

Company Registration No. 04839607 (England and Wales)

SPP Pumps Limited

**Annual report and
group financial statements
for the year ended 31 December 2023**

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SPP Pumps Limited

Company information

Chairman	Sanjay Kirloskar
Directors	Sanjay Kirloskar Alok Kirloskar Pratap Shirke Owen Shevlin Robert Tichband
Secretary	Speafi Secretarial Limited Amit Naniwadekar
Company number	04839607
Registered office	SPP Pumps Limited Crucible Close Mushet Industrial Park Coleford Gloucestershire GL16 8PS
Independent auditor	Saffery LLP Westpoint Peterborough Business Park Lynch Wood Peterborough PE2 6FZ

SPP Pumps Limited

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SPP Pumps Limited

Strategic report

For the year ended 31 December 2023

The directors present the strategic report for the year ended 31 December 2023 for SPP Pumps Limited ("the Company") and its subsidiaries ("the Group").

Fair review of the business

2023 was an excellent year for both the Company and the Group. Order intake was up significantly on the previous year across the entire Group, a reflection of buoyant market conditions and SPP's attractive range of products and services. The Company secured a record number of new orders in the year, with a particularly strong performance from its Energy, Water, Parts and Service Business Units. This leaves it with a very strong order book going into 2024.

In respect of order execution, the Company had to deal with some challenges with its supply chain during the year, which has caused delays to certain engineered-to-order projects. Notwithstanding this, the factory has performed well. There continues to be a focus on improving operational performance through the adoption of new digital technologies, building the right culture, and investment in facilities. SPP made two significant investments in its machine shop during 2023. Firstly, the purchase of a new lathe, which will allow the vast majority of shaft machining to be done in-house in future. And secondly, the creation and equipping of a "Future Cell", to provide greater capacity for manufacturing small components as well as excellent training opportunities for apprentices.

SPP's service business goes from strength to strength. Building on the opening of the Centre of Excellence in Coleford in 2022, the Company further invested in its facilities during 2023 through the expansion of the service centre in Aberdeen and long-term commitment to its facility in Hyde.

Overall, the Group has surpassed expectations with its financial results, achieving sales revenues of £101.9 million (2022: £85.6m) and a profit before tax and FX gains/losses of £9.7 million (2022: £5.3m). Gross margin has increased slightly from 26% in 2022 to 27% in 2023. Distribution and administrative costs have remained tightly controlled. The results are underpinned by strong performances from Industrial Fire, Service and Parts, as well as the US business.

The Group has remained focused on cash collection and efficient working capital management. Net current assets have increased by £3.7 million in the year, whilst long-term borrowings have reduced by £0.9 million.

In conclusion, the outlook for the Group is positive and the Board looks forward to 2024 with confidence.

Principal risks and uncertainties

Commodity risk

The price of oil fluctuated during the course of 2023, reaching a peak in the third quarter before falling back and finishing the year at around \$71 a barrel (2022: \$85 a barrel). Although a higher oil price has increased fuel and freight charges, it can be beneficial to the Company as it is positively correlated with order levels from the Energy sector.

The other principal commodity risk is base metal prices. Increases in base metal prices impact directly on manufacturing costs and can make budgeting difficult. SPP mitigates such risk by locking commodity suppliers into fixed price deals where possible.

Currency risk

Approximately 60% of the Group's sales and many of its key component purchases are from outside the UK, with a significant portion denominated in US Dollars. Foreign exchange movements are an ongoing risk. The Group minimises this risk by hedging foreign currency transactions through forward contracts matched to specific orders.

Credit risk

The slowdown in the global economy has inevitably increased credit risk across the Group. SPP controls its credit exposure carefully in order to minimise such risk. The vast majority of customers in the sectors in which the Group operates are financially robust and this, together with its own credit risk controls, have meant that the Group has not suffered any significant bad debts during the year.

SPP Pumps Limited

Strategic report (continued)

For the year ended 31 December 2023

Liquidity risk

With market conditions more changeable, the Group has focused on controlling capital expenditure and working capital. There has been sound management of cash flow throughout the year. The Group continues to be backed by first class international banks and retains the facilities required to fully support the demands of the business.

Development and performance

SPP has continued to invest in the development of new products and services during the year. It has also focused on developing the markets in which it sells, notably in Europe, Middle East and the Far East.

It has taken steps to strengthen its brand image and reputation for product quality through industry accreditations, adherence to quality standards, as well as marketing and exhibition activities. It has invested in protecting the SPP brand by extending its portfolio of trademarks into new geographical areas and trademark classes. The Company was proud to win Manufacturer of the Year at The Pump Industry Awards in 2023. Founded by the BPMA (British Pump Manufacturers Association), the awards programme celebrates the achievements of pump companies and is recognised as one of the leading award ceremonies in the industry.

Within the Energy Division (formerly Oil & Gas Division), there is a focus on the “energy transition” from traditional hydrocarbons to renewable energy sources such as hydrogen, tidal, wind, solar, and OTEC. In this respect, the Company is mirroring its customers by exploring opportunities to support the move to a greener and more sustainable energy industry. SPP will continue to offer world class products and services to support the industry through this phase and it will remain a key part of our business.

Kirloskar Brothers Limited (“KBL”), the Group’s ultimate parent company, continues to offer strong support. The Group benefits from its close association with KBL and other members within the KBL group of companies.

The Board recognises the hard work and dedication of its employees and would like to place on record its thanks to them.

SPP is strongly positioned to benefit from the ongoing recovery in market confidence and its strong order backlog. Its focus will remain on developing its core business and improving its standing through sound financial management.

Overview of how the Board performed its duties

The Board continues to have regard to the interests of employees and other stakeholders when making decisions that it considers most likely to promote the success of the Company and Group in the long term.

Fundamentally, SPP is a manufacturer of pumps and pump packages. Like all commercial enterprises, the goal is to achieve a consistent pattern of superior value offering to its customers and better returns for its shareholders. It is therefore important for SPP to differentiate itself in the way that it creates and delivers value.

In line with SPP’s Mission Statement, by giving customers superior service and value, SPP will achieve sustainable growth, profitability and ensure the long term future of the Group. This is underpinned by some key fundamental relationships:

Customers

SPP works collaboratively with its customers to provide security in their supply chain through world class products and services. Adding value for customers is at the heart of everything SPP does. This is achieved through regular customer visits and asking for honest feedback, which helps SPP improve its products and services.

Suppliers

SPP works in partnership with its suppliers, actively involving them in its business and providing a basis for mutual prosperity.

SPP Pumps Limited

Strategic report (continued)
For the year ended 31 December 2023

Community

SPP works as an active member of the local community to provide security through employment, either direct or indirect, as well as volunteering and other social programmes.

Environment

SPP actively pursues an environmental policy that benefits and protects both the local community and the wider public at large.

Approved by the Board on 8 February 2024 and signed on its behalf by:



Amit Naniwadekar
Company Secretary

8 February 2024

SPP Pumps Limited

Directors' report

For the year ended 31 December 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the Group are the design, manufacture, supply and service of pumps, pump packages and associated equipment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Sanjay Kirloskar

Alok Kirloskar

Pratap Shirke

Owen Shevlin

Robert Tichband

Results and dividends

The results for the year are set out on page 10.

Interim dividends totalling £2.47 million were paid during the year. The directors do not recommend the payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are fully and fairly considered having regard to the abilities of each applicant. Efforts are made to enable any employee who becomes disabled during employment to continue their career with the Group. Training, career development and promotion of disabled persons are, as far as reasonably practicable, identical to that of other employees who are not disabled.

Employee involvement

It is Group policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs and future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of companies in the Group but, in all cases, the emphasis is on communication at the local level.

The Group actively encourages the promotion of safe working conditions and the development of practices that secure and enhance the health and welfare of employees at work.

Emissions and energy consumption

During the year, the Company emitted 812 tonnes of CO₂e (2022: 552 tonnes) from activities involving the combustion of gas and consumption of fuel for the purposes of transport, and 258 tonnes of CO₂e (2022: 232 tonnes) from the purchase of electricity for its own use. In aggregate it consumed 4.71 million kWh of energy (2022: 3.17 million kWh). Greenhouse gas emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting 2022. Energy usage data was gathered from a variety of sources, including utility bills for gas and electric, and mileage expenses and fuel card data for transport. Where actual figures for the full year were not available, estimated figures have been used. The Company's intensity ratio, expressed as tonnes of CO₂e per total £m of sales revenue, is 19.4 (2022: 16.7).

SPP Pumps Limited

Directors' report (continued)

For the year ended 31 December 2023

SPP recognises the importance of reducing energy consumption and sourcing energy supply in a way that helps protect the environment from future harm. During the year, new parts cleaning and gun wash machines have been installed. These are more energy efficient than the previous machines and result in lower solvents emissions. An LED lighting project is due to start in early 2024, which will see over 300 LED units fitted throughout the business. It is expected to reduce CO2e emissions by 26 tonnes per annum and save 99,000 kWh of energy per annum. Plans are also being discussed to install solar panels at the Coleford Manufacturing Centre and Centre of Excellence.

Overseas branches

The Company has subsidiary companies in the USA and France, and an overseas branch office in the United Arab Emirates. The previous branch office in Czech Republic was closed in August 2022.

Auditor

The auditors, Saffery LLP, have indicated their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 Group and Company, and of the profit or loss of the Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Group is unaware. Additionally, the directors individually 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 auditor of the Group is aware of that information.

SPP Pumps Limited

Directors' report (continued)
For the year ended 31 December 2023

Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 1 to 3. The Group has considerable financial resources together with a strong order book and long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The ultimate parent company has a good expectation that the Company and its subsidiaries have adequate resources to continue their operational existence for the foreseeable future.

By order of the Board



Amit Naniwadekar
Company Secretary

8 February 2024

SPP Pumps Limited

Independent auditor's report To the members of SPP Pumps Limited

Opinion

We have audited the financial statements of SPP Pumps Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2023 which comprise the Group statement of comprehensive income, the Group Statement of financial position, the Company statement of financial position, the Group statement of changes in equity, the Company statement of changes in equity, the Group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and of the Parent Company as at 31 December 2023 and of the Group's profit 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.

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 are independent of the Group and Parent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 Group or Parent 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.

SPP Pumps Limited

Independent auditor's report (continued) To the members of SPP Pumps Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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, 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 explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 Group's and the Parent 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 Group or the Parent 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and Parent Company by discussions with directors and communication with component auditors, and by updating our understanding of the sector in which the Group and Parent Company operates.

SPP Pumps Limited

Independent auditor's report (continued) To the members of SPP Pumps Limited

Laws and regulations of direct significance in the context of the Parent Company include The Companies Act 2006, and UK Tax legislation including as it relates to research and development as well as similar laws and regulations prevailing in each country in which we identified a significant component.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the Parent Company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the Parent Company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance including the maintenance of industry accreditations.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud, including those areas with a high risk of possible management manipulation including revenue recognition for Energy contracts and stock provisioning. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries, and identifying and testing any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As Group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at Group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the Group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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.

8 February 2024



**Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery LLP**

**Chartered Accountants
Statutory Auditors**

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

SPP Pumps Limited**Group statement of comprehensive income
For the year ended 31 December 2023**

	Notes	2023 £	2022 £
Turnover	3	101,876,023	85,646,489
Cost of sales		(74,136,693)	(63,269,469)
Gross profit		27,739,330	22,377,020
Distribution costs		(6,144,844)	(5,275,350)
Administrative expenses		(11,892,351)	(11,719,005)
Other operating income		288,207	208,811
Operating profit	7	9,990,342	5,591,476
Interest receivable and similar income		62,750	4,787
Interest payable and similar expenses	8	(317,786)	(316,209)
Other gains and losses	9	631,681	(2,125,206)
Profit before taxation		10,366,987	3,154,848
Tax on profit	10	(2,747,746)	(790,037)
Profit for the financial year		7,619,241	2,364,811
Other comprehensive income			
Currency translation (loss)/gain taken to retained earnings		(468,501)	748,149
Cash flow hedges gain arising in the year		757,897	188,304
Total comprehensive income for the year		7,908,637	3,301,264

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SPP Pumps Limited

**Group statement of financial position
As at 31 December 2023**

			2023	2022
	Notes	£	£	£
Fixed assets				
Goodwill	12		3,857	28,323
Other intangible assets	12		10,516	77,870
Total intangible assets			14,373	106,193
Tangible assets	13		8,262,660	8,276,918
			8,277,033	8,383,111
Current assets				
Stocks	16	21,684,632	18,180,616	
Debtors	17	26,429,204	27,986,445	
Cash at bank and in hand		5,934,897	1,685,496	
		54,048,733	47,852,557	
Creditors: amounts falling due within one year	18	(28,413,083)	(26,929,987)	
Net current assets			25,635,650	20,922,570
Total assets less current liabilities			33,912,683	29,305,681
Creditors: amounts falling due after more than one year	19	(4,548,163)	(5,441,554)	
Provisions for liabilities	24	(1,228,340)	(1,167,342)	
Net assets			28,136,180	22,696,785
Capital and reserves				
Called up share capital	25	3,000,000	3,000,000	
Capital redemption reserve		50,000	50,000	
Hedging reserve		946,201	188,304	
Profit and loss reserves		24,139,979	19,458,481	
Total equity			28,136,180	22,696,785

The financial statements were approved by the board of directors and authorised for issue on 8 February 2024 and are signed on its behalf by:



Alok Kirloskar
Director

Company Registration No. 04839607

SPP Pumps Limited**Company statement of financial position
As at 31 December 2023**

			2023	2022
	Notes	£	£	£
Fixed assets				
Tangible assets	13		4,229,259	3,883,569
Investments	15		286,514	1,382,688
			<u>4,515,773</u>	<u>5,266,257</u>
Current assets				
Stocks	16	13,881,226	9,512,801	
Debtors	17	20,413,874	20,427,246	
Cash at bank and in hand		1,124,964	167,516	
		<u>35,420,064</u>	<u>30,107,563</u>	
Creditors: amounts falling due within one year	18	(20,211,504)	(18,193,719)	
Net current assets			<u>15,208,560</u>	<u>11,913,844</u>
Total assets less current liabilities			<u>19,724,333</u>	<u>17,180,101</u>
Creditors: amounts falling due after more than one year	19	(250,000)	(450,000)	
Provisions for liabilities	24	(680,000)	(564,000)	
Net assets			<u><u>18,794,333</u></u>	<u><u>16,166,101</u></u>
Capital and reserves				
Called up share capital	25	3,000,000	3,000,000	
Capital redemption reserve		50,000	50,000	
Hedging reserve		946,201	188,304	
Profit and loss reserves		14,798,132	12,927,797	
Total equity			<u><u>18,794,333</u></u>	<u><u>16,166,101</u></u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £4,339,577 (2022 : £1,209,505 profit).

The financial statements were approved by the board of directors and authorised for issue on 8 February 2024 and are signed on its behalf by:



Alok Kirloskar
Director

Company Registration No. 04839607

SPP Pumps Limited

**Group statement of changes in equity
For the year ended 31 December 2023**

	Notes	Share capital £	Capital redemption reserve £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2022		3,000,000	50,000	-	16,345,521	19,395,521
Year ended 31 December 2022:						
Profit for the year		-	-	-	2,364,811	2,364,811
Other comprehensive income:						
Currency translation differences		-	-	-	748,149	748,149
Cash flow hedges gains arising in the year		-	-	188,304	-	188,304
Total comprehensive income for the year		-	-	188,304	3,112,960	3,301,264
Balance at 31 December 2022		3,000,000	50,000	188,304	19,458,481	22,696,785
Year ended 31 December 2023:						
Profit for the year		-	-	-	7,619,241	7,619,241
Other comprehensive income:						
Currency translation differences		-	-	-	(468,501)	(468,501)
Foreign exchange hedges gains arising in the year		-	-	757,897	-	757,897
Total comprehensive income for the year		-	-	757,897	7,150,740	7,908,637
Dividends	11	-	-	-	(2,469,242)	(2,469,242)
Balance at 31 December 2023		3,000,000	50,000	946,201	24,139,979	28,136,180

SPP Pumps Limited

**Company statement of changes in equity
For the year ended 31 December 2023**

	Notes	Share capital £	Capital redemption reserve £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2022		3,000,000	50,000	-	11,718,292	14,768,292
Year ended 31 December 2022:						
Profit for the year		-	-	-	1,209,505	1,209,505
Other comprehensive income:						
Cash flow hedges gains arising in the year		-	-	188,304	-	188,304
Total comprehensive income for the year		-	-	188,304	1,209,505	1,397,809
Balance at 31 December 2022		3,000,000	50,000	188,304	12,927,797	16,166,101
Year ended 31 December 2023:						
Profit for the year		-	-	-	4,339,577	4,339,577
Other comprehensive income:						
Foreign exchange hedges gains arising in the year		-	-	757,897	-	757,897
Total comprehensive income for the year		-	-	757,897	4,339,577	5,097,474
Dividends	11	-	-	-	(2,469,242)	(2,469,242)
Balance at 31 December 2023		3,000,000	50,000	946,201	14,798,132	18,794,333

SPP Pumps Limited

Group statement of cash flows
For the year ended 31 December 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	31		10,617,169		(758,723)
Interest paid			(317,786)		(316,209)
Income taxes paid			(1,510,711)		(627,814)
Net cash inflow/(outflow) from operating activities			8,788,672		(1,702,746)
Investing activities					
Purchase of tangible fixed assets		(1,161,150)		(859,310)	
Proceeds from disposal of tangible fixed assets		3,350		372,188	
Interest received		62,750		4,787	
Net cash used in investing activities			(1,095,050)		(482,335)
Financing activities					
Proceeds from new bank loans		-		313,559	
Repayment of bank loans		(968,377)		(200,000)	
Payment of finance leases obligations		(6,602)		(3,408)	
Dividends paid to equity shareholders		(2,469,242)		-	
Net cash (used in)/generated from financing activities			(3,444,221)		110,151
Net increase/(decrease) in cash and cash equivalents			4,249,401		(2,074,930)
Cash and cash equivalents at beginning of year			1,685,496		3,760,426
Cash and cash equivalents at end of year			5,934,897		1,685,496

SPP Pumps Limited

Notes to the financial statements For the year ended 31 December 2023

1 Accounting policies

Company information

SPP Pumps Limited ("the Company") is a private limited company incorporated in England and Wales. The registered office is SPP Pumps Limited, Crucible Close, Mushet Industrial Park, Coleford, Gloucestershire, GL16 8PS.

The Group consists of SPP Pumps Limited and all of its subsidiaries, as set out in note 13.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The Group financial statements incorporate those of SPP Pumps Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is recognised:

- In respect of engineered products, when the risks and rewards of ownership of the goods have passed to the buyer in line with the terms of the agreed contract;
- In respect of standard products, on shipment of completed product to the customer; and
- In respect of spares and service work, to the extent that the Company has obtained the right to consideration through its performance.

1 Accounting policies (continued)

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life, which is 10 years. Provision is made for any impairment.

1.7 Intangible fixed assets other than goodwill

Intangible assets - patents and trademarks

Patents and trademarks are included at cost and depreciated in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

Intangible assets - research and development

Development expenditure is capitalised where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	4% straight line basis
Leasehold improvements	5% to 20% straight line basis
Plant and equipment	5% to 33.33% straight line basis
Tooling and patterns	20% - 25% straight line basis
Motor vehicles	25% straight line basis
Assets in course of construction	Not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Fixed asset investments

In the Parent Company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies (continued)

1.10 Stocks

Stocks are valued at the lower of cost and selling price less costs to sell, which is equivalent to the net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

- Raw materials, consumables and goods for resale - moving weighted average.
- Work in progress and finished goods - direct material costs and attributable production overheads

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.13 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

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

Warranty

The Group provides for its estimated liability on the warranties given on the sale of products based on experience of past claims on the sales of products from different business units.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Accounting policies (continued)

1.19 Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.
- The Company adopted hedge accounting on 1st July 2022, applying the recognition and measurement requirements of International Financial Reporting Standard (IFRS) 9. The Company uses a rollover cash flow hedging strategy in respect of its forecast foreign currency transactions with the aim of hedging against its exposure to foreign exchange risk. Gains and Losses on hedged instruments initiated after 1st July 2022 are recognised in Other Comprehensive Income, and only released to the profit and loss account to match the underlying hedged transaction.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment losses on investments in subsidiaries

The Company has recognised an impairment loss on its investment in SPP France SAS. The prior year valuation could no longer be supported by future profitability and cash flow projections. The loss has been calculated based on the present value of future cash flows from SPP France SAS, discounted at an appropriate risk-adjusted discount rate.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferred tax asset

The Group has recognised a deferred tax asset in its balance sheet in respect of tax losses available for use against future taxable profits. The directors have considered the budgets, pipelines and order book in estimating the corporation tax losses to be recognised in the financial statements.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Engineered Products	22,600,429	18,568,367
Standard Products	58,144,137	49,128,742
Spares and Servicing	21,131,457	17,949,380
	<u>101,876,023</u>	<u>85,646,489</u>
Rental Income	1,603	1,622
Royalties	35,301	67,358
Other	251,303	139,831
	<u>288,207</u>	<u>208,811</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	21,996,499	19,857,688
North America	39,233,017	26,901,241
South East Asia and Australia	10,248,125	10,343,305
Europe	7,402,020	7,282,452
Middle East	11,997,843	12,262,087
Rest of World	10,998,519	8,999,716
	<u>101,876,023</u>	<u>85,646,489</u>

SPP Pumps Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2023**4 Auditor's remuneration**

	2023	2022
	£	£
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Group and Company	70,326	57,005
For other services		
Interim assurance reviews	10,494	9,900
Taxation compliance services	12,768	12,045
Other advisory services	-	39,115
Accounts preparation services	6,412	6,050
	<u>100,000</u>	<u>124,115</u>

5 Employees

The average monthly number of persons (including directors) employed by the Group during the year was:

	2023	2022
	Number	Number
Management and administration	58	54
Manufacturing	232	210
Sales and distribution	69	72
	<u>359</u>	<u>336</u>

Their aggregate remuneration including directors comprised:

	2023	2022
	£	£
Wages and salaries	16,780,412	15,910,425
Social security costs	1,572,452	1,495,276
Pension costs	904,438	871,469
	<u>19,257,302</u>	<u>18,277,170</u>

SPP Pumps Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2023**6 Directors' remuneration**

	2023	2022
	£	£
Remuneration for qualifying services	813,257	616,986
Company pension contributions to defined contribution schemes	51,514	47,569
	<u>864,771</u>	<u>664,555</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	348,596	253,771
Company pension contributions to defined contribution schemes	14,714	24,148
	<u>363,310</u>	<u>277,919</u>

There are no key management personnel other than the directors.

7 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	950,280	817,373
Depreciation of tangible fixed assets held under finance leases	5,632	143,968
Profit on disposal of tangible fixed assets	(2,591)	-
Amortisation of intangible assets	86,527	91,066
Operating lease charges	733,868	699,055
	<u>1,773,716</u>	<u>1,751,462</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	316,995	314,673
Other interest on financial liabilities	791	1,536
	<u>317,786</u>	<u>316,209</u>

SPP Pumps Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2023**9 Other gains and losses**

	2023	2022
	£	£
Fair value gains/(losses) on financial instruments		
Exchange differences on fair value hedging instruments	631,681	(2,125,206)

The Company hedges all sales and purchase orders above £10,000 denominated in US Dollars and Euros using forward contracts with expiry dates to match the expected dates of cash receipt and payment. This is an effective strategy to minimise the risk of foreign exchange movements. The Company has very little trade in other currencies.

The reported currency movement arises mainly because forward contracts are taken out when a sales order is received. For Engineered Products, there is often a significant lead time between receiving an order and the invoicing of that order, so at any point in time, there is a significant value of forward contracts for un-invoiced sales orders. At the year-end, approximately half of all forward contracts refer to orders not invoiced. However, FRS102 requires the Group to value all forward contract liabilities, even where the corresponding asset is not yet included in the Group's balance sheet, as the work is not yet invoiced.

The reported profit/loss on currency valuation is mainly a notional accounting adjustment and for individual trades the calculated profit/loss will reverse as the sales orders are invoiced and as cash is ultimately received.

From 1st July 2022 the directors made an election to adopt hedge accounting, applying the recognition and measurement requirements of International Financial Reporting Standard (IFRS) 9. Specifically, the Company adopts a rollover cash flow hedging strategy in respect of its forecast foreign currency transactions with the aim of hedging against the Company's exposure to foreign exchange risk. As a result, Gains and Losses on hedged instruments initiated after 1st July 2022 are recognised in Other Comprehensive Income, and only released to the profit and loss account to match the underlying hedged transaction.

The Company's subsidiary companies do not have any significant foreign currency transactions.

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	2,206,935	673,893
Adjustments in respect of prior periods	(60,463)	(1,612)
	<u>2,146,472</u>	<u>672,281</u>
Deferred tax		
Origination and reversal of timing differences	390,852	67,408
Changes in tax rates	-	61,249
Adjustment in respect of prior periods	210,422	(10,901)
	<u>601,274</u>	<u>117,756</u>
Total tax charge	<u>2,747,746</u>	<u>790,037</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	<u>10,366,987</u>	<u>3,154,848</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.64% (2022: 19.00%)	2,243,416	599,421
Tax effect of expenses that are not deductible in determining taxable profit	23,577	18,947
Tax effect of income not taxable in determining taxable profit	48,254	-
Adjustments in respect of prior years	160,722	(10,901)
Effect of change in corporation tax rate	18,270	28,106
Overseas withholding tax suffered	124,632	37,190
Effect of overseas tax rates	-	32,993
Other	5,747	-
Difference in tax rates	123,128	84,281
Taxation charge	<u>2,747,746</u>	<u>790,037</u>

SPP Pumps Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2023**10 Taxation (continued)**

The UK Government have confirmed the main rate of corporation tax will increase to 25% from April 2023. Between 1 April 2020 to 31 March 2023 the corporation tax rate will remain at 19%. At the balance sheet date deferred tax has been calculated at the enacted tax rate of 25%.

The Group's overseas tax rates are higher than those in the UK. The US main federal tax rate was 19.25% (2022: 20%).

11 Dividends

	2023	2022
	£	£
Recognised as distributions to equity holders:		
Final paid	2,469,242	-

12 Intangible fixed assets

Group	Goodwill	Patents and trademarks	Total
	£	£	£
Cost			
At 1 January 2023	242,661	802,561	1,045,222
Exchange adjustments	(12,093)	(39,439)	(51,532)
At 31 December 2023	230,568	763,122	993,690
Amortisation and impairment			
At 1 January 2023	214,338	724,691	939,029
Amortisation charged for the year	23,055	63,472	86,527
Exchange adjustments	(10,682)	(35,557)	(46,239)
At 31 December 2023	226,711	752,606	979,317
Carrying amount			
At 31 December 2023	3,857	10,516	14,373
At 31 December 2022	28,323	77,870	106,193

The Company had no intangible fixed assets at 31 December 2023 or 31 December 2022.

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Assets under construction	Plant and equipment	Tooling and patterns	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2023	8,718,104	616,827	75,251	13,849,893	1,756,376	67,236	25,083,687
Additions	14,077	-	319,524	675,353	152,196	-	1,161,150
Disposals	(1,757)	-	-	(69,674)	(2,582)	(2,424)	(76,437)
Exchange adjustments	(249,103)	(4,869)	-	(154,612)	(319)	(1,135)	(410,038)
At 31 December 2023	8,481,321	611,958	394,775	14,300,960	1,905,671	63,677	25,758,362
Depreciation and impairment							
At 1 January 2023	2,868,513	543,251	-	11,763,005	1,567,907	64,093	16,806,769
Depreciation charged in the year	267,431	16,865	-	600,234	68,581	2,801	955,912
Eliminated in respect of disposals	(1,757)	-	-	(68,915)	(2,582)	(2,424)	(75,678)
Exchange adjustments	(62,817)	(4,867)	-	(122,227)	(319)	(1,071)	(191,301)
At 31 December 2023	3,071,370	555,249	-	12,172,097	1,633,587	63,399	17,495,702
Carrying amount							
At 31 December 2023	5,409,951	56,709	394,775	2,128,863	272,084	278	8,262,660
At 31 December 2022	5,849,591	73,576	75,251	2,086,888	188,469	3,143	8,276,918

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

13 Tangible fixed assets (continued)

Company	Freehold land and buildings	Leasehold improvements	Assets under construction	Plant and equipment	Tooling and patterns	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2023	3,702,869	519,122	75,251	10,709,551	1,740,647	23,380	16,770,820
Additions	8,250	-	319,524	509,984	152,196	-	989,954
Disposals	-	-	-	(21,652)	-	-	(21,652)
At 31 December 2023	3,711,119	519,122	394,775	11,197,883	1,892,843	23,380	17,739,122
Depreciation and impairment							
At 1 January 2023	1,591,196	445,590	-	9,274,902	1,552,183	23,380	12,887,251
Depreciation charged in the year	120,032	16,823	-	438,833	68,576	-	644,264
Eliminated in respect of disposals	-	-	-	(21,652)	-	-	(21,652)
At 31 December 2023	1,711,228	462,413	-	9,692,083	1,620,759	23,380	13,509,863
Carrying amount							
At 31 December 2023	1,999,891	56,709	394,775	1,505,800	272,084	-	4,229,259
At 31 December 2022	2,111,673	73,532	75,251	1,434,649	188,464	-	3,883,569

SPP Pumps Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2023**13 Tangible fixed assets (continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Plant and equipment	7,978	67,519	-	-
Depreciation charge for the year in respect of leased assets	5,632	5,927	-	-

14 Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	% Held	
			2023	2022
SPP Pumps Inc.	USA	Supply of Pumps and related equipment	100%	100%
SPP France SAS	France	Supply and servicing of pumps and related equipment	100%	100%
SPP Real Estate LLC*	USA	Real Estate	100%	100%
SyncroFlo, Inc*	USA	Supply of pumping equipment	100%	100%

*SPP Real Estate LLC and SyncroFlo, Inc are subsidiaries of SPP Pumps Inc.

SPP Pumps Inc. and its subsidiaries are based in Atlanta, Georgia. SPP France SAS has its main office in 2 rue du Chateau d'eau, 95450 US, France.

15 Fixed asset investments

		Group		Company	
	Notes	2023	2022	2023	2022
		£	£	£	£
Investments in subsidiaries	14	-	-	286,514	1,382,688

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

15 Fixed asset investments (continued)

Movements in fixed asset investments
Company

**Shares in
subsidiaries**
£

Cost or valuation

At 1 January 2023 and 31 December 2023

1,382,688

Impairment

At 1 January 2023

-

Impairment losses

1,096,174

At 31 December 2023

1,096,174

Carrying amount

At 31 December 2023

286,514

At 31 December 2022

1,382,688

16 Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Raw materials and consumables	13,188,661	11,183,859	8,182,924	4,132,252
Work in progress	6,587,747	6,461,560	5,378,382	5,150,583
Finished goods and goods for resale	1,908,224	535,197	319,920	229,966
	<u>21,684,632</u>	<u>18,180,616</u>	<u>13,881,226</u>	<u>9,512,801</u>

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

17 Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	22,026,028	23,150,311	16,759,864	16,757,832
Amounts owed by group undertakings	1,201,039	1,319,035	1,281,069	1,306,108
Derivative financial instruments	889,929	-	889,929	-
Other debtors	857,858	1,443,965	834,819	1,020,940
Prepayments and accrued income	737,194	696,781	476,660	509,527
	<u>25,712,048</u>	<u>26,610,092</u>	<u>20,242,341</u>	<u>19,594,407</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 22)	<u>717,156</u>	<u>1,376,353</u>	<u>171,533</u>	<u>832,839</u>
Total debtors	<u>26,429,204</u>	<u>27,986,445</u>	<u>20,413,874</u>	<u>20,427,246</u>

18 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	20	394,480	476,129	200,000	200,000
Obligations under finance leases	21	6,149	6,088	-	-
Payments received on account		7,638,094	4,994,442	7,638,094	4,994,442
Trade creditors		11,913,330	14,822,864	7,912,548	9,077,131
Amounts owed to group undertakings		1,529,303	1,315,445	1,075,405	842,340
Corporation tax payable		860,835	232,841	756,619	-
Other taxation and social security		142,440	86,902	67,817	-
Derivative financial instruments		-	324,714	-	324,714
Other creditors		161,211	141,568	127,915	121,469
Accruals and deferred income		5,767,241	4,528,994	2,433,106	2,633,623
		<u>28,413,083</u>	<u>26,929,987</u>	<u>20,211,504</u>	<u>18,193,719</u>

SPP Pumps Limited

Notes to the financial statements (continued) For the year ended 31 December 2023

19 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	4,544,946	5,431,674	250,000	450,000
Obligations under finance leases	21	3,217	9,880	-	-
		<u>4,548,163</u>	<u>5,441,554</u>	<u>250,000</u>	<u>450,000</u>

20 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	4,939,426	5,907,803	450,000	650,000
Payable within one year	394,480	476,129	200,000	200,000
Payable after one year	4,544,946	5,431,674	250,000	450,000

Bank loans:

SPP Pumps Limited and its subsidiaries have term loans to finance the purchase of land, buildings and equipment:

Term Loan Secured by	Interest rate	Due date	2023 £	2022 £
A Fixed and moveable assets - Second Charge (ICICI)	8.25%	31 Mar 26	450,000	650,000
B Building	3.85%	01 Mar 30	4,489,426	5,257,803
			<u>4,939,426</u>	<u>5,907,803</u>

Bank overdrafts:

SPP Pumps Limited has an overdraft facility of £2.0 million from Barclays Bank Plc to finance working capital requirements. This is secured by a first charge over the Company's assets.

In addition, the Company has loan facilities from ICICI Bank Plc, comprising a short term facility of £6.0 million for working capital requirements and a long-term facility of £1.0 million for capital expenditure. Of these facilities, £450k of the long-term loan was utilised as at 31 December 2023. Loans are secured by a second charge on the Company's fixed and moveable assets and also covered by a corporate guarantee from Kirloskar Brothers Limited, the ultimate parent company.

SPP Pumps Inc. and subsidiaries have lines of credit totalling \$4.0million to finance working capital requirements. The lines of credit and term loans are collateralised by substantially all of the assets of SPP Pumps Inc. SPP Real Estate LLC and SyncroFlo Inc. None of these facilities were utilised by the above entities at 31 December 2023.

SPP Pumps Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

21 Finance lease obligations

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	6,149	6,088	-	-
In two to five years	3,217	9,880	-	-
	<u>9,366</u>	<u>15,968</u>	<u>-</u>	<u>-</u>

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
	£	£	£	£
Group				
Accelerated capital allowances	361,398	398,793	140,720	489,590
Tax losses	-	-	136,609	470,799
Acquired intangible assets	-	12,761	967	-
Other timing differences	-	-	408,047	379,633
Short term timing differences	-	-	30,813	36,331
	<u>361,398</u>	<u>411,554</u>	<u>717,156</u>	<u>1,376,353</u>
	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
	£	£	£	£
Company				
Accelerated capital allowances	-	-	140,720	489,590
Tax losses	-	-	-	306,918
Short term timing differences	-	-	30,813	36,331
	<u>-</u>	<u>-</u>	<u>171,533</u>	<u>832,839</u>

23 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>904,438</u>	<u>871,469</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount outstanding at the end of the year was £113,794 (2022: £101,182).

SPP Pumps Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

24 Provisions for liabilities

		Group		Company	
	Notes	2023	2022	2023	2022
		£	£	£	£
Warranties		716,942	755,788	530,000	564,000
Dilapidations		150,000	-	150,000	-
		<u>866,942</u>	<u>755,788</u>	<u>680,000</u>	<u>564,000</u>
Deferred tax liabilities	22	361,398	411,554	-	-
		<u>1,228,340</u>	<u>1,167,342</u>	<u>680,000</u>	<u>564,000</u>

Movements on provisions apart from deferred tax liabilities:

Group	Warranties	Dilapidations	Total
	£	£	£
At 1 January 2023	755,788	-	755,748
Additions to provision in the year	362,398	-	362,438
Utilisation of provision	(391,590)	-	(391,590)
Exchange difference	(9,654)	-	(9,654)
Transfers from accruals	-	150,000	150,000
At 31 December 2023	<u>716,942</u>	<u>150,000</u>	<u>866,942</u>

Company	Warranties	Dilapidations	Total
	£	£	£
At 1 January 2023	564,000	-	564,000
Additions to provision in the year	270,339	-	270,339
Utilisation of provision	(304,339)	-	(304,339)
Transfers from accruals	-	150,000	150,000
At 31 December 2023	<u>530,000</u>	<u>150,000</u>	<u>680,000</u>

Warranties

The provision for warranties relates to expected warranty claims on products sold in the last three years. The provision includes an estimate for the expected average warranty cost incurred plus a provision for specific known issues. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

24 Provisions for liabilities (continued)***Deferred tax***

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

Forward contract valuation

In accordance with FRS 102, the Group's forward exchange contracts have been valued at the year end using Mark-to-Market valuations provided by the forward contract providers. These contracts are used to hedge against currency exchange fluctuations for debtor and creditor balances denominated in overseas currencies and are typically held for a period of 6-9 months.

Forward contracts are held at fair value in the balance sheet within debtors or creditors as appropriate. For contracts enacted prior to 1 July 2022 movements in fair value are charged or credited to the profit and loss account. From 1st July 2022 the directors have made an election to adopt hedge accounting, applying the recognition and measurement requirements of International Financial Reporting Standard (IFRS) 9. As a result, Gains and Losses on hedged instruments initiated after 1st July 2022 were recognised in Other Comprehensive Income, and only released to the profit and loss account to match the underlying hedged transaction.

Dilapidations

The dilapidations provision represents an estimate of the future costs of meeting the company's obligation to return leasehold premises to their configuration and condition as observed at lease inception, on termination or expiry of the associated lease.

25 Share capital

	Group and Company	
	2023	2022
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 A ordinary shares of £1 each	50,000	50,000
2,950,000 C ordinary shares of £1 each	2,950,000	2,950,000
	<u>3,000,000</u>	<u>3,000,000</u>

The share classes rank pari passu in all respects other than in the event of liquidation any surplus will be applied first to repayment of amounts paid in respect of class C ordinary shares, thereafter equally for all shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve of £50,000 arose from the Company's purchase of own shares on 25 August 2009 when B ordinary shares were redeemed for £123,100.

26 Financial commitments, guarantees and contingent liabilities

Performance bonds and guarantees remain outstanding at 31 December 2023. These arose in the normal course of business and amount to £8,362,040 (2022: 8,479,673).

SPP Pumps Limited**Notes to the financial statements (continued)****For the year ended 31 December 2023****27 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Acquisition of tangible fixed assets	428,814	-	428,814	-

28 Operating lease commitments**Lessee**

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Within one year	488,663	403,910	438,037	331,078
Between two and five years	646,527	349,627	628,370	299,913
	1,135,190	753,537	1,066,407	630,991

29 Related party transactions

The Company has taken advantage of the exemption available under FRS 102, section 33.1A not to disclose transactions with other wholly-owned members of the Kirloskar Brothers Limited Group.

30 Controlling party

The ultimate parent company of SPP Pumps Limited is Kirloskar Brothers Limited, whose registered office is "Yamuna", Survey No. 98 /(3 to7), Plot No. 3, Baner, Pune 411 045, State Maharashtra, India.

The intermediate parent company of SPP Pumps Limited is Kirloskar Brothers International BV, a company incorporated in the Netherlands. Kirloskar Brothers Limited is the controlling party of the smallest and largest group for which SPP Pumps Limited is a member and is the ultimate parent company of the smallest and largest group for which the consolidated accounts are prepared which include SPP Pumps Limited. Kirloskar Brothers Limited is a publically listed company incorporated in India. Copies of these financial statements can be obtained from the company's registered office at "Yamuna", Survey No. 98 /(3 to7), Plot No. 3, Baner, Pune 411 045, State Maharashtra, India, or online at www.kirloskarpumps.com.

SPP Pumps Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****31 Cash generated from/(absorbed by) group operations**

	2023	2022
	£	£
Profit for the year after tax	7,619,241	2,364,811
Adjustments for:		
Taxation charged	2,747,746	790,037
Finance costs	317,786	316,209
Investment income	(62,750)	(4,787)
Gain on disposal of tangible fixed assets	(2,591)	-
Amortisation and impairment of intangible assets	86,527	91,066
Depreciation and impairment of tangible fixed assets	955,912	961,342
Other gains and losses	513,426	386,760
Increase in provisions	111,154	151,469
Movements in working capital:		
Increase in stocks	(3,504,016)	(7,160,525)
Decrease/(increase) in debtors	898,044	(8,463,433)
Increase in creditors	936,690	9,808,328
Cash generated from/(absorbed by) operations	10,617,169	(758,723)

32 Analysis of changes in net funds/(debt) - group

	1 January 2023	Cash flows	31 December 2023
	£	£	£
Cash at bank and in hand	1,685,496	4,249,401	5,934,897
Borrowings excluding overdrafts	(5,907,803)	968,377	(4,939,426)
Obligations under finance leases	(15,968)	6,602	(9,366)
	(4,238,275)	5,224,380	986,105