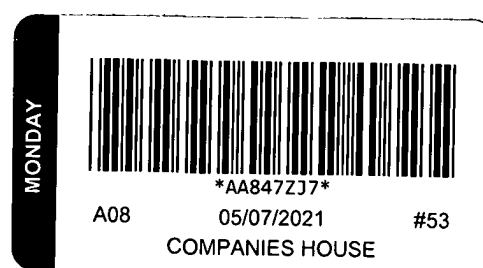


Fluidpower Holdings Limited

Annual Report and Financial Statements

Registered number 10180746

31 December 2019



Fluidpower Holdings Limited

Company Information

Directors	Bryce Brooks Russell Cash
Registered number	10180746
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

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Directors' Report

The Directors present the audited Financial Statements of Fluidpower Holdings 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 £NIL (2018: 4,240,000). Directors do not recommend a dividend for the year. Dividends received during the year were £NIL (2018: £4,240,000).

Financial instruments

The Company finances its activities with inter group loans as disclosed in notes 9 and 10. Other financial assets and liabilities, such as trade debtors and other creditors, arise directly from the Company's operating activities.

Small company exemption

In preparing this report, the Directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

Going concern

As explained in Note 2.2 Going Concern, following a group wide restructure plan to be executed within the next 12 months, the assets of the Company are to be transferred to another company in the Group and the Company is planned to be dissolved. The Financial Statements have been prepared on a breakup basis. Where appropriate, and unless otherwise disclosed, Accounts continue to be drawn up 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.

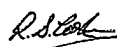
Disclosure of information to the auditor

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
Director
01 July 2021

Directors' Report

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws 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 of the Company and profit or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of Fluidpower Holdings Limited

Opinion

We have audited the financial statements of Fluidpower Holdings Limited (the 'company') for the year ended 31 December 2019, which comprise the Income Statement, the Statement of Financial Position, the 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 results 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.

Emphasis of matter – basis of preparation of the financial statements

We draw your attention to Note 1 to the financial statements, which describes the basis of preparation of the financial statements. As described in that note, the company's assets will be transferred to another company within the group in the next 12 months, following which the company will be dissolved and accordingly the directors have prepared the financial statements on a break-up basis. Our opinion is not modified in this respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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.

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. 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

Income Statement

for the year ended 31 December 2019

	Note	2019 £	2018 £
Interest receivable and similar income	5	-	4,240,000
Profit on ordinary activities before taxation		-	4,240,000
Tax expense	6	-	-
Profit for the financial year		-	4,240,000

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.

The notes on pages 6 to 15 form part of the financial statements.

Statement of Financial Position
at 31 December 2019

	Note	2019	2018
			£
Fixed assets			
Investments	8	1,300,000	82,800,000
Total fixed assets		1,300,000	82,800,000
Current assets			
Trade and other debtors	9	13,185,100	13,185,100
Total current assets		13,185,100	13,185,100
Creditors: amounts falling due within one year			
Trade and other creditors	10	14,485,000	95,985,000
Total creditors: amounts falling due within one year		14,485,000	95,985,000
Net current liabilities		(1,299,900)	(82,799,900)
Total assets less current liabilities		100	100
Net assets		100	100
Capital and reserves			
Share capital	11	100	100
Retained earnings		-	-
Total equity		100	100

The Financial Statements on pages 6 to 15 were approved by the Directors on July 01 2021 and were signed by:



Russell Cash
Director

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

Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital £	Retained earnings £	Total Equity £
Balance at 1 January 2018	100	-	100
Profit for the year	-	4,240,000	4,240,000
Total comprehensive income for the year	-	4,240,000	4,240,000
Transactions with owners			
Equity dividends paid (Note 7)	-	(4,240,000)	(4,240,000)
Total transactions with owners	-	(4,240,000)	(4,240,000)
Balance at 1 January 2019	100	-	100
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners			
Total transactions with owners	-	-	-
Balance at 31 December 2019	100	-	100

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 Holdings Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 01 July 2021 and the Statement of Financial Position was signed on the Board's behalf by Russell Cash. Fluidpower Holdings 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.

As explained in Note 2.2 Going Concern below, following a group wide restructure plan to be executed in the next 12 months, the Company's assets will be transferred to another company with the Group, and the Company will be dissolved. The Financial Statements have been prepared on a breakup basis. Where appropriate, and unless otherwise disclosed, Accounts continue to be drawn up 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) 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;

Notes to the Financial Statements

for the year ended 31 December 2019

2 Accounting policies (continued)

2.2 Going concern

The company is a holding company for Flowtech Europe Limited and its overseas subsidiary, Flowtechnology Benelux BV. As part of the group restructure, the investment in Flowtechnology Benelux BV is planned to be consolidated into one of the main holding companies in the UK or Netherlands. On completion of the restructure, the Company is planned to be dissolved. The Company has therefore ceased to prepare the financial statements on a going concern basis. The financial statements have been prepared using the most appropriate accounting policy to present a true and fair view of the Company's financial position whilst, where possible following the Financial Reporting Standards FRS 101, the Financial Reporting Standards applicable in the UK and the Companies Act 2006

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.

Impairment of Investment

The carrying value of investment is reviewed for impairment annually. This requires an estimation of the value in use of the underlying cash generating unit. The carrying value of investment as at 31 December 2019 is £1,300,000 (2018 £82,800,000). Refer to Note 8 for detail. There was no impairment charge during the year.

Management do not believe there are any judgements, key assumptions or estimates of sufficient significance to require disclosure.

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 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
- “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 period ended 31 December 2019*

3 Audit fees

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.

5 Interest receivable and similar income

	2019 £	2018 £
Interest receivable and similar income		
Dividends received from group undertakings	-	4,240,000
Total interest receivable and similar income	-	4,240,000

6 Taxation

a) Tax charged in the income statement

	2019 £	2018 £
Total tax expense	-	-

Change in corporation tax rate

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25% for companies with profits of £250,000 or greater. For companies with profits of £50,000 or less the corporation tax rate will remain at 19%. A tapered rate will be introduced for companies with profits greater than £50,000 and less than £250,000. Since the proposal to increase the corporation tax rates had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

b) Reconciliation of the total tax charge

The tax assessed in the income statement for the year is Nil (2018: Nil). This is explained below:

	2019 £	2018 £
Profit before taxation	-	4,240,000
Tax calculated at the UK standard rate of corporation tax of 19 % (2018: 19%)	-	805,600
Amounts not taxable	-	(805,600)
Total tax expense in the income statement	-	-

Notes to the Financial Statements

for the year ended 31 December 2019

7 Dividends paid and proposed

	2019 £	2018 £
Declared and paid during the year		
Equity dividends of £NIL (2018: £4,240) per Ordinary share	-	4,240,000
Total dividends paid	-	4,240,000

No dividends are proposed at the end of the year.

8 Fixed asset investments

	Investments in subsidiary undertakings £
Cost and net book value at 1 January 2019	82,800,000
Disposal	81,500,000
Cost and net book value at 31 December 2019	1,300,000

Details of subsidiary undertakings

	Principal activity	Holding	Country of incorporation
Fluidpower Europe Limited	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.

On 1st May 2019, investments in Fluidpower Group UK Limited were transferred to Fluidpower MIP Limited, for a consideration of £81,500,000. The consideration recoverable from Fluidpower MIP Limited is set off against the intercompany liability owing to Fluidpower MIP Limited.

Notes to the Financial Statements

for the year ended 31 December 2019

9 Trade and other debtors

	2019 £	2018 £
		14

Current:		
Prepayments and accrued income	100	100
Amounts owed by other group undertakings	13,185,000	13,185,000
Total trade and other debtors	13,185,100	13,185,100

Intercompany debts are recoverable on demand and do not carry any interest charge.

10 Trade and other creditors

	2019 £	2018 £
Current:		
Amounts owed to other group undertakings	14,485,000	95,985,000
Total trade and other creditors	14,485,000	95,985,000

Intercompany balances are payable on demand and do not carry any interest charge.

11 Authorised, issued and called up share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
100 Ordinary shares of 1 pence each	100	100
Total allotted, called up and fully paid	100	100

100 ordinary shares of £1 each were issued at par on incorporation.

12 Capital commitments

The Company had no capital commitments at 29 December 2019 or 31 December 2018.

13 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 year end was £16,617,000, (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.

Notes to the Financial Statements

for the year ended 31 December 2019

14 Subsequent events

The company is a holding company and it remains reliant on its subsidiary and its ultimate parent company for financial support. The financial position of the subsidiary company and the ultimate parent company is subject to

the economic disruptions of Covid-19, although the outlook for both companies remains positive and there are no adjustments to the financial position.

15 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.

16 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.