

Registrar's Copy

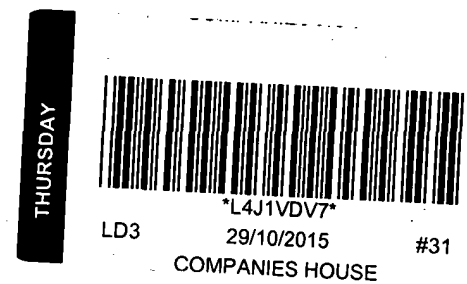
**Pirtek Europe Limited**

Report and Financial Statements

Year Ended

31 March 2015

Company Number 03232759



# **Pirtek Europe Limited**

## **Report and financial statements for the year ended 31 March 2015**

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### **Directors**

A J Richards  
A L Wiggins  
K Hardy  
M R Wilton  
P Dunlop

### **Secretary**

A J Richards

### **Registered office**

c/o Squire Patton Boggs, Rutland House, 148 Edmund Street, Birmingham B3 2JR

### **Company number**

03232759

### **Auditors**

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, RG1 3EX

# **Pirtek Europe Limited**

## **Strategic Report for the year ended 31 March 2015**

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Pirtek has continued with the strategy and operational focus which has seen us grow over the past few years.

### **Business Review**

Pirtek Europe Limited is the parent company of a group of companies which operate in six European countries, each subsidiary supporting the network of franchisees in each country through the supply of products and services. The principal activity of the franchise network itself is the delivery of time-sensitive, on-site hose replacement services.

The company's investments continued to perform well during the year.

### **Key performance indicators**

The company's principal key performance indicator is the comparison between the carrying value of its investments against the position and performance of these investments.

Management's assessment of the recoverability of the company's investments, based on its subsidiaries' position and current and projected performance, lead to no impairment during the year.

### **Business environment**

The emergency hydraulic hose replacement market across the United Kingdom is diverse due to the wide range of industries demanding the service. The demand for a time-sensitive maintenance solution is of greater importance in sectors with high labour costs, well-evolved customer service standards and where equipment downtime costs greatly outweigh the Pirtek repair costs.

Therefore, the core offering of the Pirtek solution is:

- 1 Rapid response - aim within 1 hour;
- 2 Quality product - hoses and fittings usually required for high value capital items;
- 3 Nationwide support - ability to resolve problems across a clear geographical area; and
- 4 Range - having the appropriate product items available at very short notice.

### **Strategy**

Our strategy is dependent on our evolutionary position in each country.

In the United Kingdom, Ireland and Netherlands, the company has a mature network in place which results in a need to maximise market opportunities available and create new revenue channels through products and services aligned to our core activities. In Belgium, Germany and Austria the company is looking to expand its coverage significantly.

# Pirtek Europe Limited

## Strategic Report for the year ended 31 March 2015 (*continued*)

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### Principal risks and uncertainties

As an intermediate parent company, the principal risk that the company faces is that the carrying value of its investments in its subsidiaries is not fully recoverable.

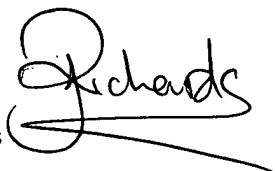
Management regularly monitor the carrying value of the company's investments against the position and performance of its subsidiaries to ascertain whether there are any indicators for potential impairments.

Should the carrying value of certain investments not be recoverable in full, the company may be unable to pay amounts due to its intermediate parent undertaking. In these circumstances, the company would seek support from its intermediate parent undertaking.

### Approved

This strategic report was approved on behalf of the Board on 23/10/2015

A J Richards  
Director

A handwritten signature in black ink, appearing to read 'A J Richards', with a large, stylized flourish extending from the bottom of the signature.

# **Pirtek Europe Limited**

## **Report of the directors for the year ended 31 March 2015**

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The directors present their report together with the audited financial statements for the year ended 31 March 2015.

### **Results and dividends**

The profit and loss account is set out on page 8 and shows the loss for the year.

The trading results for the year, and the company's financial position at the end of the year, are shown in the attached financial statements. The company is a wholly owned subsidiary of Pirtek Europe Holdings Limited who will continue to provide financial support for the business.

The directors do not recommend payment of a dividend (2014 - £Nil).

### **Principal activities**

The company supplies services to its subsidiaries which operate in six European countries, each subsidiary supporting the network of franchisees in each country through the supply of products and services. The principal activity of the franchise network itself is the delivery of time-sensitive, on-site hose repair services.

### **Financial risk management objectives and policies**

The group uses various financial instruments including cash and trade debtors and creditors that arise directly from its operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the group's financial instruments are currency risk, credit risk, interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### *Currency risk*

The group has exposure to translation and transaction foreign exchange risk.

#### *Credit risk*

The group's principal credit risk relates to the recovery of amounts owed by trade debtors. In order to manage credit risk, debt aging and collection history are reviewed on a regular basis. Debts are actively pursued by the credit control department.

#### *Interest rate risk*

The group's external borrowings attract interest at a rate which combines fixed and variable elements. The variable element of the interest rate is agreed on a regular basis with the lender.

#### *Liquidity risk*

Current and projected working capital demand is reviewed in conjunction with existing financing facilities to determine cash requirements as part of the routine reporting process.

### **Qualifying third party indemnity provisions**

The company has arranged qualifying third party indemnity for all of its directors.

# **Pirtek Europe Limited**

## **Report of the directors for the year ended 31 March 2015 (*continued*)**

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### **Directors**

The directors of the company during the year were:

A J Richards (appointed 23 February 2015)  
A L Wiggins (appointed 23 February 2015)  
D J Lamb (resigned 20 May 2015)  
K Hardy (appointed 23 February 2015)  
K Roberts (resigned 26 February 2015)  
M R Wilton  
P Dunlop (appointed 23 February 2015)

### **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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# Pirtek Europe Limited

## Report of the directors for the year ended 31 March 2015 (*continued*)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed.

### On behalf of the Board

A J Richards  
Director



Date 23/10/2015

# **Pirtek Europe Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF PIRTEK EUROPE LIMITED**

We have audited the financial statements of Pirtek Europe Limited for the year ended 31 March 2015 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Pirtek Europe Limited

## Independent auditor's report (*continued*)

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### Matters on which we are required to report by exception

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

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



*Simon Brooker (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading  
United Kingdom*

Date *22 October 2015.*

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

# Pirtek Europe Limited

## Profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
<b>Turnover</b>	2	<b>1,083,457</b>	1,124,706
Administration expenses		(1,336,273)	(1,561,943)
Exceptional income	3	-	114,317
		<hr/>	<hr/>
<b>Operating loss</b>	3	<b>(252,816)</b>	(322,920)
Interest receivable	6	28,617	47,300
Interest payable	7	(39,852)	(30,314)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(264,051)</b>	(305,934)
Taxation on loss from ordinary activities	8	(576,848)	(671,364)
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>	15	<b>(840,899)</b>	(977,298)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 10 to 17 form part of these financial statements.

# Pirtek Europe Limited

## Balance sheet at 31 March 2015

<b>Company number 03232759</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Tangible fixed assets	9		8,973		9,532
Investments	10		9,170,580		9,170,400
			<hr/>		<hr/>
			9,179,553		9,179,932
<b>Current assets</b>					
Debtors	11	895,552		1,196,715	
Cash at bank		260,572		199,611	
		<hr/>		<hr/>	
		1,156,124		1,396,326	
<b>Creditors: amounts falling due within one year</b>	12	(2,134,174)		(1,533,856)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(978,050)		(137,530)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			8,201,503		9,042,402
			<hr/>		<hr/>
<b>Net assets</b>			8,201,503		9,042,402
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		4,565,959		4,565,959
Share premium account	15		8,771,236		8,771,236
Capital redemption reserve	15		23,799		23,799
Profit and loss account	15		(5,159,491)		(4,318,592)
			<hr/>		<hr/>
<b>Shareholders' funds</b>	14		8,201,503		9,042,402
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 23/10/2015

A J Richards  
Director



The notes on pages 10 to 17 form part of these financial statements.

# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Consolidation*

The financial statements contain information about Pirtek Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated financial statements of its parent company, Pirtek Europe Holdings Limited.

#### *Cash flow statement*

The company is a wholly-owned subsidiary of Pirtek Europe Holdings Limited and is included in the consolidated financial statements of Pirtek Europe Holdings Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

#### *Turnover*

Turnover represents management charges to subsidiary undertakings and is stated net of value added tax.

#### *Tangible Fixed Assets*

Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Leasehold improvements, fixtures and fittings	-	5 years straight line
IT systems, plant and machinery	-	5 years straight line

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment in value.

#### *Pensions*

The company contributed directly to the personal pension scheme held by the company directors.

#### *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 the transaction. All exchange differences are taken to the profit and loss account.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that are originated but not reversed at the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

### 2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.  
An analysis of turnover is as follows:

	2015 £	2014 £
Europe	1,083,457	1,124,706
	<u>1,083,457</u>	<u>1,124,706</u>

### 3 Operating loss

	2015 £	2014 £
This has been arrived at after charging/(crediting):		
Depreciation	3,139	25,496
Auditors' remuneration		
- audit services	5,500	5,500
- non-audit services	25,525	23,038
Exchange differences	19,668	(1,974)
	<u>19,668</u>	<u>(1,974)</u>

The exceptional income of £114,317 in 2014 relates to the proceeds from a court case, awarded in favour of the company.

### 4 Employees

Staff costs (including directors) consist of:

	2015 £	2014 £
Wages and salaries	615,237	595,218
Social security costs	122,549	82,887
Other pension costs	16,979	50,000
	<u>754,765</u>	<u>728,105</u>

The average number of employees (including directors) during the year was 2 (2014 – 2).

# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

### 5 Directors

	2015 £	2014 £
Directors' remuneration consists of:		
Emoluments	615,237	609,983
Company contributions to money purchase pension schemes	16,979	50,000
	<u>632,216</u>	<u>659,983</u>
<i>Highest paid director</i>		
Emoluments	346,221	390,164
Company contributions to money purchase pension schemes	-	-
	<u>346,221</u>	<u>390,164</u>

There was 1 director (2014 – 1 director) who accrued benefits under money purchase schemes during the year. The only employees were 2 directors (2014-2 directors).

### 6 Interest receivable

	2015 £	2014 £
Bank interest	3,877	26
Intercompany interest	24,740	47,274
	<u>28,617</u>	<u>47,300</u>

### 7 Interest payable and similar charges

	2015 £	2014 £
Intercompany interest	39,852	27,990
Interest on late taxes	-	2,324
	<u>39,852</u>	<u>30,314</u>

# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

### 8 Taxation on loss from ordinary activities

	2015 £	2014 £
<i>Current tax</i>		
UK corporation tax on loss of the year	576,848	671,364
Under provision in respect of prior years	-	-
	<u>576,848</u>	<u>671,364</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>

At 31 March 2015, there was an unrecognised deferred tax asset of £29,299 (2014 - £43,453) of which £25,299 (2014 - £31,135) related to accelerated capital allowances and £4,000 (2014 - £Nil) related to short term timing differences. This has not been recognised in the financial statements as there is currently insufficient evidence that it will be recovered.

#### Reconciliation of current tax charge

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

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(264,051)</u>	<u>(305,934)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 21% (2014 - 23%)	(55,451)	(70,365)
Effects of:		
Expenses not deductible for tax purposes	6,008	1,819
Transfer pricing adjustment	951,611	960,805
Group relief	(313,608)	(220,838)
Other differences	(5,584)	2,420
Capital allowances in excess of depreciation	(6,128)	(2,477)
	<u>576,848</u>	<u>671,364</u>
Current tax charge for year		

# Pirtek Europe Limited

Notes forming part of the financial statements  
for the year ended 31 March 2015 (*continued*)

## 9 Tangible assets

	Fixtures and Fittings £	Plant and Machinery £	IT Systems £	Total £
<i>Cost</i>				
At 1 April 2014	323	575	450,264	451,162
Additions	-	-	2,580	2,580
At 31 March 2015	<b>323</b>	<b>575</b>	<b>452,844</b>	<b>453,742</b>
<i>Depreciation</i>				
At 1 April 2014	301	441	440,888	441,630
Charge for the year	22	115	3,002	3,139
At 31 March 2015	<b>323</b>	<b>556</b>	<b>443,890</b>	<b>444,769</b>
<i>Net book value</i>	-	19	8,954	8,973
At 31 March 2015				
At 31 March 2014	22	134	9,376	9,532

There are no assets held under finance leases or hire contracts.

## 10 Investments

Company	£
<i>Cost</i>	
At 1 April 2014	9,170,400
Additions	180
At 31 March 2015	<b>9,170,580</b>



# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

### Principal investments

The company holds the share capital of the following:

	Country of Incorporation	Class of share	% of share capital held	Nature of business
<b>Directly owned</b>				
Pirtek Austria GmbH	Austria	Ordinary	100%	Trading
Pirtek BV	The Netherlands	Ordinary	100%	Trading
Pirtek (Deutschland) GmbH	Germany	Ordinary	100%	Trading
Pirtek (UK) Limited	United Kingdom	Ordinary	100%	Trading
<b>Indirectly owned</b>				
Pirtek Belgium bvba	Belgium	Ordinary	100%	Trading
Culleus GmbH	Austria	Ordinary	55%	Trading
Sungrow Limited	United Kingdom	Ordinary	100%	Trading
Penrith Hydraulics Limited	United Kingdom	Ordinary	100%	Trading
ABC Hydraulics Limited	United Kingdom	Ordinary	100%	Dormant
Kilmarnock Hydraulics Limited	United Kingdom	Ordinary	100%	Dormant
Pirtek Information Technology Solutions Limited	United Kingdom	Ordinary	100%	Dormant

All trading businesses are involved in the distribution of hydraulic hoses and associated fittings.

Sungrow Limited sold its stock on 17 April 2015 to another Pirtek franchise and ceased trading from that date.

### 11 Debtors

	2015 £	2014 £
Amounts due from group companies	711,438	1,103,513
Taxation and social security	145,695	48,186
Other debtors	-	3,600
Prepayments and accrued income	38,419	41,416
	<u>895,552</u>	<u>1,196,715</u>

All amounts shown under debtors fall due for payment within one year.

### 12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	55,995	72,564
Amounts due to group companies	1,722,917	739,537
Other creditors	108,885	123,957
Accruals	167,627	259,434
Corporation tax liability	78,750	338,364
	<u>2,134,174</u>	<u>1,533,856</u>

# Pirtek Europe Limited

## Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

### 13 Share capital

<i>Allotted, called up and fully paid.</i>	2015 £	2014 £
3,861,486 (2014 – 3,861,486) 'A' ordinary shares of £1 each	3,861,486	3,861,486
683,473 (2014 – 683,473) 'B' ordinary shares of £1 each	683,473	683,473
Total ordinary shares	4,544,959	4,544,959
2,100,000 (2014 – 2,100,000) preference shares of 1 pence each	21,000	21,000
	4,565,959	4,565,959

The preference shares are redeemable at a sum equal to the issue price of £0.01 per share. Realisation of these shares will be on the completion of an agreement for the purchase of all the Ordinary shares or the acceptance of an offer as a result of which the offer becomes entitled or bound to acquire any part of such shares, as set out in the Articles of Association adopted by special resolution on 20 December 2002.

All ordinary shares rank pari passu except on a winding up where distribution of assets is completed on the basis of a formula as set out in the Articles of Association adopted by special resolution on 20 December 2002.

### 14 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	9,042,402	10,019,700
Loss for the year	(840,899)	(977,298)
Closing shareholders' funds	8,201,503	9,042,402

### 15 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2014	8,771,236	23,799	(4,318,592)
Loss for the year	-	-	(840,899)
At 31 March 2015	8,771,236	23,799	(5,159,491)

# **Pirtek Europe Limited**

## **Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)**

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### **16 Contingencies**

As at 31 March 2015, the company has a floating charge over its net assets in respect of \$31,193,750 (£20,990,344) of borrowings owed by Fast Pressure II Limited, to Madison Capital LLC of Chicago, Illinois U.S.A. This will become payable if Fast Pressure II Limited defaults. At the balance sheet date, and at the date that the reports were signed, Fast Pressure II Limited had fulfilled all of its obligations under the terms of the loan. The company does not expect to have to make any payments in respect of this guarantee.

Fast Pressure II Limited is a direct subsidiary of Fast Pressure I Limited (see note 18).

In addition, the company has provided guarantees over bank borrowings and leases on behalf of its franchisees totalling £85,000 (2014 - £160,000) and £125,798 (2014 - £156,974) respectively.

### **17 Related parties**

The company has taken advantage of the exemption under FRS 8 from disclosing transactions with wholly owned group entities.

### **18 Ultimate parent company**

At 31 March 2015 the company's immediate parent company was Fast Pressure I Limited, a company incorporated in the United Kingdom, which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Fast Pressure I Limited are available from Companies House.

At 31 March 2015, Halifax Cayman Capital Partners III, L.P. is considered the ultimate controlling party.