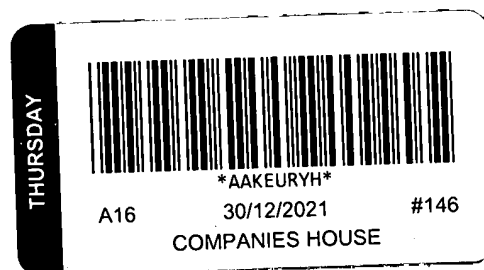


HYDRAQUIP

HOSE & HYDRAULICS

**THE UK'S LARGEST INDEPENDENT 24/7 ON SITE
MOBILE HOSE REPLACEMENT SERVICE PROVIDER**

COMPANY REGISTRATION NUMBER: 04937556



**ANNUAL REPORTS AND FINANCIAL STATEMENTS
DECEMBER 2020**

HYDRAQUIP HOSE & HYDRAULICS | SNAPSHOT DECEMBER 2020

NATIONAL SERVICE



Hydraquip offer a 24 hour, 7 days a week national on site mobile hose replacement service across the UK.

140 average operational mobile service vans

REVENUE **21.18** million..

NETT PROFIT **1.91** million

EMPLOYEES

249

AS OF 31.12.20



OEM



BRANCHES



TECHNOLOGY



ROBUST BUSINESS



22 BRANCHES

Strategically located across the UK operating a hydraulic trade counter and a 24/7 on site mobile hose repair service.



TECHNOLOGY



Hydraquip's Job Manager is the only customer portal in this industry which allows customers to book and track hose replacements and service jobs nationwide.

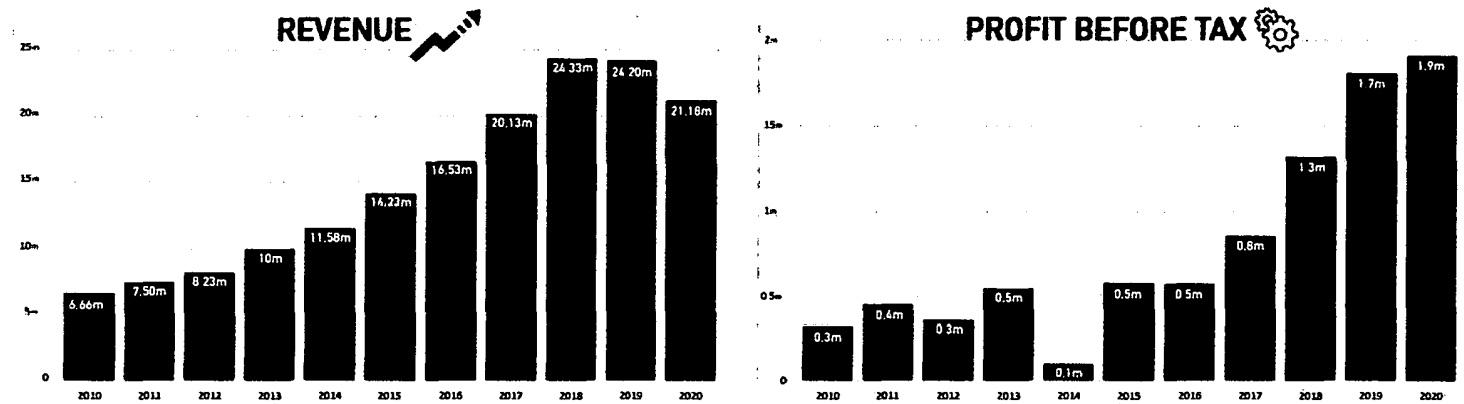
LARGEST INDEPENDENT

The UK's largest independently owned on site hose replacement company with sales revenue doubled in 7 years.

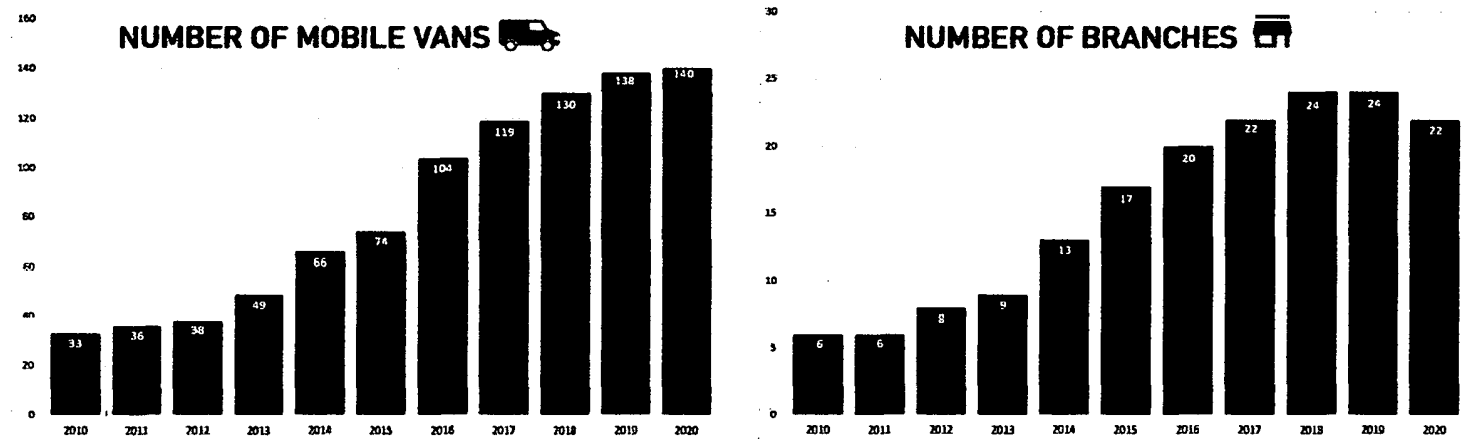


HYDRAQUIP HOSE & HYDRAULICS | FINANCIAL METRICS

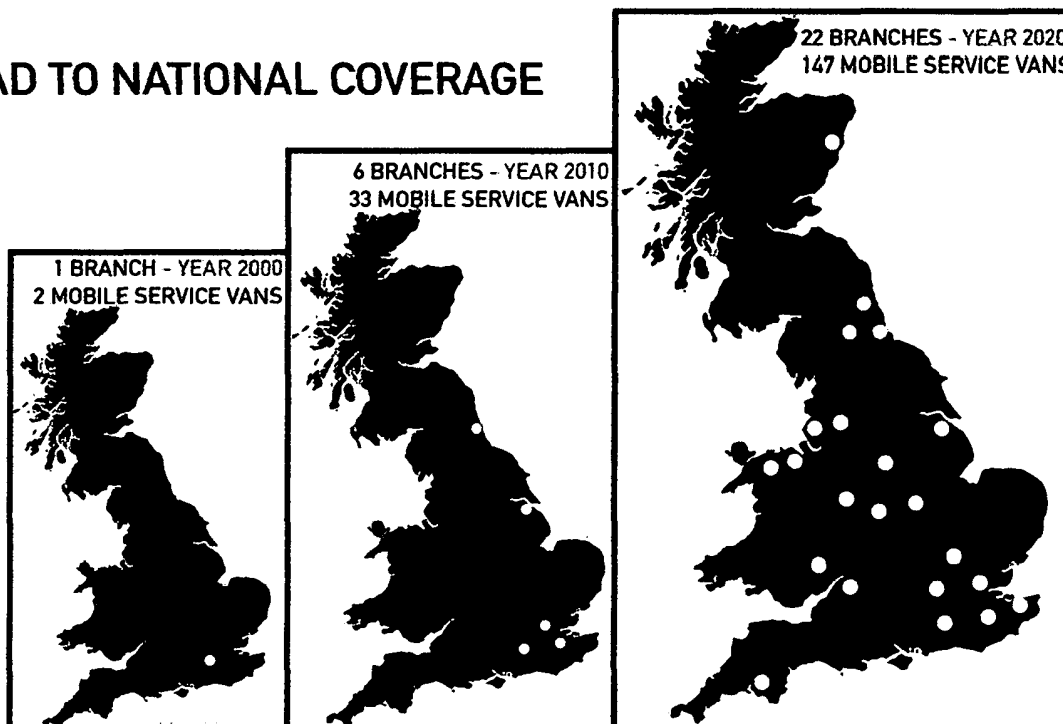
Revenue & Operating Profits for Hydraquip Hose & Hydraulics from the year 2010 to 2020.



The number of Mobile Vans and Branches for Hydraquip Hose & Hydraulics from the year 2010 to 2020.



THE ROAD TO NATIONAL COVERAGE



Hydraquip Hose & Hydraulics Limited

Contents of the Financial Statements for the Year Ended 31 December 2020

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Hydraquip Hose & Hydraulics Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

D MacBain
J MacBain
F C Ennis
J Coulson

REGISTERED OFFICE:

Swan House
9 Queens Road
Brentwood
Essex
CM14 4HE

REGISTERED NUMBER:

04937556 (England and Wales)

AUDITORS:

Tiffin Green Limited
Swan House
9 Queens Road
Brentwood
Essex
CM14 4HE

Hydraquip Hose & Hydraulics Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for Hydraquip Hose & Hydraulics Limited for the year ended 31st December 2020.

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 46.1% in 2019 to 47.1% this year, which is an excellent result based on primarily, more efficient purchasing. The net operating margin has increased from 6.4% in 2019 to 6.6% 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 2020.

Turnover has decreased from £24,224,134 in 2019 to £21,182,152 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 2020 to maintain sales and service to our customers while safely trading through the pandemic..

The disrupted market 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 is expected to further improve the efficiency of the business in 2021 and 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 2021 and beyond.

The company will continue to invest in IT improvements to deliver even higher levels of transparent service to its customers, combined with investment into training and recruitment, the directors are confident it has a robust and resilient plan to fully recover in 2021 and surpass 2019

Hydraquip Hose & Hydraulics Limited

Strategic Report for the Year Ended 31 December 2020

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. 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.

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 by the company. Particular attention is given to the 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation has decreased by 2.8% from £1,479,460 to £1,438,519.

FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the company's net assets at the year-end have increased from £4,838,826 to £6,277,345.

Hydraquip Hose & Hydraulics Limited

Strategic Report for the Year Ended 31 December 2020

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.

There is a specific plan to restart this activity in 2021 and 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.

ON BEHALF OF THE BOARD:

D MacBain

D MacBain - Director

29 December 2021

Hydraquip Hose & Hydraulics Limited

Report of the Directors for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

D MacBain
J MacBain
F C Ennis

Other changes in directors holding office are as follows:

J Coulson - appointed 1 December 2020

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments, as defined in FRS 25, Financial Instruments, Disclosure and Presentation. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

DISCLOSURE IN THE STRATEGIC REPORT

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2 to 3. These matters relate to the review and analysis of the business during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Hydraquip Hose & Hydraulics Limited

**Report of the Directors
for the Year Ended 31 December 2020**

AUDITORS

The auditors, Tiffin Green Limited, will not be seeking reappointment as auditors on completion of the 2020 accounts.

ON BEHALF OF THE BOARD:

D MacBain

D MacBain - Director

29 December 2021

Report of the Independent Auditors 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 2020 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, 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 2020 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 Auditors' 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Hydraquip Hose & Hydraulics Limited**

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 Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Report of the Independent Auditors to the Members of Hydraquip Hose & Hydraulics Limited

Auditors' 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 a Report of the Auditors 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.

Capability of the audit in detecting irregularity, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience; through verbal and written communications with those charged with governance and other and via inspection of any regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements, including the company's constitution; relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The company is subject to many other laws and regulations where the consequences of non compliance could have a material effect on the amounts or disclosures in the financial statements, for instance the imposition of fines and penalties through losses arising from litigation and the imposition of fines.

ISAs(UK) limit the required procedures to identify the non-compliance with these laws and regulations to those noted above. These limited procedures did not identify any actual or suspected non-compliance with laws and regulations that could have a material impact of the financial statements.

In relation to fraud, we performed the following procedures;

- > Challenged assumptions made by management in its significant accounting estimates in particular bad debt provision and depreciation.
- > Identified and tested journal entries, based on risk criteria and comparing entries to supporting documentation. These included those posted to unusual accounts.
- > Performing analytical procedures to identify unexpected movements in account balances and accounting ratios which may be indicative of fraud.
- > Ensuring that testing undertaken on both the performance statement and the balance sheet included a number of items selected at random.

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statement even though we have properly planned and performed our audit in accordance with ISA's (UK). In addition, as with any audit, there remains a high risk of non- detection of irregularities as these might involve collusion, forgery, intentional omissions and misrepresentation. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non- compliance with all laws and regulations or every incidence of fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Hydraquip Hose & Hydraulics Limited**

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 a Report of the Auditors 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.

L Elsworth

Lee Elsworth (Senior Statutory Auditor)
for and on behalf of Tiffin Green Limited
Swan House
9 Queens Road
Brentwood
Essex
CM14 4HE

29 December 2021

Hydraquip Hose & Hydraulics Limited

**Statement of Income and
Retained Earnings
for the Year Ended 31 December 2020**

	Notes	2020		2019	
		£	£	£	£
TURNOVER			21,182,152		24,224,134
Cost of sales			11,202,135		13,053,644
GROSS PROFIT			9,980,017		11,170,490
Administrative expenses			8,590,373		9,620,443
			1,389,644		1,550,047
Other operating income			1,040,656		-
OPERATING PROFIT	4		2,430,300		1,550,047
Income from shares in group undertakings	6	-		153,958	
Interest receivable and similar income		635		1,329	
			635		155,287
			2,430,935		1,705,334
Amounts written off investments	7		520,000		-
			1,910,935		1,705,334
Interest payable and similar expenses	8		1,383		3,150
PROFIT BEFORE TAXATION			1,909,552		1,702,184
Tax on profit	9		471,033		222,724
PROFIT FOR THE FINANCIAL YEAR			1,438,519		1,479,460
Retained earnings at beginning of year			4,600,076		3,320,616
Dividends	10		-		(200,000)
RETAINED EARNINGS AT END OF YEAR			6,038,595		4,600,076

The notes form part of these financial statements

Statement of Financial Position
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	11	38,903	45,050
Tangible assets	12	1,484,136	1,706,232
Investments	13	40,100	560,100
		<u>1,563,139</u>	<u>2,311,382</u>
CURRENT ASSETS			
Stocks	14	2,103,716	2,678,827
Debtors	15	4,530,872	4,750,907
Cash at bank		4,762,941	11,834
		<u>11,397,529</u>	<u>7,441,568</u>
CREDITORS			
Amounts falling due within one year	16	6,469,151	4,678,366
		<u>6,469,151</u>	<u>4,678,366</u>
NET CURRENT ASSETS		<u>4,928,378</u>	<u>2,763,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,491,517</u>	<u>5,074,584</u>
PROVISIONS FOR LIABILITIES	20	214,172	235,758
NET ASSETS		<u><u>6,277,345</u></u>	<u><u>4,838,826</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	229,608	229,608
Other reserves	22	9,142	9,142
Retained earnings	22	6,038,595	4,600,076
SHAREHOLDERS' FUNDS		<u><u>6,277,345</u></u>	<u><u>4,838,826</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 December 2021 and were signed on its behalf by:

D MacBain

D MacBain - Director

Hydraquip Hose & Hydraulics Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,724,517	2,126,435
Interest paid		(1,383)	(3,150)
Tax paid		73,066	(115,999)
Government grant		1,040,656	-
Net cash from operating activities		<u>2,836,856</u>	<u>2,007,286</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(20,000)
Purchase of tangible fixed assets		(219,890)	(1,015,331)
Purchase of fixed asset investments		-	(560,000)
Sale of tangible fixed assets		1,999	42,400
Interest received		635	1,329
Dividends received		-	153,958
Net cash from investing activities		<u>(217,256)</u>	<u>(1,397,644)</u>
Cash flows from financing activities			
New loans in year		2,500,000	-
Loans to group undertakings		(338,396)	62,211
Equity dividends paid		-	(200,000)
Net cash from financing activities		<u>2,161,604</u>	<u>(137,789)</u>
Increase in cash and cash equivalents		<u>4,781,204</u>	<u>471,853</u>
Cash and cash equivalents at beginning of year	2	(18,263)	(490,116)
Cash and cash equivalents at end of year	2	<u><u>4,762,941</u></u>	<u><u>(18,263)</u></u>

The notes form part of these financial statements

Hydraquip Hose & Hydraulics Limited

Notes to the Statement of Cash Flows for the Year Ended 31 December 2020

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit for the financial year	1,438,519	1,479,460
Depreciation charges	429,097	489,039
Loss/(profit) on disposal of fixed assets	17,036	(1,956)
Loss on revaluation of fixed assets	520,000	-
Accrued (income)/expenses	-	(96,330)
Government grants	(1,040,656)	-
Finance costs	1,383	3,150
Investment income	(635)	(155,287)
Taxation	471,033	222,724
	<u>1,835,777</u>	<u>1,940,800</u>
Decrease in stocks	575,111	42,529
Decrease in trade and other debtors	410,451	578,705
Decrease in trade and other creditors	(1,096,822)	(435,599)
Cash generated from operations	<u><u>1,724,517</u></u>	<u><u>2,126,435</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	31/12/20 £	1/1/20 £
Cash and cash equivalents	4,762,941	11,834
Bank overdrafts	-	(30,097)
	<u><u>4,762,941</u></u>	<u><u>(18,263)</u></u>

Year ended 31 December 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	11,834	10,052
Bank overdrafts	(30,097)	(500,168)
	<u><u>(18,263)</u></u>	<u><u>(490,116)</u></u>

The notes form part of these financial statements

Hydraquip Hose & Hydraulics Limited

Notes to the Statement of Cash Flows for the Year Ended 31 December 2020

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/20 £	Cash flow £	At 31/12/20 £
Net cash			
Cash at bank and in hand	11,834	4,751,107	4,762,941
Bank overdrafts	(30,097)	30,097	-
	<u>(18,263)</u>	<u>4,781,204</u>	<u>4,762,941</u>
Debt			
Debts falling due within 1 year	-	(2,500,000)	(2,500,000)
	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Total	<u>(18,263)</u>	<u>2,281,204</u>	<u>2,262,941</u>

The notes form part of these financial statements

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

Hydraquip Hose & Hydraulics Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Hydraquip Hose and Hydraulics Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 402 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover is measured at the 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 associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 25% on reducing balance and 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability

Investments in subsidiaries

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments, as defined in FRS25, Financial Instruments; Disclosure and Presentation.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	7,672,485	8,227,049
Social security costs	736,038	789,796
Other pension costs	162,329	156,631
	<u>8,570,852</u>	<u>9,173,476</u>

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

	2020	2019
Production staff	186	148
Administrative staff	81	94
	<u>267</u>	<u>242</u>

	2020	2019
	£	£
Directors' remuneration	<u>176,866</u>	<u>171,156</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	<u>1</u>	<u>1</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	410,545	675,997
Depreciation - owned assets	422,951	482,891
Loss/(profit) on disposal of fixed assets	17,036	(1,956)
Goodwill amortisation	6,147	6,148
Impairment of trade debtors	(23,682)	119,471
Rental of equipment	<u>16,250</u>	<u>16,250</u>

Hydraquip Hose & Hydraulics Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

5. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>8,000</u>	<u>8,000</u>

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020	2019
	£	£
Shares in group undertakings	<u>-</u>	<u>153,958</u>

7. AMOUNTS WRITTEN OFF INVESTMENTS

	2020	2019
	£	£
Amounts w/off investments	<u>520,000</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	<u>1,383</u>	<u>3,150</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	492,619	188,793
Over/under prov in prior year	<u>-</u>	<u>(72,794)</u>
Total current tax	492,619	115,999
Deferred tax	<u>(21,586)</u>	<u>106,725</u>
Tax on profit	<u>471,033</u>	<u>222,724</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

9. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>1,909,552</u>	<u>1,702,184</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	362,815	323,415
Effects of:		
Expenses not deductible for tax purposes	99,485	(27,897)
Capital allowances in excess of depreciation	-	(106,725)
Depreciation in excess of capital allowances	30,319	-
Adjustments to tax charge in respect of previous periods	-	(72,794)
Deferred tax movement	<u>(21,586)</u>	<u>106,725</u>
Total tax charge	<u>471,033</u>	<u>222,724</u>

10. DIVIDENDS

	2020 £	2019 £
Ordinary A shares of £1 each		
Interim	<u>-</u>	<u>200,000</u>

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2020	
and 31 December 2020	<u>61,479</u>
AMORTISATION	
At 1 January 2020	16,429
Amortisation for year	<u>6,147</u>
At 31 December 2020	<u>22,576</u>
NET BOOK VALUE	
At 31 December 2020	<u>38,903</u>
At 31 December 2019	<u>45,050</u>

Hydraquip Hose & Hydraulics Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

12. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2020	67,243	750,872	450,816	2,367,547	3,636,478
Additions	1,480	1,500	3,990	212,920	219,890
Disposals	-	-	-	(99,340)	(99,340)
At 31 December 2020	<u>68,723</u>	<u>752,372</u>	<u>454,806</u>	<u>2,481,127</u>	<u>3,757,028</u>
DEPRECIATION					
At 1 January 2020	23,860	395,750	297,379	1,213,257	1,930,246
Charge for year	6,872	53,494	25,541	337,044	422,951
Eliminated on disposal	-	-	-	(80,305)	(80,305)
At 31 December 2020	<u>30,732</u>	<u>449,244</u>	<u>322,920</u>	<u>1,469,996</u>	<u>2,272,892</u>
NET BOOK VALUE					
At 31 December 2020	<u>37,991</u>	<u>303,128</u>	<u>131,886</u>	<u>1,011,131</u>	<u>1,484,136</u>
At 31 December 2019	<u>43,383</u>	<u>355,122</u>	<u>153,437</u>	<u>1,154,290</u>	<u>1,706,232</u>

13. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020	560,100
Impairments	(520,000)
At 31 December 2020	<u>40,100</u>
NET BOOK VALUE	
At 31 December 2020	<u>40,100</u>
At 31 December 2019	<u>560,100</u>

14. STOCKS

	2020 £	2019 £
Finished goods	<u>2,103,716</u>	<u>2,678,827</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	3,630,574	4,321,248
Amounts owed by group undertakings	345,163	-
Other debtors	10,878	20,851
Factoring	306,729	-
Tax	-	154,747
Prepayments and accrued income	237,528	254,061
	<u>4,530,872</u>	<u>4,750,907</u>

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 17)	2,500,000	30,097
Trade creditors	1,652,353	1,688,115
Amounts owed to group undertakings	68,977	62,211
Corporation tax	410,938	-
Social security and other taxes	171,317	201,346
VAT	1,240,457	378,501
Other creditors	-	2,886
Other loans	1,437	1,437
Pension control	25,464	38,480
Factoring	-	1,940,081
Net wages control	25,771	-
Accruals and deferred income	372,437	335,212
	<u>6,469,151</u>	<u>4,678,366</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	30,097
Bank loans	2,500,000	-
	<u>2,500,000</u>	<u>30,097</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	277,829	304,865
Between one and five years	431,780	631,965
In more than five years	59,441	70,000
	<u>769,050</u>	<u>1,006,830</u>

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Hydraquip Hose & Hydraulics Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

19. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank overdraft	-	30,097
Bank loans	2,500,000	-
	<u>2,500,000</u>	<u>30,097</u>

The creditors are secured by way of fixed and floating charges over the company assets.

20. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax		
Deferred tax	235,758	129,033
Deferred tax movement	(21,586)	106,725
	<u>214,172</u>	<u>235,758</u>

	Deferred tax £
Balance at 1 January 2020	235,758
Credit to Income Statement during year	(21,586)
Balance at 31 December 2020	<u>214,172</u>

21. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value: £1	2020 £	2019 £
229,608	Ordinary A		<u>229,608</u>	<u>229,608</u>

22. RESERVES

	Retained earnings £	Other reserves £	Totals £
At 1 January 2020	4,600,076	9,142	4,609,218
Profit for the year	1,438,519		1,438,519
At 31 December 2020	<u>6,038,595</u>	<u>9,142</u>	<u>6,047,737</u>

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. RELATED PARTY DISCLOSURES

Hydraquip Hose & Hydraulics Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

23. RELATED PARTY DISCLOSURES - continued

Entities over which the entity has control, joint control or significant influence

	2020	2019
	£	£
Purchases	225,000	610,000
Rent	220,500	198,330
Amount due from related party	345,163	-
Amount due to related party	68,977	62,211

24. ULTIMATE CONTROLLING PARTY

The shareholding is such that there is no ultimate controlling party