

**HYDRO INDUSTRIES LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

MHA  
Chartered Accountants and Statutory Auditor  
Swansea, United Kingdom

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FOR THE YEAR ENDED 31 MAY 2022**

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**HYDRO INDUSTRIES LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MAY 2022**

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**DIRECTORS:**

W Preece  
D F Pickering  
G Harri  
D Briere De L'Isle  
H C Baldock  
Ms M Tabor

**SECRETARY:**

R Brooks

**REGISTERED OFFICE:**

16 Berkeley Street  
London  
W1J 8DZ

**REGISTERED NUMBER:**

07364156 (England and Wales)

**AUDITORS:**

MHA  
Chartered Accountants and Statutory Auditor  
Swansea, United Kingdom

**AUDITORS OFFICE:**

3 New Mill Court  
Swansea Enterprise Park  
Swansea  
SA7 9FG

**BALANCE SHEET**  
**31 MAY 2022**

		2022	2021
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	4	1,567,199	4,413,125
Investments	5	<u>223,008</u>	<u>223,008</u>
		1,790,207	4,636,133
<b>CURRENT ASSETS</b>			
Stocks	6	5,634,501	4,632,382
Debtors	7	3,318,893	4,084,369
Cash at bank and in hand		<u>2,437,650</u>	<u>6,516,853</u>
		11,391,044	15,233,604
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>385,952</u>	<u>978,907</u>
<b>NET CURRENT ASSETS</b>		<u>11,005,092</u>	<u>14,254,697</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,795,299	18,890,830
<b>CREDITORS</b>			
Amounts falling due after more than one year	9	<u>148,042</u>	<u>110,644</u>
<b>NET ASSETS</b>		<u>12,647,257</u>	<u>18,780,186</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	917	917
Share premium		36,246,189	36,246,189
Capital redemption reserve		465	465
Retained earnings		<u>(23,600,314)</u>	<u>(17,467,385)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>12,647,257</u>	<u>18,780,186</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

**BALANCE SHEET - continued**  
**31 MAY 2022**

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The financial statements were approved by the Board of Directors and authorised for issue on 19 May 2023 and were signed on its behalf by:

W Preece - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**1. STATUTORY INFORMATION**

Hydro Industries Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**

In preparing the financial statements, the directors have considered the current financial position of the company and its likely future cashflows. The directors have noted that the company has made a significant loss in the year, however continues to hold both net current assets and net assets at balance sheet date. The company has a cash at bank balance £2,437,650 as at 31 May 2022.

There remains uncertainty about what the future holds for the UK economy and the consequences for the business. The company has prepared forecasts to assess its cash flows and funding requirements for the foreseeable future. In formulating the assumptions on trading and working capital, the company has considered current contracts and the impact on cash flows of future orders.

At the date of signing the financial statements, after making appropriate enquiries and examining those areas which could give rise to financial exposure, the directors are satisfied that the company will have adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The particular accounting policies adopted, which have been applied consistently throughout the current and prior financial year, are described below:

**Preparation of consolidated financial statements**

The financial statements contain information about Hydro Industries Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**2. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below :

**(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

**(ii) Inventory provisioning**

The company assesses the requirement for inventory provision and considers the nature and condition of the inventory, as well as applying assumptions around - saleability of finished goods and future usage of raw materials.

**(iii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured and the following criteria has been met :-

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold ;
- the amount of turnover can be measured reliably ;
- it is probable that the company will receive the consideration due under the transaction ; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied :

- the amount of turnover can be measured reliably ;
- it is probable that the company will receive the consideration due under the contract ;
- the stage of completion of the contract at the end of the reporting period can be measured reliably ; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis :

Plant and machinery	- 10 - 33% straight line
Motor vehicles	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

**Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads where appropriate.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**Financial instruments**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price 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.

Basic financial liabilities, including trade and other creditors and loans, 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.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

**Current tax**

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the assets' useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Grants**

Grants received relating to tangible fixed assets are treated as deferred income and released to the income statement over the estimated useful lives of the assets concerned. Revenue grants are credited to the profit or loss account on a received basis when the conditions of entitlement have been met.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 34 (2021 - 34) .

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2022

## 4. TANGIBLE FIXED ASSETS

	Plant and machinery £	Assets under construction £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 June 2021	1,060,920	3,769,440	248,472	5,078,832
Additions	-	537,905	87,288	625,193
Disposals	-	-	(50,408)	(50,408)
Impairments	-	(3,314,657)	-	(3,314,657)
At 31 May 2022	<u>1,060,920</u>	<u>992,688</u>	<u>285,352</u>	<u>2,338,960</u>
<b>DEPRECIATION</b>				
At 1 June 2021	550,996	-	114,711	665,707
Charge for year	78,605	-	39,001	117,606
Eliminated on disposal	-	-	(11,552)	(11,552)
At 31 May 2022	<u>629,601</u>	<u>-</u>	<u>142,160</u>	<u>771,761</u>
<b>NET BOOK VALUE</b>				
At 31 May 2022	<u>431,319</u>	<u>992,688</u>	<u>143,192</u>	<u>1,567,199</u>
At 31 May 2021	<u>509,924</u>	<u>3,769,440</u>	<u>133,761</u>	<u>4,413,125</u>

The net book value of tangible fixed assets include £133,024 in respect of assets held under hire purchase contracts as at 31 May 2022 (2021 - £124,704).

## 5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 June 2021 and 31 May 2022	<u>223,008</u>
<b>NET BOOK VALUE</b>	
At 31 May 2022	<u>223,008</u>
At 31 May 2021	<u>223,008</u>

## 6. STOCKS

	2022 £	2021 £
Raw materials and consumables	330,491	422,440
Work-in-progress	2,321,361	1,227,293
Finished goods	<u>2,982,649</u>	<u>2,982,649</u>
	<u>5,634,501</u>	<u>4,632,382</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2022

## 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	38,230	360,489
Amounts owed by related parties	2,810,521	2,417,786
Other debtors	4,300	300
Directors' current accounts	51,033	51,814
VAT	14	69,781
Prepayments	78,785	72,862
Accrued income	336,010	1,111,337
	<u>3,318,893</u>	<u>4,084,369</u>

Amounts owed by related parties in respect of loan balances and directors' current account balances are interest-free and repayable on demand.

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts	8	2,997
Hire purchase contracts	24,797	39,250
Trade creditors	218,129	359,690
Credit card	21,429	40,549
Social security and other taxes	47,109	114,628
Other creditors	37,447	77,356
Net wages	-	181
Pension creditor	7,195	7,953
Accruals and deferred income	29,838	336,303
	<u>385,952</u>	<u>978,907</u>

## 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts	<u>148,042</u>	<u>110,644</u>

## 10. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Hire purchase contracts	<u>172,839</u>	<u>149,894</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MAY 2022**
**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
44,730	Ordinary A	£0.01	447	447
46,372	Ordinary B	£0.01	464	464
578	Ordinary C	£0.01	6	6
			<u>917</u>	<u>917</u>

**12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Brian Garland BA ACA (Senior Statutory Auditor)  
for and on behalf of MHA

**13. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the pension schemes are held separately from those of the company, in independently administered funds. The pension cost charge in the year £112,750 (2021 - £91,778) represents contributions payable by the company to the funds. At the end of the period there were contributions outstanding of £7,195 (2021 - £7,953).

**14. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

Included in debtors is an amount of £51,033 (2021 - £51,814) relating to overdrawn directors loan accounts. The loans are interest free and repayable on demand.

The key management personnel are the statutory directors. Remuneration to close family members of the directors totalled £24,900 (2021 - £42,321) during the year.

**15. RELATED PARTY DISCLOSURES****Entities over which the entity has significant influence**

	2022	2021
	£	£
Amounts due by related parties	<u>2,780,627</u>	<u>2,061,122</u>

**Companies with common shareholders**

	2022	2021
	£	£
Amounts due by related parties	<u>29,894</u>	<u>356,664</u>

**16. ULTIMATE CONTROLLING PARTY**

The directors do not consider there to be an ultimate controlling party.

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.