

Company registration number 01994442 (England and Wales)

EXETER HOSE & HYDRAULICS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

PAGES FOR FILING WITH REGISTRAR

EXETER HOSE & HYDRAULICS LIMITED

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EXETER HOSE & HYDRAULICS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	3		27,285		11,344
Current assets					
Stocks		97,428		78,685	
Debtors	4	185,164		152,628	
Cash at bank and in hand		247		32,001	
		<u>282,839</u>		<u>263,314</u>	
Creditors: amounts falling due within one year	5	<u>(122,583)</u>		<u>(93,819)</u>	
Net current assets			<u>160,256</u>		<u>169,495</u>
Total assets less current liabilities			<u>187,541</u>		<u>180,839</u>
Creditors: amounts falling due after more than one year	6		-		(5,405)
Provisions for liabilities			<u>(6,821)</u>		<u>(2,155)</u>
Net assets			<u><u>180,720</u></u>		<u><u>173,279</u></u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			<u>180,620</u>		<u>173,179</u>
Total equity			<u><u>180,720</u></u>		<u><u>173,279</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 September 2022 and are signed on its behalf by:

Mr R J Davies
Director

Company Registration No. 01994442

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Exeter Hose & Hydraulics Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10 - 11 Charterhouse Square, London, EC1M 6EE. The company trades from a separate address which is located at Kenton PI, Exeter EX2 8QN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The first half of the year under report remained particularly challenging operationally as a result of the continuation of the Covid-19 pandemic. Despite these challenges, the group's trading locations remained open throughout this period, with sites continuing to adapt to the implementation of safe working practices because of the pandemic. Trading performance has remained consistently strong, returning comparatively to pre-pandemic levels, re-enforcing the robust underlying demand for the products and services that the group provides across a wide range of industries.

Trading since the balance sheet date has been profitable and is tracking well ahead of 2021 on a like for like basis. Prudent cash flow forecasts have been prepared alongside the completion of the annual group budget for the upcoming financial year and have been referred to by the directors and at the time of signing the financial statements. The group has headroom in its various facilities in excess of £5,000,000. Since the balance sheet date, various key debt items have also been cleared from the group balance sheet, as a consequence of the acquisition of the group by Diploma PLC in April 2022. This has generated a significantly improved net asset position across the group.

Confirmation has also been provided by principal funders and debt providers that they will not seek repayment for at least twelve months from the date of the financial statements being approved. Other external economic factors such as the ongoing war in Ukraine, and the Brexit transition period have also been considered as part of the group's adoption of the going concern basis. Whilst certain supplier lead times have been extended by a combination of these external factors, there has been minimal impact upon the cash flow of the group and its anticipated cash flow over the short to medium term.

Taken together, these points indicate that the group will be able to meet all its liabilities as they are projected to fall due for payment over the next twelve months, leading the directors to conclude that there are no material uncertainties over adopting the going concern basis at the time of signing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	2% straight line
Plant and equipment	15% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	7	7

3 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	17,846	24,495	24,916	67,257
Additions	-	1,090	24,225	25,315
Disposals	-	-	(13,990)	(13,990)
At 31 December 2021	17,846	25,585	35,151	78,582
Depreciation and impairment				
At 1 January 2021	17,846	23,110	14,957	55,913
Depreciation charged in the year	-	235	1,012	1,247
Eliminated in respect of disposals	-	-	(5,863)	(5,863)
At 31 December 2021	17,846	23,345	10,106	51,297
Carrying amount				
At 31 December 2021	-	2,240	25,045	27,285
At 31 December 2020	-	1,385	9,959	11,344

4 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	61,747	63,709
Amounts owed by group undertakings	110,342	79,342
Other debtors	13,075	9,577
	185,164	152,628

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	45,480	-
Trade creditors	30,947	32,616
Amounts owed to group undertakings	15,000	15,000
Taxation and social security	15,600	26,751
Other creditors	15,556	19,452
	<u>122,583</u>	<u>93,819</u>

Creditors falling due within one year totalling £5,719 (2020: £3,603) are secured by the company.

6 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	-	5,405
	<u>-</u>	<u>5,405</u>

Creditors falling due after one year totalling £Nil (2020: £5,405) are secured by the company.

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Joe Sullivan and the auditor was MHA Moore and Smalley.

8 Financial commitments, guarantees and contingent liabilities

At the year end the company was party to a cross company guarantee covering group borrowings, at the balance sheet date the security given in this respect was limited to a total of £4,911,209.

9 Events after the reporting date

On 6 April 2022, R&G Fluid Power Group Ltd, the ultimate parent company at the balance sheet date, was acquired by a subsidiary of Diploma PLC. Subsequent to this transaction, the group effected a refinance such that overdraft and term debt balances lent by its long-standing banking partner were settled in full. Each of these matters are treated as a non-adjusting post balance sheet event within these financial statements.

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2021	2020
£	£
46,875	65,625
<u>46,875</u>	<u>65,625</u>

EXETER HOSE & HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Related party transactions

The company has taken advantage of the exemption conferred by section 33 FRS 102, namely from disclosing any transactions entered into between two or more members of the group. Provided that any subsidiary which is party to the transaction is wholly owned by such a member.

12 Parent company

The immediate parent company is Hose & Hydraulics Group Limited, a company incorporated in England and Wales. The ultimate parent company is Diploma PLC, a company incorporated in England and Wales, with a registered office located at 10-11 Charterhouse Square, London, England, EC1M 6EE.

The only group in which these results of the company are consolidated is that headed by R&G Fluid Power Group Limited. Copies of these financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.