

Registered number: 04937556

Hydraquip Hose & Hydraulics Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021



Hydraquip Hose & Hydraulics Limited

Company Information

Directors

I Carpenter (appointed 22 March 2022)
J Coulson
T Ferwerda (appointed 22 March 2022)
M Hogg (appointed 22 March 2022)
J MacBain
F Ennis (resigned 22 March 2022)
D MacBain (resigned 22 March 2022)

Registered number

04937556

Registered office

Walling Street
Bridgtown
Staffordshire
WS11 8LL

Independent auditor

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Hydraquip Hose & Hydraulics Limited

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Hydraquip Hose & Hydraulics Limited

Group Strategic Report For the Year Ended 31 December 2021

INTRODUCTION

The directors present their strategic report for Hydraquip Hose & Hydraulics Limited for the ended 31st December 2021.

The principal activities of the business during the year remained the supply of hydraulic hose, fittings, components and systems via OEM, trade counters and a 24/7 On Site Hose Replacement.

REVIEW AND ANALYSIS OF THE BUSINESS

Management uses a range of performance measures to monitor and control the business. The most relevant KPI'S are listed below.

The gross profit percentage of the business has increased from 47.1% in 2020 to 51.7% this year, which is an excellent result based on primarily, more efficient purchasing. The net operating margin has increased from 6.8% in 2020 to 13% this year, as the company continued to drive operating efficiency and customer service. Net profit percentage has improved again as a result despite all the worldwide challenges faced in 2021.

Turnover has increased from £21,182,152 in 2020 to £25,377,326 this year which the directors feel is a fantastic result under the circumstances and recognise the hard work and efforts made by the entire team during 2021 to maintain sales and service to our customers while safely trading through the pandemic.

The disrupted market early in the year was most impacted by temporary closure of OEM and manufacturing based customers but demands in certain essential sectors remained high. The management continued to intentionally exit from some unprofitable sectors to focus on maintaining service to the core customer base. This resulted in excellent customer retention and strong recovery as lockdown was relaxed.

Further investment in technology and back office operating systems were implemented and a substantial effort was made in terms of time and money to upgrade our ERP systems onto a new software platform. This has improved the efficiency of the business in 2021 and is expected to enable further improvement in the coming decade. It will allow better and more profitable decisions to be made at branch level as well as company wide management information. Our cloud job manager platform continued to be a significant factor in the efficiency during the pandemic and contributed to the success of managing our resources, customer service and retention. A record percentage of mobile breakdown jobs were booked online through our job manager portal. The directors are determined to keep driving these improvements and added value to our customer base, recognising this is the key to stability and customer retention.

The directors are very optimistic about the strength of the business and further growth as well as proud of the resilience of the business and staff performance during the world-wide pandemic. The management team proved decisive and cohesive allowing timely decisions to be made with clear leadership across all regions. The directors are mindful that the political uncertainty in the aftermath of Brexit and the pandemic means prudence is required to ensure the smooth running of the business into 2022 and beyond.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business.

Economic downturn due to Brexit & COVID 19:

The company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of any difficulty in the market. The great spread of customers, industry types and geographic locations, helped mitigate the economic downturn risks of Brexit and COVID 19 and once again proved the robustness of the business, with turnover recovering during 2021 to pre-pandemic levels. The majority of branches have been able to successfully trade throughout the pandemic and the 24/7 Mobile Service has been in high demand as essential businesses needed to keep machine maintained. The fact that we were able to provide a consistent service nationally and 24/7 proved to be valued by our customers. The directors feel there is future uncertainty with the economy, but the core business is proven to be robust and should not be significantly impacted by any further uncertainty and believe that they are very well placed to weather any short term further impact. The company has taken significant strategic measures to ensure uninterrupted supply of any goods from the EU and maintain safe trading through COVID 19. The main risks appear to be to the supply chain, raw materials and the company has focussed on having adequate stock levels to counteract this factor.

Competitor pressure:

The market that the company operates in is considered to be very competitive. The company recognises the balance of high quality product, competitive pricing and excellent service and this is what retains and attracts new customers. The company strives to reduce competitor pressure by focusing its energy on improving these three key areas and specifically working on raising service standards.

FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the Group's net assets at the year end have increased from £6,277,162 to £9,564,297.

MERGERS AND ACQUISITIONS

Past success in Hydraquip has been a blend of organic growth, new branches as well as mergers and acquisitions. Management have prepared a formal plan to acquire competitor businesses however this activity took a back seat in 2020 to focus on looking after the existing business, staff and locations.

This activity restarted in 2021 with a focus on new sites and geography that is within our control. At the time of writing there are also several negotiations of trade acquisitions. It is expected that the majority of these transactions will be where the owners are planning to retire or seek additional funding for growth, although distressed sales are also being considered in the aftermath of Brexit and pandemic. A key factor in the criteria of growth is new geography and where management teams could be brought in to the group to expand the existing branch network.

Mergers and part equity stakes are also possible where the owners could benefit from the experienced management of Hydraquip, and the added advantage of its buying power to drive up profit margins.

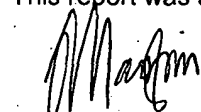
To this end the Directors have formalised the mergers and acquisitions strategy with a bespoke website explaining the various approaches available, also some of the benefits that considering Hydraquip can bring to privately owned businesses. For further information please visit www.fluidpowergrowth.co.uk or contact Duncan MacBain in complete confidence.

Hydraquip Hose & Hydraulics Limited

**Group Strategic Report (continued)
For the Year Ended 31 December 2021**

ON BEHALF OF THE BOARD:

This report was approved by the board on 30 September 2022 and signed on its behalf.



J MacBain
Director

30/9/22

Hydraquip Hose & Hydraulics Limited

Directors' Report For the Year Ended 31 December 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £3,287,135 (2020 - £1,438,337).

No dividends were paid in the year. The directors do not recommend payment of a further dividend.

Directors

The directors who served during the year were:

J Coulson

J MacBain

F Ennis (resigned 22 March 2022)

D MacBain (resigned 22 March 2022)

Future developments

On 22 March 2022, the entire share capital of the company was acquired by Finning Services Limited. The Shareholders were delighted to sell the business to such a proven and well-established business and believe it secures the future security and continued growth of the business. All shareholders are retained to execute the current business plan

Finning are backing the management team and have supported two successful acquisitions since the purchase of the shares. The company will continue to focus on Organic and Inorganic growth as well explore international opportunities.

Hydraquip Hose & Hydraulics Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Engagement with employees

Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed with the Company. Particular attention is given to training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the business.

Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through internal media methods. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.


Post balance sheet events

On 22 March 2022, the entire share capital of the company was acquired by Finning Services Limited.

Auditor

The auditor, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 September 2022 and signed on its behalf.


J MacBain
Director

30/9/22

Independent Auditor's Report to the Members of Hydraquip Hose & Hydraulics Limited

Opinion

We have audited the financial statements of Hydraquip Hose & Hydraulics Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of 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 the Group's and of the parent Company's affairs as at 31 December 2021 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's or the 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.

Independent Auditor's Report to the Members of Hydraquip Hose & Hydraulics Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Opinion 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 Group 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 Group 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 the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Independent Auditor's Report to the Members of Hydraquip Hose & Hydraulics Limited (continued)

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 Group 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, company and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Hydraquip Hose & Hydraulics Limited

Independent Auditor's Report to the Members of Hydraquip Hose & Hydraulics Limited (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Kreston Reeves LLP

Robert Sellers FCCA (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Chatham Maritime

30 September 2022

Hydraquip Hose & Hydraulics Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	25,377,326	21,182,152
Cost of sales		(12,252,115)	(11,202,136)
Gross profit		13,125,211	9,980,016
Administrative expenses		(9,305,692)	(8,590,554)
Other operating income	5	197,404	1,040,656
Operating profit	6	4,016,923	2,430,118
Amounts written off investments		(55)	(520,000)
Interest receivable and similar income	10	1,484	635
Interest payable and similar expenses	11	-	(1,383)
Profit before taxation		4,018,352	1,909,370
Tax on profit	12	(731,217)	(471,033)
Profit for the financial year		3,287,135	1,438,337
Profit for the year attributable to:			
Owners of the parent Company		3,287,135	1,438,337
		3,287,135	1,438,337

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited
Registered number: 04937556

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	-	38,903
Tangible assets	15	1,466,262	1,484,136
		<u>1,466,262</u>	<u>1,523,039</u>
Current assets			
Stocks	17	2,096,221	2,103,716
Debtors: amounts falling due within one year	18	5,830,228	4,530,888
Cash at bank and in hand	19	4,459,482	4,763,823
		<u>12,385,931</u>	<u>11,398,427</u>
Creditors: amounts falling due within one year		<u>(4,010,582)</u>	<u>(6,430,132)</u>
Net current assets		<u>8,375,349</u>	<u>4,968,295</u>
Total assets less current liabilities		<u>9,841,611</u>	<u>6,491,334</u>
Provisions for liabilities			
Deferred tax	21	(277,314)	(214,172)
		<u>(277,314)</u>	<u>(214,172)</u>
Net assets		<u><u>9,564,297</u></u>	<u><u>6,277,162</u></u>
Capital and reserves			
Called up share capital	22	229,608	229,608
Share premium account	23	9,142	9,142
Profit and loss account	23	9,325,547	6,038,412
		<u>9,564,297</u>	<u>6,277,162</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2022.


J MacBain
 Director

30/9/22

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited
Registered number: 04937556

Company Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	-	38,903
Tangible assets	15	1,454,076	1,484,136
Investments	16	165,000	40,100
		<u>1,619,076</u>	<u>1,563,139</u>
Current assets			
Stocks	17	2,096,095	2,103,716
Debtors: amounts falling due within one year	18	5,767,427	4,530,872
Cash at bank and in hand	19	4,350,660	4,762,941
		<u>12,214,182</u>	<u>11,397,529</u>
Creditors: amounts falling due within one year		<u>(3,942,168)</u>	<u>(6,469,149)</u>
Net current assets		<u>8,272,014</u>	<u>4,928,380</u>
Total assets less current liabilities		<u>9,891,090</u>	<u>6,491,519</u>
Provisions for liabilities			
Deferred taxation	21	<u>(277,314)</u>	<u>(214,172)</u>
		<u>(277,314)</u>	<u>(214,172)</u>
Net assets		<u><u>9,613,776</u></u>	<u><u>6,277,347</u></u>
Capital and reserves			
Called up share capital	22	229,608	229,608
Share premium account	23	9,142	9,142
Profit and loss account brought forward		6,038,597	4,600,074
Profit for the year		3,336,429	1,438,523
Profit and loss account carried forward		<u>9,375,026</u>	<u>6,038,597</u>
		<u><u>9,613,776</u></u>	<u><u>6,277,347</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2022.

J MacBain
Director



30/9/22

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2020	229,608	9,142	4,600,075	4,838,825	4,838,825
Comprehensive income for the year					
Profit for the year	-	-	1,438,337	1,438,337	1,438,337
At 1 January 2021	229,608	9,142	6,038,412	6,277,162	6,277,162
Comprehensive income for the year					
Profit for the year	-	-	3,287,135	3,287,135	3,287,135
At 31 December 2021	229,608	9,142	9,325,547	9,564,297	9,564,297

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited

**Company Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	229,608	9,142	4,600,074	4,838,824
Comprehensive income for the year				
Profit for the year	-	-	1,438,523	1,438,523
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,438,523	1,438,523
Total transactions with owners	-	-	-	-
At 1 January 2021	229,608	9,142	6,038,597	6,277,347
Comprehensive income for the year				
Profit for the year	-	-	3,336,429	3,336,429
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,336,429	3,336,429
Total transactions with owners	-	-	-	-
At 31 December 2021	229,608	9,142	9,375,026	9,613,776

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,287,135	1,438,337
Adjustments for:		
Amortisation of intangible assets	101,386	6,148
Depreciation of tangible assets	422,913	422,949
Loss on disposal of tangible assets	3,172	17,036
Government grants	(197,404)	-
Interest paid	-	1,383
Interest received	(1,484)	(635)
Taxation charge	731,217	471,033
Decrease in stocks	7,495	575,111
(Increase)/decrease in debtors	(1,299,340)	410,451
Increase/(decrease) in creditors	191,255	(982,887)
Net fair value losses recognised in P&L	-	520,000
Corporation tax (paid)	(795,262)	(73,066)
Net cash generated from operating activities	2,451,083	2,805,860
Cash flows from investing activities		
Purchase of tangible fixed assets	(408,860)	(219,890)
Sale of tangible fixed assets	13,501	1,999
Government grants received	197,404	-
Purchase of subsidiary (net of cash acquired)	(58,953)	-
Interest received	1,484	635
Net cash from investing activities	(255,424)	(217,256)
Cash flows from financing activities		
New loans	-	2,500,000
Repayment of loans	(2,500,000)	-
Loans from related companies repaid	-	(338,396)
Interest paid	-	(1,383)
Net cash used in financing activities	(2,500,000)	2,160,221
Net (decrease)/increase in cash and cash equivalents	(304,341)	4,748,825
Cash and cash equivalents at beginning of year	4,763,823	14,998
Cash and cash equivalents at the end of year	4,459,482	4,763,823
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,459,482	4,763,823
	4,459,482	4,763,823

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited

Consolidated Analysis of Net Debt For the Year Ended 31 December 2021

	At 1 January 2021 £	Cash flows £	Acquisition and disposal of subsidiaries £	At 31 December 2021 £
Cash at bank and in hand	4,762,941	(478,328)	66,047	4,350,660
Debt due within 1 year	(2,506,720)	2,500,000	-	(6,720)
	<u>2,256,221</u>	<u>2,021,672</u>	<u>66,047</u>	<u>4,343,940</u>

The notes on pages 17 to 35 form part of these financial statements.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Hydraquip Hose & Hydraulics Limited is a private company, limited by shares, incorporated in England with a registration number of 04937556. The address of the registered office is Watling Street, Bridgetown, Cannock, Staffordshire, England, WS11 8LL.

The principal activities of the Company and its subsidiaries are that of the supply of hydraulic hose, fittings, components and systems via OEM, trade counters and 24/7 On Site Hose Replacement.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements are presented to the nearest Pound.

The functional currency of these financial statements is Pounds Sterling.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 Going concern

The financial statements have been prepared on a going concern basis. While the impact of the Covid-19 virus has been assessed by the Directors, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the Group's trade. However, taking into consideration the UK Government's response and the Group's planning, the Directors have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.4 Revenue

Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associates' economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

2.5 Goodwill

Goodwill, being the amount paid in connection with the acquisition of various businesses and are being amortised evenly over their estimated useful life of 10 years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Improvements to property	- 10% straight line
Plant and machinery	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Fixtures and fittings	- 15-25% on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Government grants

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.13 Financial instruments (continued)

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.20 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Tangible fixed assets

The Group has recognised tangible fixed assets with a carrying value of £1,466,262 (2020: £1,484,136) at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The Group's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets the Group determines at acquisition reliable estimates for the useful life of an asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the Directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sale of goods	25,377,326	21,182,152
	<u>25,377,326</u>	<u>21,182,152</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	25,377,326	21,182,152
	<u>25,377,326</u>	<u>21,182,152</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	197,404	1,040,656
	<u>197,404</u>	<u>1,040,656</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	(137)	-
Operating lease rentals	679,500	410,545
	<u>679,500</u>	<u>410,545</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	14,250	8,000
Fees payable to the Group's auditor and its associates in respect of:		
Preparation of finance statements	4,850	-
Taxation compliance services	950	-
All other services	4,834	17,338
	10,634	17,338

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	8,082,097	7,672,485	8,071,415	7,672,485
Social security costs	777,886	736,038	777,886	736,038
Cost of defined contribution scheme	167,943	162,329	167,943	162,329
	9,027,926	8,570,852	9,017,244	8,570,852

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Production staff	188	186	188	186
Administrative staff	81	81	81	81
	269	267	269	267

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	262,251	176,866
Group contributions to defined contribution pension schemes	3,847	2,627
	<u>266,098</u>	<u>179,493</u>

During the year retirement benefits were accruing to 3 directors (2020 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £88,876 (2020 - £88,586).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,198 (2020 - £2,627).

10. Interest receivable

	2021 £	2020 £
Other interest receivable	1,484	635
	<u>1,484</u>	<u>635</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	-	1,383
	<u>-</u>	<u>1,383</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	668,075	492,619
	<u>668,075</u>	<u>492,619</u>
Total current tax	<u>668,075</u>	<u>492,619</u>
Deferred tax		
Origination and reversal of timing differences	5,464	(21,586)
Changes to tax rates	57,678	-
Total deferred tax	<u>63,142</u>	<u>(21,586)</u>
Taxation on profit on ordinary activities	<u>731,217</u>	<u>471,033</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>4,018,352</u>	<u>1,909,370</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	763,487	362,780
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,095	99,485
Capital allowances for year in excess of depreciation	(16,920)	30,319
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(100,000)	-
Changes in tax rates	66,555	-
Other differences leading to an increase (decrease) in the tax charge	-	35
Deferred tax movement	-	(21,586)
Total tax charge for the year	<u><u>731,217</u></u>	<u><u>471,033</u></u>

Factors that may affect future tax charges

As part of the Finance Bill 2020, which was substantively enacted on 17 March 2020, the corporation tax main rate is to remain at 19% until 31 March 2023.

Following the end of the accounting period, the UK government have announced that the main rate will increase on 1 April 2023 to 25%, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds. This change forms part of the Finance Bill 2021, which was substantively enacted on 24 May 2021.

The company has no unused tax losses.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £3,336,429 (2020 - £1,438,523).

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2021	61,479
Additions	62,483
At 31 December 2021	<u>123,962</u>
Amortisation	
At 1 January 2021	22,576
Charge for the year on owned assets	101,386
At 31 December 2021	<u>123,962</u>
Net book value	
At 31 December 2021	-
At 31 December 2020	<u><u>38,903</u></u>

Company

	Goodwill £
Cost	
At 1 January 2021	61,479
At 31 December 2021	<u>61,479</u>
Amortisation	
At 1 January 2021	22,576
Charge for the year	38,903
At 31 December 2021	<u>61,479</u>
Net book value	
At 31 December 2021	-
At 31 December 2020	<u><u>38,903</u></u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Tangible fixed assets

Group

	Improvements to property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	68,723	752,372	2,481,127	454,806	3,757,028
Additions	-	14,836	384,457	9,567	408,860
Acquisition of subsidiary	-	697	10,054	1,435	12,186
Disposals	(11,500)	-	(88,476)	-	(99,976)
At 31 December 2021	57,223	767,905	2,787,162	465,808	4,078,098
Depreciation					
At 1 January 2021	30,732	449,244	1,469,996	322,920	2,272,892
Charge for the year on owned assets	5,722	47,695	346,167	22,663	422,247
Disposals	(5,750)	-	(77,553)	-	(83,303)
At 31 December 2021	30,704	496,939	1,738,610	345,583	2,611,836
Net book value					
At 31 December 2021	26,519	270,966	1,048,552	120,225	1,466,262
At 31 December 2020	37,991	303,128	1,011,131	131,886	1,484,136

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	68,723	752,372	2,481,127	454,806	3,757,028
Additions	-	14,836	384,457	9,567	408,860
Disposals	(11,500)	-	(88,476)	-	(99,976)
At 31 December 2021	57,223	767,208	2,777,108	464,373	4,065,912
Depreciation					
At 1 January 2021	30,732	449,244	1,469,996	322,920	2,272,892
Charge for the year on owned assets	5,722	47,695	346,167	22,663	422,247
Disposals	(5,750)	-	(77,553)	-	(83,303)
At 31 December 2021	30,704	496,939	1,738,610	345,583	2,611,836
Net book value					
At 31 December 2021	26,519	270,269	1,038,498	118,790	1,454,076
At 31 December 2020	37,991	303,128	1,011,131	131,886	1,484,136

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	560,100
Additions	125,000
Amounts written off	(100)
At 31 December 2021	<u>685,000</u>
Impairment	
At 1 January 2021	520,000
At 31 December 2021	<u><u>520,000</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Applied Fluid Power Limited*	Ordinary	100%
Hose Line Hydraulics Limited*	Ordinary	100%
Linden Hose & Adaptors Limited	Ordinary	100%

The registered office of the above companies is the same as the parent company.

* The subsidiary undertakings have taken advantage of the audit exemption in accordance with Section 479A of the Companies Act. See note 25 for details.

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Applied Fluid Power Limited*	75,750	(75,180)
Hose Line Hydraulics Limited*	39,815	(44)
Linden Hose & Adaptors Limited	-	-

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Stocks

	2021 £	2020 £
Finished goods and goods for resale	2,096,221	2,103,716
	<u>2,096,221</u>	<u>2,103,716</u>

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	4,928,612	3,630,074	4,878,299	3,630,074
Amounts owed by companies under common control	345,500	345,500	345,500	345,500
Other debtors	332,096	317,787	319,608	317,771
Prepayments and accrued income	224,020	237,527	224,020	237,527
	<u>5,830,228</u>	<u>4,530,888</u>	<u>5,767,427</u>	<u>4,530,872</u>

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	4,459,482	4,763,823	4,350,660	4,762,941
	<u>4,459,482</u>	<u>4,763,823</u>	<u>4,350,660</u>	<u>4,762,941</u>

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	-	2,500,000	-	2,500,000
Trade creditors	1,477,126	1,146,462	1,439,527	1,146,462
Amounts owed to group undertakings	-	-	38,996	62,256
Amounts owed to companies under common control	6,720	6,720	6,720	6,720
Corporation tax	283,751	410,938	257,517	410,938
Other taxation and social security	888,212	1,411,774	888,212	1,411,774
Other creditors	173,048	105,780	129,471	82,541
Accruals and deferred income	1,181,725	848,458	1,181,725	848,458
	<u>4,010,582</u>	<u>6,430,132</u>	<u>3,942,168</u>	<u>6,469,149</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

21. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	(214,172)	(235,758)
Charged to profit or loss	(63,142)	21,586
At end of year	(277,314)	(214,172)

Company

	2021 £	2020 £
At beginning of year	(214,172)	(235,758)
Charged to profit or loss	(63,142)	21,586
At end of year	(277,314)	(214,172)

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(277,314)	(214,172)	(277,314)	(214,172)
	(277,314)	(214,172)	(277,314)	(214,172)

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
229,608 (2020 - 229,608) ORDINARY A shares of £1.00 each	229,608	229,608

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated losses.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Business combinations

On 1 October 2021, the Company acquired 100% of the share capital of Applied Fluid Power Limited.

Acquisition of Applied Fluid Power Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Fixed Assets		
Tangible	12,851	12,851
	<u>12,851</u>	<u>12,851</u>
Current Assets		
Stocks	126	126
Debtors	80,302	80,302
Cash at bank and in hand	66,047	66,047
Total Assets	<u>159,326</u>	<u>159,326</u>
Creditors		
Due within one year	(96,809)	(96,809)
Total identifiable net assets	<u>62,517</u>	<u>62,517</u>
Goodwill		62,483
Total purchase consideration		<u>125,000</u>
Consideration		
		£
Cash		125,000
Cash outflow on acquisition		
		£
Purchase consideration settled in cash, as above		125,000
		125,000
Less: Cash and cash equivalents acquired		(66,047)
Net cash outflow on acquisition		<u>58,953</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Business combinations (continued)

The results of Applied Fluid Power Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	54,828
(Loss) for the period since acquisition	(49,250)

25. Contingent liabilities

Subsidiary undertakings and audit exemption

Hydraquip Hose & Hydraulics Limited has a number of subsidiary undertakings which have taken advantage of audit exemption in accordance with Section 479A of the Companies Act 2006. These subsidiary undertakings are shown in note 17. As part of the requirement for doing so the Company has provided guarantees over all liabilities of these subsidiary undertakings as at 31 December 2021. These guarantees will remain in place until such time as these liabilities are settled in full. The total recorded liabilities of those for which guarantees have been provided as at 31 December 2021, including intra-group debt, was £112,828.

The Directors are not aware of any circumstances which may indicate that the Company will be required to settle any liabilities of subsidiary undertakings in accordance with the guarantees that have been provided.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £167,943 (2020 - £162,330). Contributions totalling £37,518 (2020 - £25,464) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Group and Company		
Not later than 1 year	571,838	277,829
Later than 1 year and not later than 5 years	1,528,524	431,780
Later than 5 years	57,907	59,441
	<u>2,158,269</u>	<u>769,050</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

28. Related party transactions

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group. The following are related party transactions outside of the Group:

	2021 £	2020 £
Purchases from entities controlled by key management personnel	416,646	445,500
Amounts due from entities controlled by key management personnel	347,262	345,163
Amounts due to entities controlled by key management personnel	294,548	6,720
Amounts due to Directors and their close family	737	1,737

The Group regards its key management personnel to be the directors of the Company. Please refer to note 9.

29. Post balance sheet events

On 22 March 2022, the entire share capital of the company was acquired by Finning Services Limited.

30. Controlling party

As at 31 December 2021, in the opinion of the Directors there was no controlling party.

On 22 March 2022, the Company became a wholly owned subsidiary of Finning Services Limited, a company incorporated in the United Kingdom.

From this date the Directors regard Finning International Inc, a company incorporated in Canada, to be the Company's ultimate parent undertaking.