

Registered number: 10983636

HOSE & HYDRAULICS GROUP LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022



HOSE & HYDRAULICS GROUP LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | A Lala R Davies |
| Company secretary | John Morrison |
| Registered number | 10983636 |
| Registered office | 10-11 Charterhouse Square London EC1M 6EE |

HOSE & HYDRAULICS GROUP LIMITED

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HOSE & HYDRAULICS GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

The Directors present their report and the financial statements for the 9 month period ended 30 September 2022.

Principal activity

The principal activity of Hose & Hydraulics Group Limited (the "Company") during the period was that of a holding company.

The Directors anticipate the Company to continue in this manner for the foreseeable future.

Business review

The Company is managed as part of an overall group of companies whose ultimate parent company is Diploma PLC ("the Group").

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately.

The matters required to be discussed in the Business Review, which include the key performance indicators, financial risk management policies and principal risks and uncertainties, are set out in the Annual Report of Diploma PLC on pages 82 to 88.

A copy of this is available on the website at www.diplomaplc.com or can be obtained from Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.

Results and dividends

The loss for the 9 month period ended 30 September 2022, after taxation, amounted to £1,000 (*Year ended 31 December 2021 - loss £1,000*).

The Company did not pay an interim dividend during the 9 month period ended 30 September 2022 (*Year ended 31 December 2021: £nil*). The Directors do not recommend a final dividend (2021: £nil).

Directors

The Directors who served during the period were:

B Gibbes (appointed 6 April 2022, 30 September 2022)

A Lala (appointed 1 October 2022)

C Ford (resigned 6 April 2022)

R Davies

Qualifying third party indemnity provisions

In line with market practice, each Director is covered by appropriate Directors' and Officers' Liability insurance, at the Company's expense. The Company also indemnifies its Directors and Officers to the extent permitted by law.

HOSE & HYDRAULICS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

Small companies note

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

This report was approved by the board on 27 June 2023 and signed on its behalf.



R Davies
Director

HOSE & HYDRAULICS GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

| | Note | 9 Months ended 30 September 2022 £000 | <i>Year ended 31 December 2021 £000</i> |
|--------------------------------------|-------------|--|---|
| <i>Administrative expenses</i> | | (1) | <i>(1)</i> |
| Operating loss | | (1) | <i>(1)</i> |
| Loss for the financial period | | (1) | <i>(1)</i> |

The notes on pages 6 to 9 form part of these financial statements.

HOSE & HYDRAULICS GROUP LIMITED
REGISTERED NUMBER: 10983636

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

| | Note | 30 September 2022 £000 | 31 December 2021 £000 |
|--|------|---------------------------------|--------------------------------|
| Fixed assets | | | |
| Investments | 5 | 1,652 | 1,652 |
| | | <u>1,652</u> | <u>1,652</u> |
| Creditors: amounts falling due within one year | 6 | (1,679) | (1,678) |
| Net current liabilities | | <u>(1,679)</u> | <u>(1,678)</u> |
| Total assets less current liabilities | | <u>(27)</u> | <u>(26)</u> |
| Net liabilities | | <u>(27)</u> | <u>(26)</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | 1 | 1 |
| Profit and loss account | | (28) | (27) |
| | | <u>(27)</u> | <u>(26)</u> |

The Directors consider that the Company is entitled to exemption from audit under section 479a of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2023.



R Davies
Director

The notes on pages 6 to 9 form part of these financial statements.

HOSE & HYDRAULICS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|---|---|------------------------------|
| At 1 January 2021 | 1 | (26) | (25) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (1) | (1) |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | (1) | (1) |
| | <hr/> | <hr/> | <hr/> |
| At 1 January 2022 | 1 | (27) | (26) |
| Comprehensive income for the period | | | |
| Loss for the period | - | (1) | (1) |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | (1) | (1) |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2022 | 1 | (28) | (27) |
| | <hr/> | <hr/> | <hr/> |

The notes on pages 6 to 9 form part of these financial statements.

HOSE & HYDRAULICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

1. General information

The Company is a private company, limited by shares, incorporated and domiciled in the United Kingdom under Companies Act 2006 and registered in England and Wales. The address of the registered office is 10-11 Charterhouse Square, London, EC1M 6EE. The Company is part of a UK listed group with all revenue originating in the UK therefore the Company's functional currency is UK Sterling. The Company's financial statements are presented in UK Sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

At 30 September 2022, the Company had net liabilities of £27,000 (2021: £26,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The going concern position of the Company is linked to that of the wider Group due to the cross guarantees on financing given by a number of Group companies as well as the provision of a letter of financial support from the ultimate parent company, Diploma PLC in respect of the going concern status of various Group companies.

The Group's balance sheet is strong and working capital is well controlled. On 13 October 2020, the Group entered into a debt facility agreement (SFA) which comprised a three-year term loan for an aggregate principal amount of £136.0m (\$170.0m) and a committed multi-currency revolving facility for an aggregate principal amount of £135.0m, which was increased to £185.0m during the previous financial year.

During the year the Group has amended the SFA to increase the total facility size. As at 30 September 2022, the SFA comprises a committed multi-currency revolving facility for an aggregate principal amount of £359.7m, an amortising term loan for an aggregate principal amount of £114.2m (\$127.5m), a bullet term loan for an aggregate principal amount of £59.1m (\$66.0m) and a further bullet term loan for an aggregate principal amount of £45.3m. The SFA is due to expire in December 2024 and there is an option to extend for a further 12-month period.

The Group's debt facilities are subject to interest at variable rates. During the year, the Group entered into interest rate swap contracts with the effect of fixing the interest rate on \$100m (£89.6m) of debt. The effective fixed rate debt was 24% as a proportion of total debt. Subsequent to the year end, the Group entered into further interest rate swap contracts with the effect of fixing the interest rate on an additional \$100m of debt.

At 30 September 2022, the Group's Net Debt/EBITDA was 1.4x, and year end headroom was £204m.

HOSE & HYDRAULICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.2 Going concern (continued)

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described in the strategic report.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.4 Creditors

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

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

The application of the Company's accounting policies requires the use of management judgement and estimation, which often involves assumptions regarding future events which can vary from what is anticipated. The preparation of the Company's financial statements does not require management to make any critical accounting judgements, assumptions or estimates with regard to assets or liabilities that could potentially have a material adjustment to the carrying amount of assets or liabilities in the next 12 months.

The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

4. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £nil).

HOSE & HYDRAULICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

5. Fixed asset investments

| | Investments in subsidiary companies £000 |
|--------------------------|--|
| Cost or valuation | |
| At 1 January 2022 | 1,652 |
| At 30 September 2022 | <u>1,652</u> |

6. Creditors: Amounts falling due within one year

| | 30 September 2022 £000 | 31 December 2021 £000 |
|------------------------------------|---------------------------------|--------------------------------|
| Bank overdrafts | 4 | 3 |
| Amounts owed to group undertakings | 1,462 | 1,470 |
| Other creditors | 213 | 205 |
| | <u>1,679</u> | <u>1,678</u> |

7. Share capital

| | 30 September 2022 £ | 31 December 2021 £ |
|---|------------------------------|-----------------------------|
| Allotted, called up and fully paid | | |
| Fully paid ordinary shares shares of £1.00 each | <u>900</u> | <u>900</u> |

HOSE & HYDRAULICS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

8. Controlling party

On 6 April 2022, 100% of the share capital of the Company's immediate parent company, R&G Fluid Power Group Limited, was acquired by R&G Fluid Power Holdings Limited, a company registered in England and Wales and under the ultimate ownership of Diploma PLC.

Subsequent to 6 April 2022, The Company's ultimate parent undertaking and ultimate controlling party is Diploma PLC, a company incorporated in the United Kingdom and registered in England and Wales, which is the smallest and largest group into which the results of the Company are consolidated.

Copies of the Group's financial statements are available from Diploma PLC, 10-11 Charterhouse Square, London, England, EC1M 6EE.