due within one year		
Trade debtors	2,551,675	2,137,288
Other debtors	70,682	-
Prepayments	9,033	16,154
	<u>          </u>	<u>          </u>
	2,631,390	2,153,442
	<u>          </u>	<u>          </u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	151,107	151,107
	<u>          </u>	<u>          </u>
Aggregate amounts	2,782,497	2,304,549
	<u>          </u>	<u>          </u>

<b>10 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	2012	2011
	£	£
Bank loans and overdrafts (see note 12)	37,247	177,161
Hire purchase contracts (see note 13)	15,167	25,762
Trade creditors	1,081,300	1,015,078
Tax	5,000	-
Social security and other taxes	281,564	166,423
Other creditors	107,190	310,413
Accrued expenses	125,099	372,025
	<u>          </u>	<u>          </u>
	1,652,567	2,066,862
	<u>          </u>	<u>          </u>

Other creditors from 2011 include £310,413 which was secured by a charge over the trade debtors of the company

<b>11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
	2012	2011
	£	£
Bank loans (see note 12)	493,686	533,049
Hire purchase contracts (see note 13)	17,208	33,792
	<u>          </u>	<u>          </u>
	510,894	566,841
	<u>          </u>	<u>          </u>

**12 LOANS**

An analysis of the maturity of loans is given below:

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	-	142,716
Bank loans	37,247	34,445
	<u>          </u>	<u>          </u>
	37,247	177,161
	<u>          </u>	<u>          </u>

Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012

12 LOANS - continued

	2012 £	2011 £
Amounts falling due between one and two years		
Bank loans - 1-2 years	38,225	34,445
Bank loans - 2-5 years	120,827	103,335
Bank loans - greater than 5 years	334,634	395,269
	<u>493,686</u>	<u>533,049</u>

As at 31 December 2012, there are two bank loans outstanding totalling £530,934

Bank loan 1 had a capital balance outstanding of £318,767 is repayable over 20 years to March 2024 at £2,654 per month

Interest is charged on the loan at 1 6% above Barclays bank base rate

Bank loan 2 had a capital balance outstanding of £212,166 is repayable over 20 years to January 2029 at £1,615 per month

Interest is charged on the loan at 3 15% above Barclays bank base rate

Interest costs are expensed to the profit and loss account in the period to which they relate

13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2012 £	Hire purchase contracts 2011 £
Net obligations repayable		
Within one year	15,167	25,762
Between one and five years	17,208	33,792
	<u>32,375</u>	<u>59,554</u>

The following operating lease payments are committed to be paid within one year

	2012 £	Land and buildings 2011 £
Expiring		
In more than five years	9,600	9,600
	<u>9,600</u>	<u>9,600</u>

14 SECURED DEBTS

The following secured debts are included within creditors

	2012 £	2011 £
Bank loans	530,933	567,494
	<u>530,933</u>	<u>567,494</u>

This bank loan is secured on the freehold property of the company at Caddick Road, Knowsley Business Park, Knowsley, Merseyside

**Primary Fluid Power Limited (Registered number 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2012**

**15 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £	2011 £
7,800,100	Ordinary shares		<u>7,800,100</u>	<u>7,800,100</u>

**16 RESERVES**

	Profit and loss account £
At 1 January 2012	(4,432,764)
Profit for the year	<u>1,212,476</u>
At 31 December 2012	<u>(3,220,288)</u>

**17 PENSION COMMITMENTS**

The company operates a defined contribution scheme. The assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £69,981 (2011 £59,230).

At the year end, contributions outstanding amounted to £8,742 (2011 £7,601).

**18 ULTIMATE PARENT COMPANY**

The ultimate parent company is Primary Fluid Holdings Limited, a company registered in England and Wales.

**19 RELATED PARTY DISCLOSURES**

**Primary Fluid Holdings Limited**  
100% shareholder of the company

	2012 £	2011 £
Amount due from related party at the balance sheet date	<u>151,107</u>	<u>151,107</u>

**20 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is S Merrie who is the sole shareholder of the parent company, Primary Fluid Holdings Limited.

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Profit for the financial year	<u>1,212,476</u>	<u>813,947</u>
<b>Net addition to shareholders' funds</b>	<b>1,212,476</b>	<b>813,947</b>
Opening shareholders' funds	<u>3,367,336</u>	<u>2,553,389</u>
<b>Closing shareholders' funds</b>	<b><u>4,579,812</u></b>	<b><u>3,367,336</u></b>

**22 AUDITORS REMUNERATION**

As the ultimate parent company is required, on a group wide basis, to provide an analysis of remuneration receivable by the company's auditors under the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, this information has not been disclosed in the company's accounts.