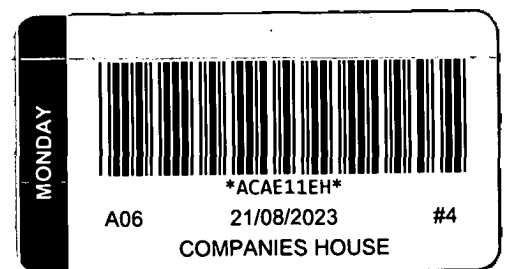


**Company Registration Number 02387229**

**HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2022**



# **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**

### **CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

**HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R P Crook  
P D Cleaver  
G Shannon

**COMPANY SECRETARY**

H R Mansi

**REGISTERED OFFICE**

Unit 2 Rivermead Court  
Kenn Business Park  
Windmill Road  
Kenn  
Clevedon  
BS21 6FT  
United Kingdom

**AUDITOR**

BDO LLP  
Bridgewater House  
Counterslip  
Bristol  
BS1 6BX  
United Kingdom

## **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

### **PRINCIPAL ACTIVITY**

The principal activity of the company has been to offer a broad range of equipment and supporting site services to the municipal and non-municipal wastewater markets in the UK. In addition to offering Hydro's own developed products, the company has been a value-added distributor of high quality third party products. The ongoing trade of the company was transferred to another Group company M. & N. Electrical and Mechanical Services Limited during the previous and current year, resulting in just a few ongoing long-term contracts within the company, which are expected to conclude within the next few years.

### **DIRECTORS**

The directors who served during the year and subsequently were as follows:

R P Crook  
P D Cleaver  
G Shannon

### **DIVIDENDS**

The company did not pay a dividend during the year (2021: nil). The directors do not recommend payment of a final dividend.

### **GOING CONCERN**

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco 2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2022, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

## **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **FINANCIAL RISK MANAGEMENT**

##### ***Credit risk:***

The company's customers are typically public sector bodies and major water utilities. For this reason the directors consider the credit risk to be manageable. To minimise credit risk, on large orders, letters of credit are obtained from the bank in order to secure the funds from a customer before orders are placed directly with suppliers.

There is a regular review of the company's funding requirements to ensure these are adequate for its needs.

##### ***Judgement and estimates risk:***

The company's principal financial assets are trade debtors and balances derived from judgements and estimates of the correct income and costs to recognise in the profit and loss account on contracts (including amounts recoverable under contracts, work-in-progress and retentions).

The risk of incorrect judgement of the recoverability of contract balances is managed through the regular review of each contract by the relevant project manager with senior financial and operational management in the company. Any foreseeable losses on contracts are recognised through the profit and loss account as soon as they become apparent.

##### ***Cash flow risk:***

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, and raw material price fluctuations. Where practicable and economic to do so the company uses foreign exchange forward contracts to hedge these exposures, as it believes appropriate.

#### **DISCLOSURE OF INFORMATION TO 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 BDO LLP will therefore continue in office.

#### **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.

Approved by the Board of Directors and signed on behalf of the Board



**G Shannon**  
Director  
20 July 2023

## **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practise; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hydro International (Wastewater) Limited ('the Company') for the year ended 31 December 2022 which comprise profit and loss account, balance sheet, statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remain 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HYDRO INTERNATIONAL (WASTEWATER) LIMITED (CONTINUED)**

### **Other Companies Act 2006 reporting (continued)**

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 the Directors' report.

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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; or
- 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 Director's report and from the requirement to prepare a Strategic report.

### **Responsibilities of Directors**

As explained more fully in the Statement of directors' responsibilities, 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.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HYDRO INTERNATIONAL (WASTEWATER) LIMITED (CONTINUED)

### Auditor's responsibilities for the audit of the financial statements (continued)

We further addressed the susceptibility of the Company's financial statements to fraud occurring in revenue recognition. This is due to the judgements taken by the directors in determining revenue recognised for long term design and installation contracts. We assessed the satisfaction of performance obligations of contracts by comparing to evidence obtained from sources outside of the finance function to ensure the appropriateness of revenue recognised in the period. To address the risk of revenue occurrence we tested a sample of product sales to delivery notes to ensure the existence of revenue and correct revenue recognition point. For service revenue streams we tested revenue recognised to appropriate third party evidence in the form of service reports to ensure the existence of revenue and the correct revenue recognition.

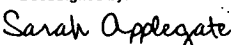
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:  
  
97BD07DD0F654D4...

Sarah Applegate (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Bristol UK

21 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2022

	Note	2022 £	Restated 2021 £
<b>TURNOVER - continuing operations</b>	3	-	75,146
Cost of sales		-	(11,592)
<b>GROSS PROFIT</b>		-	63,554
Administrative expenses	6	(7,320)	21,078
<b>OPERATING (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES – continuing operations</b>		(7,320)	84,632
Interest payable	7	(2,606)	(90)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION – continuing operations</b>	6	(9,926)	84,542
Loss on discontinued operation	4	(9,694)	(60,687)
<b>(Loss)/profit before tax</b>		(19,620)	23,855
Tax on (loss)/profit on ordinary activities	8	2,393	41
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(17,227)	23,896

There have been no recognised gains or losses during the current or prior financial year other than as stated in the profit and loss account, and accordingly, no separate statement of total comprehensive income is presented.

Prior period adjusted, see note 26 for details.

The notes on pages 11 to 25 form an integral part of the financial statements.

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## BALANCE SHEET At 31 December 2022

	Note	2022 £	Restated 2021 £
<b>CURRENT ASSETS</b>			
Stocks	12	12,409	12,409
Debtors	13	17,435	262,374
Cash at bank and in hand		59,837	-
		<u>89,681</u>	<u>274,783</u>
<b>TOTAL ASSETS</b>		<u>89,681</u>	<u>274,783</u>
<b>CURRENT LIABILITIES</b>			
Other interest bearing loans and borrowings	15	-	(194,554)
Trade and other payables	16	(93,349)	(102,112)
Provisions	17	(260,772)	(225,330)
		<u>(354,121)</u>	<u>(521,996)</u>
<b>TOTAL LIABILITIES</b>		<u>(354,121)</u>	<u>(521,996)</u>
<b>NET LIABILITIES</b>		<u>(264,440)</u>	<u>(247,213)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	2,300,002	2,300,002
Profit and loss account		(2,564,442)	(2,547,215)
<b>SHAREHOLDERS' DEFICIT</b>		<u>(264,440)</u>	<u>(247,213)</u>

The notes on pages 11 to 25 form an integral part of the financial statements.

Prior period adjusted, see note 26 for details.

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

The financial statements of Hydro International (Wastewater) Limited, registered number 02387229, were approved by the Board of Directors and authorised for issue on 20 July 2023.

Signed on behalf of the Board of Directors



**G Shannon**  
Director

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## STATEMENT OF CHANGES IN EQUITY At 31 December 2022

	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2021</b>	<b>2,300,002</b>	<b>(2,571,111)</b>	<b>(271,109)</b>
Total comprehensive income	-	37,960	37,960
Prior period adjustment (see note 26)	-	(14,064)	(14,064)
Restated profit	-	23,896	23,896
<b>Balance at 31 December 2021</b>	<b>2,300,002</b>	<b>(2,547,215)</b>	<b>(247,213)</b>
Total comprehensive loss	-	(17,227)	(17,227)
<b>Balance at 31 December 2022</b>	<b>2,300,002</b>	<b>(2,564,442)</b>	<b>(264,440)</b>

The notes on pages 11 to 25 form an integral part of the financial statements.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

##### Basis of Accounting

Hydro International (Wastewater) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's principal activities are set out in the Directors' report on pages 2 and 3.

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 but makes amendments where necessary in order to comply Companies Act 2006 and set out below the advantage of the FRS101 disclosure exemption has been taken.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- business combinations – IFRS 3.62 and IFRS 3 B64(d), (e), (g), (h), (j), (m), (n)(ii), (o)(ii), (p), (q)(ii);
- financial instruments – All the disclosure requirements of IFRS 7 *Financial Instruments Disclosures*;
- presentation of comparative information in respect of certain assets – IAS 1.38;
- Non-current assets held for sale and discontinued operations – IFRS 5.33(c);
- standards not yet effective – IAS 8.30-31;
- impairment of assets – IAS 36.130(f)(ii) & (iii);
- the remuneration of key management personnel; and
- related party transactions – IAS 24.17.

Where required, equivalent disclosures are given in the group financial statements of Turner International Holdco Limited. The group financial statements of Turner International Holdco Limited are available to the public and can be obtained as set out in note 24.

##### Going concern

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2022, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £264,440 which the directors believe to be appropriate for the following reasons. The net current liabilities result from a bank overdraft that is part of a group set off facility with the lender and therefore is guaranteed by the other companies in the group set off arrangement.

## **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2022**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% per annum
Fixtures and fittings	20% per annum
Vehicles	25% per annum

At each balance sheet 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 to determine the extent of the impairment loss (if any).

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable (loss)/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.

Deferred taxation is provided in full on timing differences which represent an asset or a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Foreign exchange

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

##### Turnover

###### Revenue

Revenue is measured at the transaction price agreed with the customer on the sales order, net of discounts and value added tax.

Product revenue is recognised when the company has satisfied its performance obligations to the customer and the customer has obtained control of the goods being transferred.

Service revenue is recognised either:

- Annual contracts - over time in the accounting period when the services are rendered;
- Fixed fee arrangements - recognised based on the actual services provided to date as the provision and consumption of service occur simultaneously.

Contracts revenue is recognised when the performance obligation as detailed in the contract with the customer has been completed. Where this performance obligation has been completed in accordance with the contract is also assessed by the customer or quantity surveyor their assessment dictates the revenue recognition. Revenue from contract variations are accounted for as a separate contract unless at early stages of project before any billing has occurred. Negative variation orders are applied to the transactions price when they occur.

Customer rebates: Where the Company has rebate agreements with its customers, the value of customers rebates paid or payable, calculated in accordance with the agreements in place based on the most likely outcome, is deducted from turnover in the year in which the rebate is earned.

###### Determining the transaction price

The Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

###### Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold or each part of a contract delivered, therefore there is no judgement involved in allocating the contract price to each product or service.

Some goods sold by the company include warranties which require the company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. On some product lines, a customer can take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated completion costs, the possible return of goods or continuing management involvement with the goods.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Pension costs

The company contributes to the personal pension schemes of certain employees. The assets of such schemes are held separately from those of the company. The pension cost charge as shown in note 5 represents contributions payable by the company to the schemes.

##### Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets are assessed individually as to whether they are impaired. The individual circumstances of the debt and objective evidence is obtained and considered when deciding whether a debt is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

###### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

###### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

###### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

###### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. No derivative financial instruments have been entered into in the last 2 years.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### Provisions (including warranty provisions)

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty cost data, known issues and management expectation of future costs. The constructive obligation for warranty

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Further details of provisions are given in note 17.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 2. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

##### **Critical judgements in applying the company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### Deferred tax assets

In making its judgement in relation to the appropriateness of recognising deferred tax assets, management considers the detailed criteria for the recognition of deferred tax assets set out in IAS 12 – Income Taxes and in particular, whether it is probable that future taxable profit will be available against which they can be utilised. If the Directors are not satisfied that future taxable profits are probable against which deferred tax assets may be utilised then no such assets are recognised.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Revenue and cost recognition

The calculation of the expected margin on a contract requires future anticipated costs to be estimated. This expected margin is used when determining the revenue and costs that the entity should include for individual phases of construction contracts.

##### Warranty provision

To ensure warranty costs are provided requires an estimation of future costs related to projects that are installed at the balance sheet date in accordance with IAS 37 – provisions.

#### 3. TURNOVER – continuing operations

An analysis of the Company's turnover is as follows:	2022 £	2021 £
Sale of goods and rendering of services	-	48,374
Construction Contracts	-	26,772
	-	75,146

All turnover is from the UK.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 4. DISCONTINUED OPERATIONS

On 1 April 2019 in preparation for the acquisition M. & N. Electrical and Mechanical Services Limited the Directors of the Company decided give notice of termination of a large distribution agreement in the UK and to discontinue this line of business. The discontinuation of this operation is presented as discontinued operations.

The result of the discontinued operations was determined as follows:

	2022 £	Restated 2021 £
Revenue	-	(4,679)
Cost of Sales	-	(21,708)
Gross profit	-	(26,387)
Administration expenses	(9,694)	(34,300)
Redundancy and related costs	-	-
Loss before tax	(9,694)	(60,687)

#### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

##### Directors' emoluments:

The directors of Hydro International (Wastewater) Limited, who were the only employees, received no emoluments for their services from the company in 2022. The directors receive remuneration from Hydro International Limited and other subsidiaries within the Group. The amounts concerned are disclosed in the relevant financial statements and no allocation is made in relation to their services to the company.

	2022 £	Restated 2021 £
Employee costs (including directors) during the year:		
Wages and salaries	-	(23,413)
Social security costs	736	-
Other pension costs	-	14,064
	736	(9,349)

These numbers have been impacted by the prior period adjustment, see note 26 for details.

Pension costs in 2021 as a prior year adjustment, relate to pension costs owed to historic employees that had not been correctly paid over at the time when they were due. Other employee costs in 2021 relate to over accrued bonus and holiday pay accruals reversed during the year.

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2022	2021
(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):	£	£
Auditor's remuneration:		
- for the auditing of the financial statements	10,154	8,250
- non-audit fees	2,000	-
(Profit) on disposal of fixed asset	-	(4,785)
Net foreign exchange losses	-	70
	<u>          </u>	<u>          </u>

Non-audit fees in 2022 relate to taxation services provided by auditors BDO LLP, in 2021 these costs have been born by Group companies.

7. INTEREST RECEIVABLE/(PAYABLE)	2022	2021
	£	£
Other interest payable	(2,606)	-
Finance leases	-	(90)
<b>Total finance cost</b>	<u>(2,606)</u>	<u>(90)</u>
 Net finance cost	 <u>(2,606)</u>	 <u>(90)</u>

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

### 8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2022 £	2021 £
<b>Analysis of (credit) for the year</b>		
Adjustment in respect of prior years	-	(41)
Group relief	(2,393)	-
<b>Total current tax</b>	<u>(2,393)</u>	<u>(41)</u>
<b>Deferred tax</b>		
Adjustment in respect of prior years – deferred tax	-	-
Total deferred tax	-	-
<b>Total tax on (loss)/profit on ordinary activities</b>	<u>(2,393)</u>	<u>(41)</u>

#### Factors affecting credit for the year

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 19% (2021: 19%). The tax on (loss)/profit on ordinary activities for the year differs from the blended standard rate for the reasons set out in the following reconciliation:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	<u>(19,620)</u>	<u>23,855</u>
	£	£
Tax on loss on ordinary activities at standard rate	(3,728)	4,533
Effect of:		
Expenses not deductible for tax purposes	(2,672)	2,672
Deferred tax not recognised	4,007	(7,205)
Adjustment in respect of prior years	-	(41)
Rate differences	-	-
<b>UK corporation tax (credit) current year</b>	<u>(2,393)</u>	<u>(41)</u>

### 9. DIVIDENDS

The Company did not pay a dividend in this or the prior year. No dividends are proposed.

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

### 10. TANGIBLE FIXED ASSETS

2021	Vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2021	17,868	-	5,009	22,877
Disposals	(17,868)	-	(5,009)	(22,877)
At 31 December 2021	-	-	-	-
<b>Depreciation</b>				
At 1 January 2021	13,082	-	3,969	17,051
Charge for the year	-	-	-	-
Disposals	(13,082)	-	(3,969)	(17,051)
At 31 December 2021	-	-	-	-
<b>Net book value</b>				
At 31 December 2021	-	-	-	-

### 11. LEASES

The company has lease contracts. The amounts recognised in the financial statements in relation to these leases are as follows:

#### i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets 2021	Vehicles £	Total £
<b>Cost</b>		
At 1 January 2021	17,868	17,868
Disposals	(17,868)	(17,868)
At 31 December 2021	-	-
<b>Depreciation</b>		
At 1 January 2021	13,082	13,082
Charge for the year	-	-
Disposals	(13,082)	(13,082)
At 31 December 2021	-	-
<b>Net book value</b>		
At 31 December 2021	-	-

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

### 11. LEASES (continued)

#### ii) Amounts recognised in the income statement

	2022 £	2021 £
<b>Depreciation charge of right-of-use assets:</b>		
Motor Vehicles	-	-
	<u>-</u>	<u>-</u>
Interest expense (included in finance cost)	-	(90)
	<u>-</u>	<u>(90)</u>
Future minimum lease payments as at 31 December:		
No later than one year	-	-
Later than one year and not later than five years	-	-
	<u>-</u>	<u>-</u>
Total gross payments	-	-
	<u>-</u>	<u>-</u>
Impact of finance expenses	-	-
	<u>-</u>	<u>-</u>
Carrying amount of liability	-	-
	<u>-</u>	<u>-</u>

### 12. STOCKS

	2022 £	2021 £
Raw materials and consumables	-	-
Work in progress	12,409	12,409
	<u>12,409</u>	<u>12,409</u>

### 13. DEBTORS

	2022 £	2021 £
Amounts due within one year:		
Trade debtors and retentions	12,547	248,120
Amounts due on construction contracts	2,495	13,998
Amounts owed by group undertakings	2,393	256
	<u>17,435</u>	<u>262,374</u>

Amounts owed by group undertakings are interest free and are expected to be settled within one year.  
There are no amounts due in more than one year.

# HYDRO INTERNATIONAL (WASTEWATER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

<b>14. CONSTRUCTION CONTRACTS</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Contracts in progress at the balance sheet date:</b>		
Amounts recoverable on contracts	2,495	13,998
	<u>2,495</u>	<u>13,998</u>
 Contract costs incurred plus recognised profits less recognised losses to date	 7,809,883	 7,813,788
Less: progress billings	(7,807,388)	(7,799,790)
	<u>2,495</u>	<u>13,998</u>

At 31 December 2022, retentions held by customers for contract work amounted to £12,547 (2021: £220,193). Advances received from customers for contract work amounted to nil (2021: £nil).

At 31 December 2022, amounts of nil (2021: £nil) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

<b>15. OTHER INTEREST BEARING LOANS AND BORROWINGS</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	194,554
	<u>-</u>	<u>194,554</u>

<b>16. TRADE AND OTHER PAYABLES</b>	<b>2022</b>	<b>Restated 2021</b>
	<b>£</b>	<b>£</b>
Current:		
Trade creditors	69,315	72,782
Amounts owed to group undertakings	-	1,080
Other taxes and social security	1,285	700
Other creditors	10,595	14,064
Accruals and deferred income	12,154	13,486
	<u>93,349</u>	<u>102,112</u>

Amounts owed to group undertakings are interest free and expected to be settled within one year. There are no non-current trade and other payables.

The prior year has been adjusted for the prior year adjustment, see note 26.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 17. PROVISIONS FOR LIABILITIES

	Human resource provision £	Warranty provision £	Total provision £
At 1 January 2021	-	225,330	225,330
Debited to the profit and loss account	-	-	225,330
At 1 January 2022	-	225,330	225,330
Debited/(credited) to the profit and loss account	36,714	(1,272)	35,442
At 31 December 2022	36,714	224,058	260,772

##### Warranty provision

Provision is made for costs associated with potential product warranty claims. Whilst warranty periods are typically for one year, the duration of contracts is such that any cost associated with warranty claims may occur in a different period to that in which the related revenue was recognised. To address this issue, a provision is calculated as a percentage of sales over a five-year period, based on the experience of claims over that period, less warranty costs incurred to date in relation to the same five-year period. Additional provision is made for any additional contractual liability as such liability arises or becomes probable.

##### Human resource provision

Provision has been made for a potential claim from previous employees.

#### 18. CALLED UP SHARE CAPITAL

	2022 £	2021 £
Authorised, called up and fully paid 2,300,002 Ordinary shares of £1 each	2,300,002	2,300,002

#### 19. RESERVES

##### Retained Earnings

Retained Earnings represents cumulative profits or losses net of dividends paid and other adjustments

#### 20. FINANCIAL INSTRUMENTS

At the year end the company has neither financial assets or financial liabilities measured at fair value through profit or loss (FVTPL) nor those measured at fair value through other comprehensive income (FVOCI).

#### 21. CASH FLOW STATEMENT

As a wholly-owned subsidiary of a UK registered company, Hydro International (Wastewater) Limited has taken advantage of the exemption from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Turner International Holdco Limited group financial statements.

## HYDRO INTERNATIONAL (WASTEWATER) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

#### 22. PENSION SCHEMES

The group operates a defined contribution pension scheme and contributes to personal pension plans for all qualifying employees. The assets of the scheme are held in separate trustee-administered funds. Contributions made during the period amounted to £14,064 (2021: nil). There were unpaid pension contributions of £7,998 (2021: nil) at the year end.

#### 23. RELATED PARTY TRANSACTIONS

In accordance with FRS101 transactions with other 100% undertakings within the Turner International Holdco Limited group have not been disclosed in these financial statements.

#### 24. ULTIMATE PARENT COMPANY AND CONTROLLING COMPANY

The immediate parent company is Vexamus Limited and the ultimate parent company and controlling company is considered to be Turner International Holdco Limited, a company incorporated and registered in England and Wales, due to its 80% ownership of share capital.

The largest in which the results of the group are consolidated is that headed by Turner International Holdco Limited. The smallest group in which the results of the group are consolidated is that headed by Turner International Midco 2 Limited. The consolidated accounts of this and the groups parent are available to the public and can be obtained from the registered office; 6<sup>th</sup> Floor, 125 London Wall, London, EC2Y 5AS.

#### 25. CONTINGENT LIABILITY

The company are in the process of defending a warranty claim. The expected cost relating to the claim has been provided for within the warranty provisions, but it is expected that a claim will be possible on one of our suppliers that will result in an inflow of cash to the company. As the expected value and timing of this is uncertain it has not been recorded in the balance sheet.

#### 26. PRIOR YEAR ADJUSTMENT

Staff costs were understated in prior years due to unaccounted for pension costs, where an accrual was prematurely released. The comparative figures in the primary statements and notes have been restated to reflect the prior period error.

The effects of the prior year error are summarised below:

	2021 £
<b>Profit and loss account:</b>	
Increase of staff costs – pension included in administrative expenses in discontinued operations	(14,064)
Decrease in profit for the financial year	(14,064)
<b>Balance sheet:</b>	2021 £
Decrease in retained earnings	(14,064)
Increase in other creditors	(14,064)

## **HYDRO INTERNATIONAL (WASTEWATER) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **Year ended 31 December 2022**

#### **27. POST BALANCE SHEET EVENTS**

In May 2023 Turner International Holdco Limited, together with all other shareholders of Turner International Topco Limited, signed a conditional agreement with a third party for the sale and purchase of the entire ordinary share capital of Turner International Topco Limited. On completion of this transaction the Company and the Group would become wholly owned subsidiaries of the third party. Due to strict confidentiality, further details cannot be disclosed at this stage. The directors are confident that this strategic move would be very positive for the outlook of the Hydro International businesses.