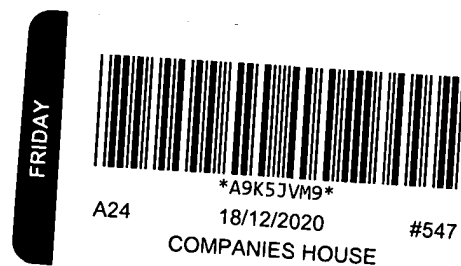


**Fluidpower MIP Limited**

**Annual Report and Financial Statements**

**Registered number 09026474**

**31 December 2019**



## **Fluidpower MIP Limited**

### **Company Information**

**Directors**

Bryce Brooks  
Russell Cash

**Registered number**

09026474

**Registered office**

Bollin House  
Riverside Business Park  
Wilmslow  
SK9 1DP

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditors  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

## Strategic Report

### Introduction

The Directors present their Strategic Report of Fluidpower MIP Limited (the "Company") for the year ended 31 December 2019. The Company's principal activity is to act as holding company for a group of companies in the fluid power supply chain.

### Business review

The profit for the year after taxation amounted to £4,235,271 (2018: £4,753,224).

## Directors' Report

The Directors present the audited Financial Statements of Fluidpower MIP Limited (the "Company") for the year ended 31 December 2019.

### Directors

The Directors who held office during the year were as follows:

Bryce Brooks  
Russell Cash

### Dividends

Dividends paid during the year were £4,350,000 (2018: £4,890,000), the Directors do not recommend a final dividend. Dividends received during the year were £4,350,000 (2018: £4,890,000).

### Financial instruments

The Company finances its activities with inter group loans as disclosed in note 11. Other financial assets and liabilities, such as trade debtors and other creditors, arise directly from the Company's operating activities.

### Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

These Reports were approved by the Board and signed on its behalf.

Russell Cash *Russell Cash*  
Director  
15 December 2020

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## Independent Auditor's Report to the members of Fluidpower MIP Limited

### Opinion

We have audited the financial statements of Fluidpower MIP Limited (the 'company') for the year ended 31 December 2019, which comprise Income statement, Statement of Financial Position, Statement of Changes in Equity and 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 101 'Reduced Disclosure Framework' (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 2019 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 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.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of

## Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework').

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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and accounting estimates that are reasonable and prudent;

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

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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.

#### **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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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



**Michael Frankish**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
15 December 2020

accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 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.

#### **Matter on which we are required to report under the Companies Act 2006**

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.

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

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 for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 1, 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.



## Statement of Financial Position

at 31 December 2019

	Note	2019	2018
			£
<b>Fixed assets</b>			
Investments	8	124,903,151	38,054,644
<b>Total fixed assets</b>		<b>124,903,151</b>	<b>38,054,644</b>
<b>Current assets</b>			
Trade and other debtors	9	22,439,383	107,065,901
Cash and cash equivalents	10	1,000	1,000
<b>Total current assets</b>		<b>22,440,383</b>	<b>107,066,901</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other creditors	11	114,958,766	112,736,777
<b>Total creditors: amounts falling due within one year</b>		<b>114,958,766</b>	<b>112,736,777</b>
<b>Net current liabilities</b>		<b>(92,518,383)</b>	<b>(5,669,876)</b>
<b>Total assets less current liabilities</b>		<b>32,384,768</b>	<b>32,384,768</b>
<b>Net assets</b>		<b>32,384,768</b>	<b>32,384,768</b>
<b>Capital and reserves</b>			
Share capital	13	597	597
Share premium account		56,869,015	56,869,015
Unrealised loss reserve		(29,042,987)	(29,042,987)
Capital contribution		2,085,858	2,085,858
Share-based payment reserve		295,490	180,761
Retained earnings		2,176,795	2,291,524
<b>Total equity</b>		<b>32,384,768</b>	<b>32,384,768</b>

The Financial Statements on pages 6 to 16 were approved by the Directors 15 December 2020 and were signed by:

*Russell Cash*

Russell Cash  
Director

Fluidpower MIP Limited  
Bollin House  
Riverside Business Park  
Wilmslow  
SK9 1DP

## Income Statement

for the year ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(114,729)	(136,776)
<b>Operating loss</b>	3	<b>(114,729)</b>	<b>(136,776)</b>
Interest receivable and similar income	5	4,350,000	4,890,000
<b>Profit on ordinary activities before taxation</b>		<b>4,235,271</b>	<b>4,753,224</b>
Tax expense	6	-	-
<b>Profit for the financial year</b>		<b>4,235,271</b>	<b>4,753,224</b>

There were no recognised gains or losses other than the profit in either the current or the previous financial period. Accordingly, a Statement of Comprehensive Income has not been prepared.

All operating profits are derived from continuing operations.

## Notes to the Financial Statements

for the year ended 31 December 2019

### 1 Authorisation of Financial Statements and Statement of Compliance with FRS 101

The Financial Statements of Fluidpower MIP Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 15 December 2020 and the Statement of Financial Position was signed on the Board's behalf by Russell Cash. Fluidpower MIP Limited is incorporated and domiciled in England and Wales.

These Financial Statements were prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The Company's Financial Statements are presented in Sterling.

These Financial Statements have been prepared on a going concern basis and on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Flowtech Fluidpower plc.

The consolidated financial statements of Flowtech Fluidpower plc are available from Bollin House, Bollin Walk, Wilmslow SK9 1DP.

The principal accounting policies adopted by the Company are set out in note 2.

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements.

#### 2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 "Share-based Payment", as the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (c) the requirements of paragraphs 10(d) and 134-136 of IAS 1 "Presentation of Financial Statements" and the requirements of IAS 7 "Statement of Cash Flows";
- (d) the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- (e) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures";
- (f) disclosure requirements of IFRS 7 'Financial Instruments'.
- (g) the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

## Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital	Share premium	Unrealised loss reserve	Capital contribution	Share- based payment reserve	Retained earnings	Total Equity
	£	£	£	£	£	£	£
<b>Balance at 1 January 2018</b>	<b>597</b>	<b>56,869,015</b>	<b>(29,042,987)</b>	<b>2,085,858</b>	<b>323,985</b>	<b>2,148,300</b>	<b>32,384,768</b>
Profit for the year	-	-	-	-	-	4,753,224	4,753,224
Total comprehensive income for the year	-	-	-	-	-	4,753,224	4,753,224
<b>Transactions with owners</b>							
Share-based payment charge (note 4)	-	-	-	-	136,776	-	136,776
Share options paid	-	-	-	-	(280,000)	280,000	-
Equity dividends paid	-	-	-	-	-	(4,890,000)	(4,890,000)
Total transactions with owners	-	-	-	-	(143,224)	(4,610,000)	(4,753,224)
<b>Balance at 1 January 2019</b>	<b>597</b>	<b>56,869,015</b>	<b>(29,042,987)</b>	<b>2,085,858</b>	<b>180,761</b>	<b>2,291,524</b>	<b>32,384,768</b>
Profit for the year	-	-	-	-	-	4,235,271	4,235,271
Total comprehensive income for the year	-	-	-	-	-	4,235,271	4,235,271
<b>Transactions with owners</b>							
Share-based payment charge (note 4)	-	-	-	-	114,729	-	114,729
Share options paid	-	-	-	-	-	-	-
Equity dividends paid (note 7)	-	-	-	-	-	(4,350,000)	(4,350,000)
Total transactions with owners	-	-	-	-	114,729	(4,350,000)	(4,235,271)
<b>Balance at 31 December 2019</b>	<b>597</b>	<b>56,869,015</b>	<b>(29,042,987)</b>	<b>2,085,858</b>	<b>295,490</b>	<b>2,176,795</b>	<b>32,384,768</b>

## Notes to the Financial Statements

*for the period ended 31 December 2019*

### 2 Accounting policies (continued)

#### 2.5 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 2.6 Equity, reserves and dividend payments

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of consideration received for equity shares net of expenses of the share issue, less any costs associated with the issuing of shares
- "Unrealised loss reserve" represents the reserve created by the unpaid element of a novated shareholder loan, it is not distributable
- "Capital contribution" represents the reserve arising on the issue of shares in the direct parent, issued in partial consideration for acquisitions made by the Company
- "Share-based payment reserve" represents the provision made to date for share based payments as detailed in note 12.1
- "Retained earnings" represent retained earnings of the Company

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in general meeting prior to the reporting date.

## **Notes to the Financial Statements**

*for the year ended 31 December 2019*

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

#### **2.2 Going concern**

The Financial Statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds generated by other group companies. The Company's ultimate parent Flowtech Fluidpower plc, has provided the Company with confirmed support for at least 12 months from the date of approval of these Financial Statements; it will continue to make available such funds and guarantees as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Based on this undertaking, the Directors believe that it remains appropriate to prepare the Financial Statements on a going concern basis. The Financial Statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **2.3 Significant judgements, key assumptions and estimates**

In the process of applying the Company's accounting policies, which are described above, management has made judgements and estimations about the future that turnover have a significant effect on the amounts recognised in the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements during this accounting period.

The following estimates have the most significant effect on the Financial Statements.

##### ***Impairment review of carrying value of investments***

The carrying value of investments must be assessed for impairment annually. This requires an estimation of the value in use of the trading subsidiaries and the recoverability of debt from non-trading group undertakings. Value in use is dependent on estimations of future cash flows from the trading subsidiaries and the use of an appropriate discount rate to discount those cash flows to their present value. No impairment charge was required during the year.

##### ***Share-based payments***

A number of accounting estimates and judgements are incorporated within the calculation of the charge to the Income Statement in respect of share-based payments. These are described in more detail in note 23 of the consolidated financial statements of Flowtech Fluidpower plc.

#### **2.4 Investments**

All investments are initially recorded at cost, being the fair value of consideration given including the acquisition costs associated with the investment. Subsequently they are reviewed for impairment on an individual basis if events or changes in circumstances indicate the carrying value turnover not be fully recoverable.

## Notes to the Financial Statements

for the year ended 31 December 2019

### 6 Taxation (continued)

#### c) Change in corporation tax rate

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This change was substantively enacted post year end and therefore the deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

#### d) Deferred taxation

A deferred tax asset of £108,263 (2018: £67,268) in respect of cumulative share-based payments of £215,764 (2018: £180,761) has not been recognised due to uncertainty surrounding the availability of future profits, against which these payments can be utilised.

### 7 Dividends paid and proposed

	2019 £	2018 £
<b>Declared and paid during the year</b>		
Equity dividends of £ (2018: £82) per Ordinary share	4,350,000	4,890,000
<b>Total dividends paid</b>	<b>4,350,000</b>	<b>4,890,000</b>

No dividends are proposed at the end of the year.

### 8 Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost and net book value at 1 January 2019</b>	<b>38,054,644</b>
Additions	86,848,507
<b>Cost and net book value at 31 December 2019</b>	<b>124,903,151</b>

## Notes to the Financial Statements

for the period ended 31 December 2019

### 3 Operating loss

Audit fees are borne by another group undertaking.

### 4 Staff costs and Directors' remuneration

The Company has no employees other than the Directors whose remuneration is borne by another group undertaking in the current reporting year.

The Directors and certain other Group employees have received share options granted by the Management Incentive Plan further details of which are disclosed in note 12.1 and also the consolidated financial statements of the ultimate parent company Flowtech Fluidpower plc.

In total £114,729 (2018: £136,776) of employee remuneration expenses all of which related to equity-settled share-based payment transactions has been included in the Income Statement.

### 5 Interest receivable and similar income

	2019 £	2018 £
<b>Interest receivable and similar income</b>		
Dividends received from group undertakings	4,350,000	4,890,000
<b>Total interest receivable and similar income</b>	<b>4,350,000</b>	<b>4,890,000</b>

### 6 Taxation

#### a) Tax charged in the income statement

	2019 £	2018 £
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

#### b) Reconciliation of the total tax charge

The tax assessed in the income statement for the year differs from than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £	2018 £
Profit before taxation	4,235,271	4,753,224
Tax calculated at the UK standard rate of corporation tax of 19 % (2018: 19%)	804,701	903,113
Deferred tax movements not recognised	21,653	-
Amounts not taxable	(826,500)	(903,113)
Amounts not deductible	146	-
Impact of change in tax rate	-	-
<b>Total tax expense in the income statement</b>	<b>-</b>	<b>-</b>



## Notes to the Financial Statements

for the year ended 31 December 2019

### 11 Trade and other creditors

	2019 £	2018 £
<b>Current:</b>		
Accruals and deferred income	203	203
Amounts owed to other group undertakings	114,958,563	112,736,574
<b>Total trade and other creditors</b>	<b>114,958,766</b>	<b>112,736,777</b>

### 12 Employee benefits

#### 12.1 Share-based employee remuneration

As at 31 December 2019, the Company maintained a share-based payment scheme for employee remuneration, the Management Incentive Plan.

The Management Incentive Plan is part of the remuneration package of the Company's senior management. Shares held under this plan may be sold if certain conditions, as defined in the Articles of Association of Flowtech MIP Limited are met. It is based on the growth of the immediate parent Flowtech Fluidpower plc's share value within a specified holding period. In addition, participants in this scheme have to be employed until the end of the agreed holding period. At the end of the holding period the holder may sell their shares to the Company for either cash or shares at a value determined by the growth of Flowtech Fluidpower plc's share value within the specified holding period.

The number of shares issued under this scheme are:

	2019 £	2018 £
520 "A" ordinary shares of 1 pence each	5	5
6,200 "B" ordinary shares of 1 pence each	62	62
3,000 "C" ordinary shares of 1 pence each	30	30
10 "D" ordinary shares of 1 pence each	-	-
	97	97

All shares were issued on admission to AIM at a cost of 1 pence per share on 21 May 2014. The market value on issue was £9,300.

C and D shares were issued at a cost of 1 pence per share on 1 June 2016. The market value on issue of the C and D shares was £400 per share.

Further details of the scheme are disclosed in the consolidated financial statements of the ultimate parent company Flowtech Fluidpower plc.

In total £114,729 (2018: £136,776) of employee remuneration expenses all of which related to equity-settled share-based payment transactions have been included in the Income Statement.

## Notes to the Financial Statements

for the year ended 31 December 2019

### Details of subsidiary undertakings

	Principal activity	Holding	Country of incorporation
<b>Fluidpower Holdings Limited</b>	Holding company	100%	UK
Flowtech Fluidpower Ireland Limited	Assembly and distribution of engineering components	100%	ROI
<b>Fluidpower Group Services UK Limited</b>	Assembly and distribution of engineering components	100%	UK
Fluidpower Group UK Limited	Distributors of engineering components	100%	UK
PMC Fluidpower Group Limited	Holding company	100%	UK
Process Fluidpower Limited	Assembly and distribution of engineering components	100%	UK
Process Fluidpower Group Limited	Distributors of engineering components	100%	UK
<b>Fluidpower Shared Services Limited</b>	Holding company	100%	UK

For all the subsidiaries above the class of shares held are ordinary shares and all subsidiaries are direct subsidiaries of the Company.

The registered office of each subsidiary company noted above is Bollin House, Riverside Business Park, Wilmslow, England, SK9 1DP.

During the year, as part of a group wide restructure, investments in Flowtech Fluidpower Ireland Limited (£2,537,890), Fluidpower Group UK Limited (£81,500,000) were transferred to Fluidpower MIP. Investments in Onsite Fluidpower Limited (£100) were transferred to a Group Company.

As part of the same restructure, investment values in Primary Fluidpower Limited (£1,383,470) and Albroco Limited (£1,427,247) were transferred to Fluidpower MIP.

### 9 Trade and other debtors

	2019 £	2018 £
<b>Current:</b>		
Prepayments and accrued income	50,000	50,000
Amounts owed by other group undertakings	22,389,383	107,015,901
<b>Total trade and other debtors</b>	<b>22,439,383</b>	<b>107,065,901</b>

### 10 Cash and cash equivalents

	2019 £	2018 £
<b>Cash and cash equivalents:</b>		
Sterling	1,000	1,000
<b>Total trade and other creditors</b>	<b>1,000</b>	<b>1,000</b>

## Notes to the Financial Statements

for the year ended 31 December 2019

### 13 Authorised, issued and called up share capital

	2019	2018
		£
<b>Authorised, allotted, called up and fully paid</b>		
50,001 Ordinary shares of 1 pence each	500	500
520 "A" ordinary shares of 1 pence each	5	5
6,200 "B" ordinary shares of 1 pence each	62	62
3,000 "C" ordinary shares of 1 pence each	30	30
10 "D" ordinary shares of 1 pence each	-	-
<b>Total allotted, called up and fully paid</b>	<b>597</b>	<b>597</b>

Ordinary shares are not redeemable, have full voting rights, a right to full participation in dividends and the balance of any capital distribution subsequent to the distribution of capital to "A" Ordinary shareholders.

"A" Ordinary shares are not redeemable, have a right to a pro-rata capital distribution in respect of 10% of the excess in capital value over £52,000,000.

"B" Ordinary shares are not redeemable, have full voting rights, a right to a dividend of 2% above base rate and a capital distribution equal to the nominal value.

"C" Ordinary shares are not redeemable, have no voting rights, have a right to a pro-rata capital distribution in respect of 1.74% of the excess in capital value over £65,067,696 and no entitlement to dividends.

"D" Ordinary shares are not redeemable, have no voting rights, have a right to a pro-rata capital distribution in respect of 2.93% of the excess in capital value over £65,067,696 and no entitlement to dividends.

### 14 Capital commitments

The Company had no capital commitments at 31 December 2019 or 31 December 2018.

### 15 Contingent liabilities

The Company is party to an intra-group funding arrangement with the other group companies and could be required to provide funds to enable them to meet their financial obligations. The total amount outstanding at the yearend was £20,000,000 (2018: £21,994,635) comprising a bank loan and revolving credit facility which are secured by legal charges over certain of the Group's assets including trade receivables and stock.

### 16 Subsequent events

The impact of Covid-19 saw unprecedented disruption to the industry and society. The Company adopted safe working practices to ensure it was able to continue operating through the pandemic. As a holding company within the group, the company has remained largely unaffected in its operations.

### 17 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties, all of whom are fellow wholly owned subsidiaries of the ultimate group undertaking. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose these transactions.

### 18 Ultimate group undertaking

The Company is a subsidiary undertaking of Flowtech Fluidpower plc which is the ultimate parent company and is incorporated in the United Kingdom. The consolidated accounts of this company are available to the public and may be obtained from Bollin House, Riverside Business Park, Wilmslow, SK9 1DP.