Company Registration Number 01606391

HYDRO INTERNATIONAL LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021

HYDRO INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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HYDRO INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R P Crook
P Cleaver
G Shannon

REGISTERED OFFICE

Shearwater House
Clevedon Hall Estate
Victoria Road
Clevedon
Bristol
BS21 7RD

AUDITOR

BDO LLP
Bridgewater House
Counterslip
Bristol
BS1 6BX
United Kingdom

HYDRO INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company is the International trade of the group and central service support to all group companies.

The international business is applying their growth strategy by progressively building representation for the group's proprietary products in a wide range of high-potential geographies beyond our Americas and Europe regions, using distribution partners supported by business development resources based in territories, where possible.

Central service support consists of developing new products, getting those products ready for market, technical support for all products already launched, marketing, supply chain management, IT support and financial management support.

The directors expect to continue to carry out these activities in the future.

BUSINESS REVIEW

The company recorded a profit after tax of 289,059 for the year (2020: £1,920,647). Turnover was reduced from 2020 levels for a number of reasons.

The international business is applying their growth strategy by progressively building representation for the group's proprietary products in a wide range of high-potential geographies beyond our Americas and Europe regions, using distribution partners supported by business development resources based in territories, where possible. As reported last year, 2020 was affected by the global Covid-19 pandemic and the related lockdowns in key areas of activity and markets. 2021 suffered in a similar way from continuing lockdown and travel restrictions and although restrictions eased during the second quarter of the year, market demand in many areas remained below 2019 levels. More of an issue were related impacts on our supply chain and transport partners, causing delays to a number of projects.

It is testament to the strength and resilience of our businesses, products and people that despite the challenges presented by the pandemic the group managed to maintain revenue at 90% of the prior year revenue and an increase of 28% on the 2019 pre-pandemic level.

Central service support consists of developing new products, getting those products ready for market, technical support for all products already launched, marketing, supply chain management, IT support and financial management support.

DIRECTORS

The directors who served throughout the year and subsequently were as follows:
R P Crook
P Cleaver
G Shannon

DIVIDENDS

A dividend of 15.75p per share was paid in the year totalling £2,400,000 (2020: nil). The directors do not recommend payment of a final dividend.

PRINCIAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of risks including competitive pressure, credit, and cash flow risks.

Competitive pressure:

The company operates in a competitive market for its products with new and existing entrants a potential threat to the market share of the company and the product margins currently achieved. The company, as part of the Turner International group, aims to secure its position through a commitment to product development and innovation, addressing the needs of its customers in meeting environmental regulation.

Credit risk:

The company's principal financial assets are trade debtors and bank balances. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The risk of loss through unrecoverable debts is managed through the use of credit insurance.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash flow risk:

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rate, and raw material price fluctuations. Where practicable and economic to do so the company uses foreign exchange forward contracts to hedge these exposures.

RESEARCH AND DEVELOPMENT

The company has a policy of researching new products and continuously developing existing ones. The company works with its subsidiary companies that advise on products to be developed but the product development is carried out by the company.

GOING CONCERN

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2021, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

DIRECTORS' REPORT (continued)

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.

AUDITOR

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

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

G Shannon
Director
31 August 2022

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 financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

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 its 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HYDRO INTERNATIONAL LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practise; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hydro International Limited ('the Company') for the year ended 31 December 2021 which comprise profit and loss account, balance sheet, statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HYDRO INTERNATIONAL LIMITED (CONTINUED)

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors
As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

We further addressed the susceptibility of the Company's financial statements to fraud occurring in revenue recognition. This is due to the fraud risk in relation to the occurrence of revenue. To address the risk of revenue occurrence we tested a sample of product sales to delivery notes to ensure the existence of revenue and correct revenue recognition point. For service revenue streams we tested revenue recognised to appropriate third party evidence in the form of service reports to ensure the existence of revenue and the correct revenue recognition.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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.

DocuSigned by:
Sarah Applegate
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Sarah Applegate (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol UK

06 September 2022

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

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

	Note	2021 £	2020 £
TURNOVER	3	4,971,017	5,541,659
Cost of sales		(2,124,850)	(2,394,859)
GROSS PROFIT		2,846,167	3,146,800
Administrative expenses		(2,373,319)	(1,466,956)
OPERATING PROFIT ON OPERATING ACTIVITIES BEFORE FINANCE CHARGES	4	472,848	1,679,844
Interest payable	6	(14,076)	(4,559)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		458,772	1,675,285
Tax on profit on ordinary activities	7	(169,713)	245,362
PROFIT FOR THE FINANCIAL YEAR		289,059	1,920,647

There have been no recognised gains or losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total comprehensive income is presented.

The notes on pages 12 to 29 form an integral part of the financial statements.

HYDRO INTERNATIONAL LIMITED

BALANCE SHEET
At 31 December 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Intangible assets	9	5,716,812	5,588,788
Tangible assets	10	192,531	266,114
Investments	12	10,537,868	10,537,868
		16,447,211	16,392,770
CURRENT ASSETS			
Stocks	13	-	14,191
Debtors	14	5,224,605	5,191,399
Cash at bank and in hand		709,687	719,348
		5,934,292	5,924,938
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(17,773,517)	(18,113,731)
NET CURRENT LIABILITIES		(11,839,225)	(12,188,793)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,607,986	4,203,977
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	15	(5,821)	(18,316)
Provisions for liabilities	16	(386,769)	(481,725)
Provision for deferred tax	17	(270,135)	(47,734)
NET ASSETS		3,945,261	3,656,202
CAPITAL AND RESERVES			
Called up share capital	18	761,695	761,695
Share premium		1,097,306	1,097,306
Profit and loss account		2,086,260	1,797,201
SHAREHOLDERS' FUNDS		3,945,261	3,656,202

The notes on pages 12 to 29 form an integral part of the financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies' regime.

The financial statements of Hydro International Limited, registered number 01606391, were approved by the Board of Directors and authorised for issue on 31 August 2022.

Signed on behalf of the Board of Directors

G Shannon
Director

STATEMENT OF CHANGES IN EQUITY
At 31 December 2021

	Called up share capital £	Share premium £	Profit and loss account £	Total £
Balance at 1 January 2020	**761,695**	**1,097,306**	**(123,446)**	**1,735,555**
Total comprehensive income for the year	-	-	1,920,647	1,920,647
Balance as at 31 December 2020	**761,695**	**1,097,306**	**1,797,201**	**3,656,202**
Profit for the year	-	-	**289,059**	**289,059**
Dividend received	-	-	**2,400,000**	**2,400,000**
Total comprehensive income for the year	-	-	2,689,059	2,689,059
Dividend paid (note 8)	-	-	(2,400,000)	(2,400,000)
Total contribution by and distribution to owners	-	-	(2,400,000)	(2,400,000)
Balance at 31 December 2021	**761,695**	**1,097,306**	**2,086,260**	**3,945,261**

The notes on pages 12 to 29 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of Accounting

Hydro International Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's principal activities are set out in the Directors Report on pages 2 to 6.

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 but makes amendments where necessary in order to comply Companies Act 2006 and set out below the advantage of the FRS101 disclosure exemption has been taken.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- business combinations – IFRS 3.62 and IFRS 3 B64(d), (e), (g), (h), (j), (m), (n)(ii), (o)(ii), (p), (q)(ii);
- financial instruments – All the disclosure requirements of IFRS 7 *Financial Instruments Disclosures*;
- presentation of comparative information in respect of certain assets – IAS 1.38;
- non-current assets held for sale and discontinued operations – IFRS 5.33(c);
- standards not yet effective – IAS 8.30-31;
- impairment of assets – IAS 36130(f)(ii) & (iii);
- the remuneration of key management personnel; and
- related party transactions – IAS 24.17.

Where required, equivalent disclosures are given in the group financial statements of Turner International Holdco Limited. The group financial statements of Turner International Holdco Limited are available to the public and can be obtained as set out in note 24.

Going concern

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2021, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

1. ACCOUNTING POLICIES *(continued)*

Intangible assets

Patents and trademarks
The cost of patents and trademarks, where it is probable that there will be future economic benefits and the cost can be reliably measured, are capitalised. This includes both purchased patents and trademarks, and the direct costs of application associated with internally generated patents and trademarks. Such patent and trademark costs are valued at cost on acquisition and amortisation provided so as to write-off the intangible fixed assets by equal annual instalments over a period of five years, which is their estimated useful life. Provision is made for any impairment. The costs of maintaining patents and trademarks on the Company's products are expensed as such items occur.

Development assets
All research phase expenditure is charged to the income statement. Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria relating in particular to technical feasibility and the generation of future economic benefits.
Expenditure that cannot be classified into these two categories is treated as being incurred in the research phase. The Group considers that, due to the complex nature of new equipment programmes, it is not possible to distinguish reliably between research and development activities until relatively late in the programme.
Expenditure capitalised is amortised over five years, from the point it enters into service, on a straight-line basis. The intangible assets are assessed for impairment biannually or earlier if there are indications of impairment.

Computer software
Computer software that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method so as to charge the cost of the computer software to the income statement over its estimated useful life (between two to 10 years).

For 'Software as a Service' ('SaaS') arrangements, the Group capitalise costs only relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software and associated configured and customised elements exists.

De-recognition of intangible assets
An intangible asset is recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit and loss when the asset is derecognised.

Tangible fixed assets

Tangible fixed assets are stated at cost net of any depreciation. Depreciation is provided on all fixed assets other than freehold land, at rates calculated to write off the cost or valuation of each asset by equal annual instalments over the expected useful life, as follows:

-	Freehold property	2.0-5.0%
-	Motor Vehicles	Over the length of the lease (typically 4 years)
-	Computer hardware	33.3%
-	Fixtures, fittings and equipment	20.0%

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation is provided in full on timing differences which represent an asset or a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign exchange

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

Leases

The company leases mainly vehicles where contracts are typically for fixed periods of 36 to 48 months, but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on information provided by the lessor.

Lease terms are negotiated on an individual basis but mainly are for a similar term of 48 months and have similar terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payment of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability, if applicable.

The lease payments are discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement dates less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right of use assets are depreciated over the shorter of the asset's life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

No Covid-19 rent concessions were received or granted during the current or preceding year.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 2.

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets are assessed individually as to whether they are impaired. The individual circumstances of the debt and objective evidence is obtained and considered when deciding whether a debt is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Revenue
Revenue is measured at the transaction price agreed with the customer on the sales order, net of discounts and value added tax.

Product revenue is recognised when the company has satisfied its performance obligations to the customer and the customer has obtained control of the goods being transferred.

Service revenue is recognised either:
- Annual contracts - over time in the accounting period when the services are rendered;
- Fixed fee arrangements - recognised based on the actual services provided to date as the provision and consumption of service occur simultaneously.

Contracts revenue is recognised when the performance obligation as detailed in the contract with the customer has been completed. Where this performance obligation has been completed in accordance with the contract is also assessed by the customer or quantity surveyor their assessment dictates the revenue recognition. Revenue from contract variations is accounted for as a separate contract unless at early stages of project before any billing has occurred. Negative variation orders are applied to the transactions price when they occur.

Some goods sold by the company include warranties which require the company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Determining the transaction price
The Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations
For most contracts, there is a fixed unit price for each product sold or each part of a contract delivered, therefore there is no judgement involved in allocating the contract price to each product or service.

1. ACCOUNTING POLICIES (continued)

Provisions (including warranty provisions)

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty cost data, know issues and management expectation of future costs. A warranty provision is recognised not only when there is a legal obligation but also where there is a constructive obligation. A constructive obligation exists due to the expectations derived from past behaviours of the Group. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Further details of provisions are given in note 16.

2. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the application of the Company's accounting policies, which are described in note 1 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Capitalisation of patents and trademarks

As described in note 1, the Company capitalises costs directly attributable to the generation of patents and trademarks. Costs are capitalised on the basis that there will be future economic benefits from the patents and trademarks. This is a judgement as the patent or trademark may have no commercial value until it is registered.

Capitalisation of development assets

As described in note 1, the Company capitalises costs directly attributable to the generation of development assets. Costs are capitalised on the basis that there will be future economic benefits from the development assets. This is a judgement as the asset may have no commercial value until it is fully developed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

2. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Economic useful life
As described in note 1 the useful economic life of patents, trademark and development assets is considered to be 5 years. This is an estimation of the useful economic life, which could be less or more than this. A review is carried out each year to ensure any assets that are no longer of economical use are written off, but lives of assets are not extended.

Leases
The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the company;

- Where possible, uses recent third-party financing received by the Group in which the lessee is a part as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Make adjustments specific to the lease, e.g. term currency and security.

The company used the incremental borrowing rate of 4.35%. A 100-basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by an immaterial amount and a corresponding (decrease)/increase in the right-of-use assets by the same amount.

3. *TURNOVER – continuing operations*

Turnover is attributable to the one principal activity of the company and the geographical analysis, by destination, is as follows:

	2021 £	2020 £
Rest of World (excluding Europe and Americas)	4,971,017	5,541,659
	4,971,017	5,541,659

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2021 £	2020 £
Auditor's remuneration:		
- for auditing of financial statements	9,650	9,650
- non-audit fees	6,366	6,366
Depreciation - owned assets	149,108	193,994
Amortisation of intangible assets	1,417,741	1,367,582
Foreign exchange (gain/(loss)	48,269	(184,337)
Research and development expenditure – current year	112,211	175,618

Non-audit fees relate to taxation services provided by auditors BDO LLP.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of Hydro International Limited, received no emoluments for their services from the company. The directors receive remuneration from Turner International Bidco Limited and other subsidiaries within the Group. The amounts concerned are disclosed in the relevant financial statements and no allocation is made in relation to their services to the company.

The average number of employees during the year, including directors, was as follows:

	2021 No.	2020 No.
Management	5	6
Administration	5	5
Marketing and technical	31	31
	41	42

The aggregate payroll cost was as follows:	2021 £	2020 £
Wages and salaries	1,737,266	1,500,864
Social security costs	160,909	164,029
Other pension costs	91,654	117,621
	1,989,829	1,782,514

6. INTEREST (PAYABLE)

	2021 £	2020 £
Bank interest payable	(7,454)	(1,524)
Lease liability	(6,622)	(3,034)
Net finance cost	(14,076)	(4,558)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
Year ended 31 December 2021

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge/(credit) for the year	**2021 £**	**2020 £**
Current tax		
Adjustments in respect of prior years	4,025	40,600
Research and development tax credit	(56,713)	(56,376)
Total current (credit)/charge	(52,688)	(15,776)
Deferred tax		
Origination and reversal of timing differences	220,203	(248,709)
Adjustments in respect of prior periods	(9,786)	(12,081)
Rate changes	11,984	31,204
Total deferred tax	222,401	(229,586)
Total tax on loss on ordinary activities	169,713	(245,362)

Factors affecting tax charge for the year

The standard weighted rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2020: 19%). The tax on profit on ordinary activities for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2021 £	**2020 £**
Profit/(loss) on ordinary activities before taxation	458,772	1,675,285
	£	**£**
Tax on loss on ordinary activities at standard rate	87,167	318,304
Effect of:		
Expenses not deductible for tax purposes	66,885	9,684
Prior year adjustment	(5,761)	28,519
Enhanced research and development deduction	(43,410)	(56,376)
Rate differences	64,832	(30,983)
Deferred tax not recognised	-	(515,370)
Other differences	-	860
UK corporation tax current year	169,713	(245,362)

The deferred tax asset/liability at 31 December 2021 and 2020 has been calculated based on the UK rate of 25%. There are no expiry dates on timing differences. The UK Corporation tax rate is set to increase from 19% to 25% in April 2023 at which it due to increase to 25%. As the deferred tax is not expected to crystalise until after the rate increase in April 2023, the higher rate has been used for the calculation of deferred tax balances. See note 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

8. DIVIDENDS

	2021 £	2020 £
Dividend of 15.75p per share – paid in year	2,400,000	-

A dividend of 15.75p per share was paid in the year totalling £2,400,000 (2020: nil). No further dividends were recommended by the directors.

9. INTANGIBLE FIXED ASSETS

2021	Patents and trademarks £	Development costs £	Software costs £	Total £
Cost				
At 1 January 2021	3,470,024	3,271,030	4,413,930	11,154,984
Additions	114,891	482,549	1,034,526	1,631,966
Disposals/write off	(740,992)	(23,639)	(31,028)	(795,659)
At 31 December 2021	2,843,923	3,729,940	5,417,428	11,991,291
Depreciation				
At 1 January 2021	1,918,413	1,285,489	2,362,294	5,566,196
Charge for the year	164,799	478,227	774,715	1,417,741
Disposals	(709,458)	-	-	(709,458)
At 31 December 2021	1,373,754	1,763,716	3,137,009	6,274,479
Net book value				
At 31 December 2021	1,470,169	1,966,224	2,280,419	5,716,812

2020	Patents and trademarks £	Development costs £	Software costs £	Total £
Cost				
At 1 January 2020	3,360,407	2,897,989	3,717,443	9,975,839
Additions	109,617	393,762	696,487	1,199,866
Disposals/write off	-	(20,721)	-	(20,721)
At 31 December 2020	3,470,024	3,271,030	4,413,930	11,154,984
Depreciation				
At 1 January 2020	1,737,049	863,466	1,598,099	4,198,614
Charge for the year	181,364	422,023	764,195	1,367,582
Disposals	-	-	-	-
At 31 December 2020	1,918,413	1,285,489	2,362,294	5,566,196
Net book value				
At 31 December 2020	1,551,611	1,985,541	2,051,636	5,588,788

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

10. TANGIBLE FIXED ASSETS

2021	Leasehold property	Motor vehicles	Fixtures, fittings and equipment	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2021	74,812	49,942	607,624	184,699	917,077
Additions	-	-	24,128	51,397	75,525
Disposal	-	-	(6,170)	-	(6,170)
At 31 December 2021	74,812	49,942	625,582	236,096	986,432
Depreciation					
At 1 January 2021	37,534	19,821	466,742	126,866	650,963
Charge for the year	37,278	12,239	69,320	30,271	149,108
Disposals	-	-	(6,170)	-	(6,170)
At 31 December 2021	74,812	32,060	529,892	157,137	793,901
Net book value					
At 31 December 2021	-	17,882	95,690	78,959	192,531

2020	Leasehold property	Motor vehicles	Fixtures, fittings and equipment	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2020	77,330	60,063	597,277	220,131	954,801
Additions	74,812	13,268	12,649	47,835	148,564
Disposals	(77,330)	(23,389)	(2,302)	(83,267)	(186,288)
At 31 December 2020	74,812	49,942	607,624	184,699	917,077
Depreciation					
At 1 January 2020	58,196	31,677	381,625	160,578	632,076
Charge for the year	56,668	11,533	86,764	39,029	193,994
Disposals	(77,330)	(23,389)	(1,647)	(72,741)	(175,107)
At 31 December 2020	37,534	19,821	466,742	126,866	650,963
Net book value					
At 31 December 2020	37,278	30,121	140,882	57,833	266,114

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

11. LEASES

The company has lease contracts. The amounts recognised in the financial statements in relation to these leases are as follows:

i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	**Leasehold property £**	**Motor vehicles £**	**Total £**
Cost			
At 1 January 2021	74,812	49,942	124,754
Additions	-	-	-
At 31 December 2021	74,812	49,942	124,754
Depreciation			
At 1 January 2021	37,534	19,821	57,355
Charge for the year	37,278	12,239	49,517
At 31 December 2021	74,812	32,060	106,872
Net book value			
At 31 December 2021	-	17,882	17,882

Right-of-use assets	**Leasehold property £**	**Motor vehicles £**	**Total £**
Cost			
At 1 January 2020	77,330	60,063	137,393
Additions	74,812	13,268	88,080
Disposals	(77,330)	(23,389)	(100,719)
At 31 December 2020	74,812	49,942	124,754
Depreciation			
At 1 January 2020	58,196	31,677	89,873
Charge for the year	56,668	11,533	68,201
Disposals	(77,330)	(23,389)	(100,719)
At 31 December 2020	37,534	19,821	57,355
Net book value			
At 31 December 2020	37,278	30,121	67,399

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

11. LEASES (continued)

	2021 £	2020 £
Lease Liabilities:		
Current	12,891	47,886
Non-current	5,821	18,316
	18,712	66,202

ii) Amounts recognised in the income statement

Depreciation charge of right-of-use assets:	**2021 £**	**2020 £**
Leasehold property	(37,278)	(56,668)
Motor vehicles	(12,239)	(11,533)
Total depreciation charged in income statement	(49,517)	(68,201)
Interest expense (included in finance cost)	(6,622)	(4,451)

Future minimum lease payments as at 31 December:		
No later than one year	13,326	49,105
Later than one year and not later than five years	6,048	18,427
Total gross payments	19,374	67,532
Impact of finance expenses	(662)	(1,330)
Carrying amount of liability	18,712	66,202

12. INVESTMENTS – SUBSIDIARY UNDERTAKINGS

	2021 £	**2020 £**
Cost		
At 1 January	11,006,599	11,006,599
Additions	-	-
Disposals	-	-
Total cost	11,006,599	11,006,599
Provision for impairment	(468,731)	(468,731)
Net Book Value	10,537,868	10,537,868

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

12. INVESTMENTS – SUBSIDIARY UNDERTAKINGS (continued)

The Company owns 100% of the ordinary share capital or equivalent and 100% of the voting rights of the following subsidiary undertakings.

Hydro International (Holdings) Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK
Vexamus Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK
Hydro-Logic Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK
Hydro-Logic Services (International) Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK
HRD Technologies Limited, Arther Cox Building, Earlsfort Terrace, Dublin 2. Republic of Ireland
M. & N. Electrical and Mechanical Services Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK

The Company owns 51% of the ordinary share capital or equivalent and 51% of the voting rights of the following subsidiary undertaking.
Hydro Thunip Yancheng Water Technology Co Ltd, Room 8016 Building 1 East Nanjing 6 Road, Guangfu Road, Nanyang Town, Tinghu District, Yancheng, Jiangsu, China

The following subsidiaries are indirectly held:
Vexamus Water (Scotland) Limited, Scotland, Deloitte, 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB. UK
Oxford Scientific Software, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK (dissolved during the year)
Hydro International (UK) Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK
Hydro International (Wastewater) Limited, Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK

13. STOCKS

	2021 £	2020 £
Inventory	-	14,191
	-	14,191

14. DEBTORS

	2021 £	2020 £
Amounts due within one year:		
Trade debtors	2,349,540	2,104,163
Amounts owed by group undertakings	2,290,726	2,745,904
Other debtors	26,558	5,533
Corporation tax	109,061	113,410
Other taxes and social security	156,062	26,614
Prepayments and accrued income	292,658	195,775
	5,224,605	5,191,399

No debtors are due in more than one year.

Amounts owed by group undertakings are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

15. CREDITORS

	2021 £	2020 £
Amounts due within one year:		
Trade creditors	857,305	273,272
Payments on account	33,164	-
Amounts owed to group undertakings	14,003,114	15,128,400
Other creditors	228,625	257,936
Lease liability	12,891	47,886
Accruals and deferred income	420,300	556,213
Deferred consideration	2,218,118	1,850,024
	17,773,517	18,113,731
Amounts falling due after more than one year:		
Lease liability	5,821	18,316
	5,821	18,316
	17,779,338	18,132,047

The acquisition of M. & N. Electrical and Mechanical Services Limited happened in July 2019. As part of the consideration for the purchase there was an amount of deferred consideration, which is based on target EBITDA and is due for payment in two equal instalments on the first and second anniversary of the acquisition. The increase in value is due to the unwinding of discount as the second anniversary has now passed.

Amounts owed to group undertakings are interest free and repayable on demand.

16. PROVISIONS FOR LIABILITIES

	Tax fee provision £	Warranty provision £	Total £
At 1 January 2020	25,000	413,453	438,453
Debited to the profit and loss account	-	43,272	43,272
At 31 December 2020	25,000	456,725	481,725
Credited to the profit and loss account	(25,000)	(69,955)	(94,955)
At 31 December 2021	-	386,770	386,770

A provision has been made for professional fees in relation to tax investigation work into the treatment of costs in relation to the change in ownership.

Provision has been made for potential costs to be incurred in association with warranty claims. This provision is classified as current in the balance sheet as the Group does not control the timing of any payment under warranty. The nature of the Group is such that warranty claims can arise over a number of years and so the expected utilisation cannot be determined with certainty, although no known significant current cash outflows are expected in the next few months. Not all provisions are utilised as circumstances change from when the provision was put in place, in this instance the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

17. DEFERRED TAX LIABILITY

	Deferred Tax asset £	Deferred tax liability £	Total £
At 1 January 2020	-	(277,320)	(277,320)
Debited/(credited) to the profit and loss account	120,591	108,995	229,586
At 31 December 2020	120,591	(168,325)	(47,734)
Debited/(credited) to the profit and loss account	(103,362)	(119,039)	(222,401)
At 31 December 2021	17,229	(287,364)	(270,135)

Deferred tax relates to depreciation in excess of capital allowances; short-term timing differences and losses and other deductions (see note 7). All movements are charged/credited to the profit and loss account.

18. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Authorised		
20,000,000 Ordinary shares of 5p each	1,000,000	1,000,000
Allotted, issued and fully paid		
15,233,897 (2018: 15,233,897) Ordinary shares of 5p each	761,695	761,695

19. RESERVES

Share Premium account
The share premium account includes the premium on issue of equity shares, net of any issue costs

Retained Earnings
Retained Earnings represents cumulative profits or losses net of dividends paid and other adjustments.

20. FINANCIAL INSTRUMENTS

Categories of financial instruments	2021 £	2020 £
Financial assets		
Amortised cost: Loans and receivables (Including cash and cash equivalents)	5,934,294	5,910,748
	5,934,294	5,910,748
Financial liabilities		
Amortised cost: Other financial liabilities	15,122,208	15,632,993
	15,122,208	15,632,993

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

21. CONTINGENT LIABILITIES

The company has entered into a cross-guarantee with Ely Acquisition Limited in favour of Lloyds Banking Group plc in respect of bank borrowings. At 31 December 2021 and 31 December 2020 Ely Acquisition Limited had no bank borrowings.

22. CASH FLOW STATEMENT

As a wholly-owned subsidiary of a UK registered company, Hydro International Limited has taken advantage of the exemption from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Turner International Holdco Limited group financial statements.

23. PENSION SCHEMES

The group operates a defined contribution pension scheme and contributes to personal pension plans for all qualified employees. The assets of the scheme are held in separate trustee-administered funds. Contributions made during the year amounted to £91,654 (2020: £117,621). There were unpaid pension contributions of £512 (2020: £12,279) at the year end.

24. RELATED PARTY TRANSACTIONS

In accordance with FRS101, transactions with other 100% undertakings within the Turner International Holdco Limited group have not been disclosed in these financial statements.

25. ULTIMATE PARENT COMPANY AND CONTROLLING COMPANY

The immediate parent company is Ely Acquisition Limited and the ultimate parent company and controlling company is considered to be Turner International Holdco Limited, a company incorporated and registered in England and Wales, due to 80% ownership of share capital.

The largest in which the results of the group are consolidated is that headed by Turner International Holdco Limited. The smallest group in which the results of the group are consolidated is that headed by Turner International Midco 2 Limited. The consolidated accounts of this and the groups parent are available to the public and can be obtained from the registered office; 6th Floor, 125 London Wall, London, EC2Y 5AS.

26. POST BALANCE SHEET EVENTS

In February 2022 Ukraine was invaded by Russia which has increased uncertainty around energy prices and supply chain. The business has seen no significant impact of the Ukraine/Russia war to date, although assessments of the potential impact are ongoing.