

PRIMARY FLUID POWER LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Company Registration No. 00926679 (England and Wales)

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PRIMARY FLUID POWER LIMITED

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PRIMARY FLUID POWER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the company continued to be that of the supply and manufacture of hydraulic and pneumatic components to the engineering industry. The results for the year and financial position of the company are as shown in the annexed accounts.

The results of the company showed a pre tax profit of £202,423 (2008 £270,072) for the year end.

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.

Results and dividends

The results for the year are set out on page 4.

No dividends will be distributed for the year ended 31 December 2009.

Future developments

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

Directors

The following directors have held office since 1 January 2009:

S Merne
P McGrady
J Burke
A Browne

Charitable donations	2009 £	2008 £
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During the year the company made the following payments:

Charitable donations	5,049	3,533
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During the period the company made £5,049 of donations to local charities (2008 £3,533).

Auditors

In accordance with the company's articles, a resolution proposing that Duncan Sheard Glass be reappointed as auditors of the company will be put at a General Meeting.

PRIMARY FLUID POWER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of directors' responsibilities

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 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 of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

S Meme
Director

16 September 2010



PRIMARY FLUID POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO PRIMARY FLUID POWER LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of Primary Fluid Power Limited for the year ended 31 December 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 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.

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.

Leslie Staniforth (Senior Statutory Auditor)
for and on behalf of Duncan Sheard Glass

Chartered Accountants
Statutory Auditor



16 September 2010

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

PRIMARY FLUID POWER LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover		8,019,732	11,471,583
Other operating income less cost of sales		(5,813,157)	(8,542,797)
Administrative expenses		(1,916,571)	(2,461,269)
Operating profit	2	290,004	467,517
Other interest receivable and similar income		2,044	9,384
Interest payable and similar charges	4	(89,625)	(206,829)
Profit on ordinary activities before taxation		202,423	270,072
Tax on profit on ordinary activities	5	(429)	(1,947)
Profit for the year	14	201,994	268,125

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

There are no recognised gains and losses other than those passing through the profit and loss account

PRIMARY FLUID POWER LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	982,463	1,045,312
Current assets			
Stocks	8	1,950,964	2,842,674
Debtors amounts falling due within one year	9	1,175,945	3,905,103
Debtors amounts falling due after more than one year	9	956,108	956,108
Cash at bank and in hand		428,771	323,790
		<u>4,511,788</u>	<u>6,115,459</u>
Creditors' amounts falling due within one year	10	<u>(2,121,779)</u>	<u>(4,200,834)</u>
Net current assets		<u>2,390,009</u>	<u>1,914,625</u>
Total assets less current liabilities		<u>3,372,472</u>	<u>2,959,937</u>
Creditors amounts falling due after more than one year	11	<u>(1,413,978)</u>	<u>(1,203,437)</u>
		<u>1,958,494</u>	<u>1,756,500</u>
Capital and reserves			
Called up share capital	13	7,800,100	7,800,100
Profit and loss account	14	<u>(5,841,606)</u>	<u>(6,043,600)</u>
Shareholders' funds	15	<u>1,958,494</u>	<u>1,756,500</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 16 September 2010

S Merne
Director



Company Registration No 00926679

PRIMARY FLUID POWER LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
£	£	£
Net cash (outflow)/inflow from operating activities	(233,532)	728,415
Returns on investments and servicing of finance		
Interest received	2,044	9,384
Interest paid	(89,625)	(206,829)
Net cash outflow for returns on investments and servicing of finance	(87,581)	(197,445)
Taxation	(1,947)	(1,889)
Capital expenditure		
Payments to acquire tangible assets	(44,233)	(200,341)
Receipts from sales of tangible assets	-	500
Net cash outflow for capital expenditure	(44,233)	(199,841)
Net cash (outflow)/inflow before management of liquid resources and financing	(367,293)	329,240
Financing		
New long term bank loan	250,000	-
Repayment of long term bank loan	(32,990)	(17,187)
Repayment of other long term loans	-	(70,000)
Capital element of hire purchase contracts	(13,779)	(28,391)
Net cash inflow/(outflow) from financing	203,231	(115,578)
(Decrease)/increase in cash in the year	(164,062)	213,662

PRIMARY FLUID POWER LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2009	2008
		£	£
	Operating profit	290,004	467,517
	Depreciation of tangible assets	115,109	115,291
	Amortisation of intangible assets	-	75,872
	Loss/(profit) on disposal of tangible assets	4,922	(500)
	Decrease in stocks	891,710	106,271
	Decrease in debtors	816,942	443,978
	Decrease in creditors within one year	(2,352,219)	(480,014)
	Net cash (outflow)/inflow from operating activities	(233,532)	728,415

2	Analysis of net debt	1 January 2009	Cash flow	Other non-cash changes	31 December 2009
		£	£	£	£
	Net cash				
	Cash at bank and in hand	323,790	104,981	-	428,771
	Bank overdrafts	(906)	(269,043)	-	(269,949)
		<u>322,884</u>	<u>(164,062)</u>	<u>-</u>	<u>158,822</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(20,684)	830	-	(19,854)
	Debts falling due within one year	(24,616)	(12,624)	-	(37,240)
	Debts falling due after one year	(1,200,713)	(204,386)	-	(1,405,099)
		<u>(1,246,013)</u>	<u>(216,180)</u>	<u>-</u>	<u>(1,462,193)</u>
	Net debt	(923,129)	(380,242)	-	(1,303,371)

3	Reconciliation of net cash flow to movement in net debt	2009	2008
		£	£
	(Decrease)/increase in cash in the year	(164,062)	213,662
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(216,180)	115,578
	Movement in net debt in the year	(380,242)	329,240
	Opening net debt	(923,129)	(1,252,369)
	Closing net debt	(1,303,371)	(923,129)

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

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)

1.3 Turnover

Turnover represents the amounts, exclusive of value added tax, derived from the provision of goods and services to customers during the period

1.4 Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, was being amortised evenly over its original estimated useful life of twenty years. However the income stream that was being generated from this business has now ceased. The goodwill balance brought forward has been written off in full during the year.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stock

Stock is 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.

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies (continued)

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2	Operating profit	2009 £	2008 £
	Operating profit is stated after charging		
	Amortisation of intangible assets	-	75,872
	Depreciation of tangible assets	115,109	115,291
	Loss on disposal of tangible assets	4,922	-
	Loss on foreign exchange transactions	1,562	102,889
	Operating lease rentals	49,400	51,526
	Auditors' remuneration (including expenses and benefits in kind)	12,000	12,000
	and after crediting		
	Profit on disposal of tangible assets	-	(500)
		<u> </u>	<u> </u>
3	Investment income	2009 £	2008 £
	Bank interest	2,044	9,384
		<u>2,044</u>	<u>9,384</u>
4	Interest payable	2009 £	2008 £
	On bank loans and overdrafts	87,033	203,560
	Hire purchase interest	2,592	3,269
		<u>89,625</u>	<u>206,829</u>

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	429	1,947
	Current tax charge	<u>429</u>	<u>1,947</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>202,423</u>	<u>270,072</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 21.00%)	<u>42,509</u>	<u>56,715</u>
	Effects of		
	Non deductible expenses	2,340	43,456
	Depreciation add back	25,207	24,106
	Capital allowances	(40,574)	(53,859)
	Tax losses utilised	(29,053)	(68,448)
	Other timing differences	-	(23)
		<u>(42,080)</u>	<u>(54,768)</u>
	Current tax charge	<u>429</u>	<u>1,947</u>

The company has estimated losses of £ 2,636,369 (2008 - £ 2,788,889) available for carry forward against future trading profits

6	Intangible fixed assets	Goodwill £
	Cost	
	At 1 January 2009 & at 31 December 2009	<u>100,000</u>
	Amortisation	
	At 1 January 2009 & at 31 December 2009	<u>100,000</u>
	Net book value	
	At 31 December 2009	-
	At 31 December 2008	-

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2009	888,426	1,331,453	628,528	252,746	3,101,153
Additions	-	26,907	-	30,275	57,182
Disposals	-	-	-	(26,550)	(26,550)
At 31 December 2009	888,426	1,358,360	628,528	256,471	3,131,785
Depreciation					
At 1 January 2009	111,959	1,124,173	627,906	191,803	2,055,841
On disposals	-	-	-	(21,628)	(21,628)
Charge for the year	17,772	65,976	288	31,073	115,109
At 31 December 2009	129,731	1,190,149	628,194	201,248	2,149,322
Net book value					
At 31 December 2009	758,695	168,211	334	55,223	982,463
At 31 December 2008	776,467	207,280	622	60,943	1,045,312

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £
Net book values	
At 31 December 2009	14,521
At 31 December 2008	18,506
Depreciation charge for the year	
At 31 December 2009	11,686
At 31 December 2008	14,070

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8	Stocks	2009 £	2008 £
	Finished goods and goods for resale	<u>1,950,964</u>	<u>2,842,674</u>

9	Debtors	2009 £	2008 £
	Trade debtors	1,111,211	1,972,823
	Amounts owed by parent and fellow subsidiary undertakings	956,108	956,108
	Prepayments and accrued income	64,734	20,064
		<u>2,132,053</u>	<u>2,948,995</u>

Amounts falling due after more than one year and included in the debtors above are

	2009 £	2008 £
Amounts owed by group undertakings	<u>956,108</u>	<u>956,108</u>

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

10 Creditors: amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	307,189	25,522
Net obligations under hire purchase contracts	10,975	17,960
Trade creditors	767,808	1,449,642
Corporation tax	429	1,947
Other taxes and social security costs	91,457	156,944
Other creditors	407,282	1,779,772
Accruals and deferred income	536,639	769,047
	<u>2,121,779</u>	<u>4,200,834</u>

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

Interest is charged at a rate of 1 6% over Barclay's base rate on the borrowings

Included in other creditors is amounts that are secured against the stocks and trade debtors of the company, stock £Nil (2008 £791,000) and trade debtors £407,282 (2008 £988,772)

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

11 Creditors' amounts falling due after more than one year	2009 £	2008 £
Bank loans	600,098	395,712
Net obligations under hire purchase contracts	8,879	2,724
Amounts owed to group undertakings	805,001	805,001
	<u>1,413,978</u>	<u>1,203,437</u>
Analysis of loans		
Wholly repayable within five years	1,442,339	1,225,329
	<u>1,442,339</u>	<u>1,225,329</u>
Included in current liabilities	(37,240)	(24,616)
	<u>1,405,099</u>	<u>1,200,713</u>
Loan maturity analysis		
In more than one year but not more than two years	37,240	24,616
In more than two years but not more than five years	111,719	73,848
In more than five years	<u>488,379</u>	<u>297,248</u>
The bank loan is secured on the freehold property of the company at Caddick Road, Knowsley Industrial Park, Knowsley, Merseyside		
Interest is charged at a rate of 1.6% over Barclay's base rate on the borrowings		
Net obligations under hire purchase contracts		
Repayable within one year	10,975	17,960
Repayable between one and five years	8,879	2,724
	<u>19,854</u>	<u>20,684</u>
Included in liabilities falling due within one year	(10,975)	(17,960)
	<u>8,879</u>	<u>2,724</u>
12 Pension and other post-retirement benefit commitments		
Defined contribution		
	2009 £	2008 £
Contributions payable by the company for the year	<u>48,838</u>	<u>59,351</u>

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

13 Share capital	2009 £	2008 £
Allotted, called up and fully paid		
7,800,100 Ordinary shares of £1 each	7,800,100	7,800,100

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2009	(6,043,600)
Profit for the year	201,994
Balance at 31 December 2009	(5,841,606)

15 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Profit for the financial year	201,994	268,125
Opening shareholders' funds	1,756,500	1,488,375
Closing shareholders' funds	1,958,494	1,756,500

16 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings		Other	
	2009 £	2008 £	2009 £	2008 £
Operating leases which expire				
Within one year	-	-	9,735	3,924
Between two and five years	-	-	-	9,735
In over five years	45,600	45,600	-	-
	45,600	45,600	9,735	13,659

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

17 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	<u>136,461</u>	<u>155,966</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008 - 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	-	36,557
Company pension contributions to money purchase schemes	<u>3,500</u>	<u>4,200</u>

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Sales & service	55	66
Warehouse	6	8
Administrative	6	6
Directors	4	4
	<u>71</u>	<u>84</u>

Employment costs	2009 £	2008 £
Wages and salaries	1,389,436	1,686,195
Social security costs	135,534	174,179
Other pension costs	60,543	71,756
	<u>1,585,513</u>	<u>1,932,130</u>

PRIMARY FLUID POWER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 Related party relationships and transactions

During the period the company paid

S Merre (director) £25,000 for the rental of land adjacent to the current site at Knowsley (2008 £25,000),

P Merre (former director) £10,800 for the rental of units 17, 18 & 18A on the current site at Knowsley (2008 £6,400) P Merre purchased this land from Knowsley BC at the end of July 2007

At the year end the company was owed £956,108 (2008 £956,108) by Primary Fluid Holdings Limited

At the year end the company owed the following to group companies

Berendsen PMC Limited £10,001 (2008 £10,001)

Powerflow Hydraulics Limited £780,000 (2008 £780,000)

Double D Hydraulics Limited £15,000 (2008 £15,000)