

**Registered number: 04937556**

## **Hydraquip Hose & Hydraulics Limited**

**Annual report and financial statements**

**For the year ended 31 December 2022**

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## **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**

Watling 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**

### **Strategic report For the year ended 31 December 2022**

#### **Introduction**

The directors present their strategic report for Hydraquip Hose & Hydraulics Limited for the ended 31st December 2022.

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.

#### **Business review**

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

Turnover has increased from £25,322,498 in 2021 to £28,874,902 this year which the directors feel is a fantastic result and reflective of the efforts made by the entire team during 2022 to sustain our existing sales and service to our customers whilst also continuing to grow turnover through acquisition.

The gross profit percentage of the business has marginally decreased from 51.7% in 2021 to 51.0% this year. The net operating margin has increased from 13.2% in 2021 to 13.7% 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.

The effects of the global pandemic observed in 2021 were largely behind us. However the War in Ukraine and the inflationary environment led to an increase in operational costs, largely due to an increase in energy price and Supply Chain disruption. We successfully mitigated these impacts through successful improved operational performance and realisation of synergy benefits since the company was acquired by Finning Services Limited.

#### **Principal risks and uncertainties**

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.

#### **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 key performance indicators**

The balance sheet shows that the company's net assets at the year end have increased from £9,613,776 to £11,255,859.

This report was approved by the board on 28 September 2023 and signed on its behalf.

*J Macbain*

Jay Macbain 29 Sep 2023 09:13:36 BST (UTC +1)

**J MacBain**  
Director

## **Hydraquip Hose & Hydraulics Limited**

### **Directors' report**

#### **For the year ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 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 £3,942,083 (2021 - £3,336,429).

Dividends totalling £2,300,000 (2021 - £Nil) were paid in the year. The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who served during the year were:

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).

#### **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 three successful acquisitions in 2022. The company will continue to focus on Organic and Inorganic growth as well as explore international opportunities.

## **Hydraquip Hose & Hydraulics Limited**

### **Directors' report (continued) For the year ended 31 December 2022**

#### **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'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's auditor is aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

#### **Auditor**

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 28 September 2023 and signed on its behalf.

*J Macbain*

Jay Macbain 29 Sep 2023 09:13:36 BST (UTC +1)

**J MacBain**  
Director

## **Hydraquip Hose & Hydraulics Limited**

### **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 'Company') for the year ended 31 December 2022, which comprise the Statement of income and retained earnings, the Balance sheet 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 Company's affairs as at 31 December 2022 and of its 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 Company 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 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 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.

## **Hydraquip Hose & Hydraulics Limited**

### **Independent auditor's report to the members of Hydraquip Hose & Hydraulics Limited (continued)**

#### **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 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 Company 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## **Hydraquip Hose & Hydraulics Limited**

### **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 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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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

## Hydraquip Hose & Hydraulics Limited

### Independent auditor's report to the members of Hydraquip Hose & Hydraulics Limited (continued)

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.

- 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.

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.

*Tracey Becker* CP

Tracey Becker (Senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Chartered Accountants  
Statutory Auditor

Montague Place  
Quayside  
Chatham Maritime  
Chatham  
Kent  
ME4 4QU

29 September 2023

**Hydraquip Hose & Hydraulics Limited****Statement of income and retained earnings  
For the year ended 31 December 2022**

|   | Note | 2022<br>£         | 2021<br>£         |
|---|------|-------------------|-------------------|
| Turnover  | 4    | 28,874,902        | 25,322,498        |
| Cost of sales                                   |      | (14,138,856)      | (12,223,629)      |
| <b>Gross profit</b>                             |      | <b>14,736,046</b> | <b>13,098,869</b> |
| Administrative expenses                         |      | (9,881,325)       | (9,230,056)       |
| Other operating income                          | 5    | -                 | 197,404           |
| <b>Operating profit</b>                         | 6    | <b>4,854,721</b>  | <b>4,066,217</b>  |
| Amounts written off investments                 |      | -                 | (55)              |
| Interest receivable and similar income          | 10   | 105               | 1,484             |
| <b>Profit before tax</b>                        |      | <b>4,854,826</b>  | <b>4,067,646</b>  |
| Tax on profit                                   | 11   | (912,743)         | (731,217)         |
| <b>Profit after tax</b>                         |      | <b>3,942,083</b>  | <b>3,336,429</b>  |
| Retained earnings at the beginning of the year  |      | 9,375,026         | 6,038,597         |
|   |      | 9,375,026         | 6,038,597         |
| Profit for the year                             |      | 3,942,083         | 3,336,429         |
| Dividends declared and paid                     |      | (2,300,000)       | -                 |
| <b>Retained earnings at the end of the year</b> |      | <b>11,017,109</b> | <b>9,375,026</b>  |

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 25 form part of these financial statements.

**Hydraquip Hose & Hydraulics Limited**  
**Registered number: 04937556**

**Balance sheet**  
**As at 31 December 2022**

|  | Note | 2022<br>£         | 2021<br>£         |
|--|------|-------------------|-------------------|
| <b>Fixed assets</b>                            |      |                   |                   |
| Intangible assets                              | 13   | 658,323           | -                 |
| Tangible assets                                | 14   | 1,652,224         | 1,454,076         |
| Investments                                    | 15   | 165,000           | 165,000           |
|  |      | <u>2,475,547</u>  | <u>1,619,076</u>  |
| <b>Current assets</b>                          |      |                   |                   |
| Stocks   | 16   | 3,473,178         | 2,096,095         |
| Debtors: amounts falling due within one year   | 17   | 5,495,583         | 5,767,427         |
| Cash at bank and in hand                       | 18   | 3,556,869         | 4,350,660         |
|  |      | <u>12,525,630</u> | <u>12,214,182</u> |
| Creditors: amounts falling due within one year | 19   | (3,433,545)       | (3,942,168)       |
| <b>Net current assets</b>                      |      | <u>9,092,085</u>  | <u>8,272,014</u>  |
| <b>Total assets less current liabilities</b>   |      | <u>11,567,632</u> | <u>9,891,090</u>  |
| <b>Provisions for liabilities</b>              |      |                   |                   |
| Deferred tax                                   | 20   | (311,773)         | (277,314)         |
|  |      | <u>(311,773)</u>  | <u>(277,314)</u>  |
| <b>Net assets</b>                              |      | <u>11,255,859</u> | <u>9,613,776</u>  |
| <b>Capital and reserves</b>                    |      |                   |                   |
| Called up share capital                        | 21   | 229,608           | 229,608           |
| Share premium account                          | 22   | 9,142             | 9,142             |
| Profit and loss account                        | 22   | 11,017,109        | 9,375,026         |
|  |      | <u>11,255,859</u> | <u>9,613,776</u>  |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.

*J Macbain*

Jay Macbain 29 Sep 2023 09:13:36 BST (UTC +1)

**J MacBain**  
Director

The notes on pages 10 to 25 form part of these financial statements.

## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **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 management to exercise judgment in applying the Company's accounting policies (see note 3).

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 Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Finning Holdings as at 31 December 2022 and these financial statements may be obtained from Watling Street, Bridgetown, Cannock, Staffordshire, WS11 8LL.

##### **2.3 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **2.4 Going concern**

The use of the going concern basis of accounting is appropriate as there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

##### **2.5 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

##### **2.6 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **2.7 Operating leases: the Company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **2.8 Government grants**

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

##### **2.9 Interest income**

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

##### **2.10 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Company in independently administered funds.

##### **2.11 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

## Hydraquip Hose & Hydraulics Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 2. Accounting policies (continued)

##### 2.12 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of income and retained earnings over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

|                        |   |    |       |
|------------------------|---|----|-------|
| Customer relationships | - | 10 | years |
| Goodwill               | - | 10 | years |

##### 2.13 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% reducing balance    |
| Motor vehicles           | - | 25% reducing balance    |
| Fixtures and fittings    | - | 15-25% 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.



## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **2.14 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### **2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.16 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.

##### **2.17 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.

##### **2.18 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.

##### **2.19 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.

##### **2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **2.21 Financial instruments**

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

##### **Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

##### **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 Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is

## **Hydraquip Hose & Hydraulics Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **2.21 Financial instruments (continued)**

immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### **Derecognition of financial instruments**

###### **Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

###### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

##### **2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **3. Judgments 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 Company has recognised tangible fixed assets with a carrying value of £1,652,224 (2021: £1,466,262) at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The Company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets the Company 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 2022****4. Turnover**

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

|                | 2022<br>£         | 2021<br>£         |
|----------------|-------------------|-------------------|
| Sales of goods | <u>28,874,902</u> | <u>25,322,498</u> |

Analysis of turnover by country of destination:

|                | 2022<br>£         | 2021<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | <u>28,874,902</u> | <u>25,322,498</u> |

**5. Other operating income**

|                              | 2022<br>£ | 2021<br>£      |
|------------------------------|-----------|----------------|
| Government grants receivable | <u>-</u>  | <u>197,404</u> |

**6. Operating profit**

The operating profit is stated after charging:

|                                  | 2022<br>£     | 2021<br>£    |
|----------------------------------|---------------|--------------|
| Exchange differences             | 5,993         | (137)        |
| Other operating lease rentals    | 1,070,781     | 1,039,988    |
| Loss on disposal of fixed assets | <u>22,011</u> | <u>3,172</u> |

**7. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor:

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 15,750    | 14,250    |

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****8. Employees**

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

|                                     | 2022<br>£        | 2021<br>£        |
|-------------------------------------|------------------|------------------|
| Wages and salaries                  | 8,891,356        | 8,071,415        |
| Social security costs               | 874,368          | 777,886          |
| Cost of defined contribution scheme | 185,811          | 167,943          |
|                                     | <u>9,951,535</u> | <u>9,017,244</u> |

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

|                      | 2022<br>No. | 2021<br>No. |
|----------------------|-------------|-------------|
| Production staff     | 185         | 188         |
| Administrative staff | 88          | 81          |
|                      | <u>273</u>  | <u>269</u>  |

**9. Directors' remuneration**

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| Directors' emoluments   | 257,504        | 262,251        |
| Company contributions to defined contribution pension schemes | 2,972          | 3,847          |
|   | <u>260,476</u> | <u>266,098</u> |

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £119,979 (2021 - £88,876).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,321 (2021 - £2,198).

**10. Interest receivable**

|                           | 2022<br>£ | 2021<br>£ |
|---------------------------|-----------|-----------|
| Other interest receivable | 105       | 1,484     |

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****11. Taxation**

|  | <b>2022</b><br><b>£</b> | <b>2021</b><br><b>£</b> |
|--|-------------------------|-------------------------|
| <b>Corporation tax</b>                         |                         |                         |
| Current tax on profits for the year            | <b>878,284</b>          | 668,075                 |
|  | <b>878,284</b>          | 668,075                 |
| <b>Total current tax</b>                       | <b>878,284</b>          | 668,075                 |
| <b>Deferred tax</b>                            |                         |                         |
| Origination and reversal of timing differences | <b>34,459</b>           | 5,464                   |
| Changes to tax rates                           | -                       | 57,678                  |
| <b>Total deferred tax</b>                      | <b>34,459</b>           | 63,142                  |
| <b>Tax on profit</b>                           | <b>912,743</b>          | 731,217                 |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

|  | <b>2022</b><br><b>£</b> | <b>2021</b><br><b>£</b> |
|--|-------------------------|-------------------------|
| Profit on ordinary activities before tax   | <b>4,854,826</b>        | 4,067,646               |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | <b>922,417</b>          | 772,853                 |
| <b>Effects of:</b>   |                         |                         |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | <b>17,558</b>           | 18,095                  |
| Capital allowances for year in excess of depreciation  | <b>(29,448)</b>         | (16,920)                |
| Other timing differences leading to an increase (decrease) in taxation                                     | <b>(7,966)</b>          | (9,366)                 |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge      | -                       | (100,000)               |
| Changes in tax rates   | <b>10,182</b>           | 66,555                  |
| <b>Total tax charge for the year</b>   | <b>912,743</b>          | 731,217                 |

**Factors that may affect future tax charges**

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****11. Taxation (continued)**

The main rate of corporation tax increased 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.

Deferred taxes have been measured using rates substantively enacted at the reporting date and reflected in these financial statements.

The company has no unused tax losses.

**12. Dividends**

|                | 2022<br>£        | 2021<br>£ |
|----------------|------------------|-----------|
| Dividends paid | <u>2,300,000</u> | <u>-</u>  |

**13. Intangible assets**

|                                     | Customer<br>relationships<br>£ | Goodwill<br>£  | Total<br>£     |
|-------------------------------------|--------------------------------|----------------|----------------|
| <b>Cost</b>                         |                                |                |                |
| At 1 January 2022                   | -                              | 61,479         | 61,479         |
| Additions                           | 295,773                        | 391,722        | 687,495        |
| At 31 December 2022                 | <u>295,773</u>                 | <u>453,201</u> | <u>748,974</u> |
| <b>Amortisation</b>                 |                                |                |                |
| At 1 January 2022                   | -                              | 61,479         | 61,479         |
| Charge for the year on owned assets | 29,172                         | -              | 29,172         |
| At 31 December 2022                 | <u>29,172</u>                  | <u>61,479</u>  | <u>90,651</u>  |
| <b>Net book value</b>               |                                |                |                |
| At 31 December 2022                 | <u>266,601</u>                 | <u>391,722</u> | <u>658,323</u> |
| At 31 December 2021                 | <u>-</u>                       | <u>-</u>       | <u>-</u>       |

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****14. Tangible fixed assets**

|                                     | <b>Freehold<br/>property<br/>£</b> | <b>Plant and<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Fixtures and<br/>fittings<br/>£</b> | <b>Total<br/>£</b> |
|-------------------------------------|------------------------------------|--------------------------------------|---------------------------------|--|--------------------|
| <b>Cost or valuation</b>            |                                    |                                      |                                 |  |                    |
| At 1 January 2022                   | 57,223                             | 767,208                              | 2,777,108                       | 464,373                                | 4,065,912          |
| Additions                           | 3,727                              | 61,623                               | 658,134                         | 23,487                                 | 746,971            |
| Disposals                           | (2,831)                            | (59,032)                             | (112,395)                       | (1,500)                                | (175,758)          |
| At 31 December 2022                 | <u>58,119</u>                      | <u>769,799</u>                       | <u>3,322,847</u>                | <u>486,360</u>                         | <u>4,637,125</u>   |
| <b>Depreciation</b>                 |                                    |                                      |                                 |  |                    |
| At 1 January 2022                   | 30,704                             | 496,939                              | 1,738,610                       | 345,583                                | 2,611,836          |
| Charge for the year on owned assets | 5,812                              | 45,855                               | 417,067                         | 23,762                                 | 492,496            |
| Disposals                           | (1,415)                            | (32,840)                             | (84,032)                        | (1,144)                                | (119,431)          |
| At 31 December 2022                 | <u>35,101</u>                      | <u>509,954</u>                       | <u>2,071,645</u>                | <u>368,201</u>                         | <u>2,984,901</u>   |
| <b>Net book value</b>               |                                    |                                      |                                 |  |                    |
| At 31 December 2022                 | <u>23,018</u>                      | <u>259,845</u>                       | <u>1,251,202</u>                | <u>118,159</u>                         | <u>1,652,224</u>   |
| At 31 December 2021                 | <u>26,519</u>                      | <u>270,269</u>                       | <u>1,038,498</u>                | <u>118,790</u>                         | <u>1,454,076</u>   |



**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****15. Fixed asset investments**

|                                | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£</b> |
|--------------------------------|--|
| <b>Cost or valuation</b>       |  |
| At 1 January 2022              | 685,000  |
| At 31 December 2022            | <u>685,000</u>   |
| <b>Impairment</b>              |  |
| At 1 January 2022              | 520,000  |
| At 31 December 2022            | <u>520,000</u>   |
| <b>Net book value</b>          |  |
| At 31 December 2022            | <u><u>165,000</u></u>  |
| At 31 December 2021            | <u><u>165,000</u></u>  |
| <b>Subsidiary undertakings</b> |  |

The following were subsidiary undertakings of the Company:

| <b>Name</b>                    | <b>Class of<br/>shares</b> | <b>Holding</b> |
|--------------------------------|----------------------------|----------------|
| 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.

**16. Stocks**

|                                     | <b>2022<br/>£</b>       | <b>2021<br/>£</b>       |
|-------------------------------------|-------------------------|-------------------------|
| Finished goods and goods for resale | <u><u>3,473,178</u></u> | <u><u>2,096,095</u></u> |

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****17. Debtors**

|  | 2022<br>£        | 2021<br>£        |
|--|------------------|------------------|
| Trade debtors  | 5,233,595        | 4,878,299        |
| Amounts owed by joint ventures and associated undertakings | 2,956            | 345,500          |
| Other debtors  | 25,359           | 319,608          |
| Prepayments and accrued income                             | 233,673          | 224,020          |
|  | <u>5,495,583</u> | <u>5,767,427</u> |

**18. Cash and cash equivalents**

|                          | 2022<br>£ | 2021<br>£ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 3,556,869 | 4,350,660 |

**19. Creditors: Amounts falling due within one year**

|                                    | 2022<br>£        | 2021<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 1,513,046        | 1,439,527        |
| Amounts owed to group undertakings | 38,896           | 38,996           |
| Amounts owed to joint ventures     | -                | 6,720            |
| Corporation tax                    | 302,084          | 257,517          |
| Other taxation and social security | 689,000          | 888,212          |
| Other creditors                    | 227,358          | 129,471          |
| Accruals and deferred income       | 663,161          | 1,181,725        |
|                                    | <u>3,433,545</u> | <u>3,942,168</u> |

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****20. Deferred taxation**

|                           | <b>2022<br/>£</b> |
|---------------------------|-------------------|
| At beginning of year      | (277,314)         |
| Charged to profit or loss | (34,459)          |
| <b>At end of year</b>     | <b>(311,773)</b>  |

The provision for deferred taxation is made up as follows:

|                                | <b>2022<br/>£</b> | <b>2021<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Accelerated capital allowances | (311,773)         | (277,314)         |
|                                | <b>(311,773)</b>  | <b>(277,314)</b>  |

**21. Share capital**

|  | <b>2022<br/>£</b> | <b>2021<br/>£</b> |
|--|-------------------|-------------------|
| <b>Allotted, called up and fully paid</b>                |                   |                   |
| 229,608 (2021 - 229,608) ORDINARY A shares of £1.00 each | <b>229,608</b>    | <b>229,608</b>    |

**22. 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.

**23. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £185,811 (2021 - £167,943). Contributions totalling £35,642 (2021 - £37,518) were payable to the fund at the balance sheet date and are included in creditors.

**Hydraquip Hose & Hydraulics Limited****Notes to the financial statements  
For the year ended 31 December 2022****24. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | 2022<br>£        | 2021<br>£        |
|--|------------------|------------------|
| Not later than 1 year                        | 623,400          | 571,838          |
| Later than 1 year and not later than 5 years | 1,239,711        | 1,528,524        |
| Later than 5 years                           | -                | 57,907           |
|  | <u>1,863,111</u> | <u>2,158,269</u> |

**25. 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 transactions with other related parties, who are no longer related parties in the current year. :

|  | 2022<br>£ | 2021<br>£        |
|--|-----------|------------------|
| Purchases from entities controlled by key management personnel   | -         | 416,646          |
| Amounts due from entities controlled by key management personnel | -         | 347,262          |
| Amounts due to entities controlled by key management personnel   | -         | 294,548          |
| Amounts due to Directors and their close family                  | -         | 737              |
|  | <u>-</u>  | <u>1,058,193</u> |

**26. Post balance sheet events**

On 10 February 2023, Hydraquip Hose & Hydraulics Limited acquired the assets of Redline Hydraulics Limited, Worcester for £1.3m plus potential deferred consideration payments of £0.2m.

**27. Controlling party**

The company is a wholly-owned subsidiary of Finning Services Limited, a company registered in England and Wales which is wholly-owned subsidiary undertaking of Finning Holdings a company registered in England and Wales.

Finning Holdings is a wholly-owned subsidiary of Finning International Inc, a company incorporated in Canada. The latter company is considered by the directors to be the ultimate holding company and controlling party. The largest and smallest groups in which the results of the company and its subsidiary undertakings are consolidated are those headed by Finning International Inc. and Finning Holdings, respectively.

The consolidated financial statements of Finning Holdings are available from Watling Street, Bridgtown, Cannock, Staffordshire, WS11 8LL. The consolidated financial statements of Finning International Inc. are available from 300-565 Great Northern Way, Vancouver, BC, V5T 0H8, Canada.