

Registered number: 07364156

HYDRO INDUSTRIES LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2015

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HYDRO INDUSTRIES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2015

The directors present their annual report and the audited financial statements of Hydro Industries Limited (the "company") for the 18 month period ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is the making of electro-based products for water purification.

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements, unless otherwise stated, were:

Mr PG Morgan (resigned 6 August 2014)
Mrs J Morgan (resigned 6 August 2014)
Mr W Preece
Mr RN Lovering
Mr D Pickering

GOING CONCERN

The company has prepared forecasts to assess its cash flows and funding requirements for the foreseeable future making assumptions on trading and working capital. In formulating the assumptions the company has included the impact of recently secured orders which will provide a significant cash contribution and also performed sensitivity analysis to assess the impact on cash flows. Based on the assessments undertaken the directors consider the company has adequate resources to continue to trade for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

Detail of the post balance sheet events have been disclosed in note 7.

HYDRO INDUSTRIES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 22 February 2016 and signed on its behalf by:



Mr W Preece
Director

HYDRO INDUSTRIES LIMITED

INDEPENDENT AUDITORS' REPORT TO HYDRO INDUSTRIES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

Our opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have examined

We have examined the abbreviated accounts set out on pages 4 to 9, together with the financial statements of Hydro Industries Limited for the year ended 31 March 2015 prepared under section 396 of the Companies Act 2006.

Our responsibilities and those of the directors

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4, 'The special auditor's report on abbreviated accounts in the United Kingdom', issued by the Auditing Practices Board. In accordance with that Bulletin, we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

This report, including the opinion, has been prepared for and only for the company for the purpose of section 449 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Ian Clarke

Ian Clarke (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea

Date: 22 February 2016

HYDRO INDUSTRIES LIMITED
REGISTERED NUMBER: 07364166

ABBREVIATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	31 March 2015 £	30 September 2013 £
FIXED ASSETS				
Tangible assets	2		515,664	442,748
CURRENT ASSETS				
Stocks		918,678	-	-
Debtors		713,931	190,671	
Cash at bank and in hand		1,043,994	508	
		<u>2,676,603</u>	<u>191,179</u>	
CREDITORS: amounts falling due within one year		<u>(1,505,534)</u>	<u>(543,278)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,171,069</u>	<u>(352,099)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,686,733</u>	<u>90,649</u>
CREDITORS: amounts falling due after more than one year	4		<u>(6,000,000)</u>	<u>-</u>
NET (LIABILITIES)/ASSETS			<u><u>(4,313,267)</u></u>	<u><u>90,649</u></u>
CAPITAL AND RESERVES				
Called up share capital	5		1,000	1,000
Profit and loss account			<u>(4,314,267)</u>	<u>89,649</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS			<u><u>(4,313,267)</u></u>	<u><u>90,649</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 22 February 2016 by:

Mr W Preece
Director



The notes on pages 5 to 9 form part of these financial statements.

HYDRO INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the period, are set out below.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company has prepared forecasts to assess its cash flows and funding requirements for the foreseeable future making assumptions on trading and working capital. In formulating the assumptions the company has included the impact of recently secured orders which will provide a significant cash contribution and also performed sensitivity analysis to assess the impact on cash flows. Based on the assessments undertaken the directors consider the company has adequate resources to continue to trade for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

1.3 Cash flow statement

The company qualifies as a small company under the provisions of the Companies Act 2006. As a consequence, it is exempt from the requirements to publish a Cash Flow Statement.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue is recognised at the point of delivery of service and product.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	20 - 33% Straight Line
Motor vehicles	-	25% Straight Line
Fixtures and fittings	-	10% Straight Line
Office equipment	-	10% Straight Line

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

HYDRO INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Current and deferred taxation

Current 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.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.12 Government grants

Capital grants are credited to deferred capital grants and released to the profit and loss account over the useful economic lives of the assets to which they relate. Other grants are credited to the profit and loss account in the period in which they are received.

HYDRO INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015

2. TANGIBLE ASSETS

	£
Cost	
At 1 October 2013	565,524
Additions	369,712
Disposals	(27,700)
At 31 March 2015	907,536
Accumulated depreciation	
At 1 October 2013	122,776
Charge for the period	215,989
On disposals	(13,693)
Impairment charge	66,800
At 31 March 2015	391,872
Net book value	
At 31 March 2015	515,664
At 30 September 2013	442,748

3. INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Hydro Utilities Limited	Ordinary	100%
Hydro Oil and Gas Limited	Ordinary	100%
Hydro Environmental Systems Limited	Ordinary	100%
Hydro Strata Limited	Ordinary	100%
Hydro Marine & Salvage Limited	Ordinary	100%

Name	Business	Registered office
Hydro Utilities Limited	Dormant	England and Wales
Hydro Oil and Gas Limited	Dormant	England and Wales
Hydro Environmental Systems Limited	Dormant	England and Wales
Hydro Strata Limited	Dormant	England and Wales
Hydro Marine & Salvage Limited	Dormant	England and Wales

HYDRO INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015

3. INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 March 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Hydro Utilities Limited	100	-
Hydro Oil and Gas Limited	100	-
Hydro Environmental Systems Limited	100	-
Hydro Strata Limited	100	-
Hydro Marine & Salvage Limited	100	-
	<u>500</u>	<u>-</u>

4. CREDITORS:

Amounts falling due after more than one year

Creditors include amounts not wholly repayable within 5 years as follows:

	31 March 2015 £	30 September 2013 £
Repayable other than by instalments	6,000,000	-
	<u>6,000,000</u>	<u>-</u>

A loan of £6,000,000 is secured on the assets of the company, with interest payable at a fixed rate of 8.2% per annum and the loan principal due to be paid up on 1 May 2021

5. CALLED UP SHARE CAPITAL

	31 March 2015 £	30 September 2013 £
Allotted, called up and fully paid		
Nil (2013: 1,000) Ordinary shares of £1 (2013: £1) each	-	1,000
311 (2013: Nil) Ordinary A shares of £1 each	311	-
154 (2013: Nil) Ordinary A2 shares of £1 each	154	-
465 (2013: Nil) Ordinary B shares of £1 each	465	-
70 (2013: Nil) Ordinary C shares of £1 each	70	-
	<u>900</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

During the period there has been a reclassification of the company's Ordinary share capital. All the classes of Ordinary shares carry equal rights.

HYDRO INDUSTRIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015

6. RELATED PARTY TRANSACTIONS

During the year R&A Properties Limited, a company owned by Mr W Preece, Mr David Pickering and Mr RN Lovering, has provided facility services to Hydro Industries Limited. Purchases of £246,440 (2013: £Nil) have been made from R&A Properties Limited during the year, with a creditor of £6,367 (2013: £Nil at the year end). In addition, an amount of £30,000 (2013: £10,600 creditor) is due from R&A Properties as at 31 March 2015 and is included in other debtors, which had since been repaid.

During the year transactions with DFP Properties Limited, a company owned by D Pickering took place. Purchases of £40,300 were made in the year. No balances are outstanding at year end.

ETS Limited is a telecommunications company owned by Mr RN Lovering. Purchases of £104,243 (2013: £50,658) have been made from ETS Limited during the year, with a creditor owed as at 31 March 2015 of £4,857 (2013: £3,019), included in other creditors in the creditors note.

Included within other debtors: amounts falling due within one year are directors' loans of £14,065 (2013: £233,815 creditor).

Included with other loans: amounts falling due after more that one year are loans of £6 million (2013: £Nil) from parties who became shareholders post year end. The other loan incurred interest of £636,607 during the period (2013: £Nil).

7. POST BALANCE SHEET EVENTS

On 13 August 2015 the issued share capital of the company was reduced from £1,000 to £535 by cancelling and extinguishing all of the issued Ordinary A shares of £1 each and all of the issued Ordinary A2 shares of £1 each in the company.

On 13 August 2015 there was an issue of 37 Ordinary C shares of £1 each. These were issued for £2 million.

Also the 465 Ordinary B shares of £1 each were redesignated as Ordinary A shares of £1 each and the 107 Ordinary C shares of £1 each were redesignated as Ordinary B shares of £1 each.

Hydro Industries invested £750,000 in a joint venture with Intelligent Energy subsequent to the year end.