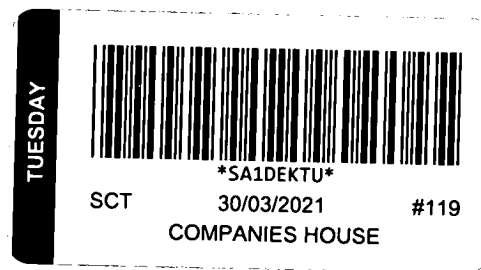


Company Registration No. SC059511 (Scotland)

HENDRY HYDRAULICS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



COMPANIES HOUSE

30 MAR 2021

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HENDRY HYDRAULICS LIMITED

COMPANY INFORMATION

Directors	M Hendry R Hendry
Secretary	Mrs R Hendry
Company number	SC059511
Registered office	2 Perimeter Road Pinefield Industrial Estate ELGIN IV30 6DF
Auditor	Johnston Carmichael LLP Commerce House South Street ELGIN IV30 1JE

HENDRY HYDRAULICS LIMITED

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HENDRY HYDRAULICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020.

Fair review of the business

The results of the company show a pre-tax profit of £418,667 (2019 pre-tax loss- £13,642) and an increase in turnover of 19% from £8,880,632 in 2019 to £10,595,950 in 2020. The directors are satisfied with the pre-tax profit this year and are pleased with the improvement on the previous year. They anticipate the company will continue to operate more efficiently and increasing the customer base.

Gross profit margin has increased from 14.8% to 18.0%. A significant effort was made during the year to reduce costs by monitoring material purchases.

The net asset position of the company remains strong with net assets of £5.91m and net current assets of £4.53m.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are:

Revenue Pressures

As in prior years the company has been facing a challenging time as a result of increasing material costs. To mitigate this risk the directors have taken the steps of continually reviewing selling prices. We have also undertaken a process review to improve efficiencies which has assisted in the improved results.

COVID-19 has, as with many other businesses had an impact on the company. Our business was closed for a short period of time from March 2020 until all Health & Safety requirements were put in place and we opened shortly thereafter once rules permitted. The business was able to return to full operations and although a further lockdown was imposed in Scotland from the end of December 2020 our business was permitted to remain open and so no further closures have been required.

Competitive Pressures

In order to remain competitive, as previously mentioned, the company undertook a process review to improve performance. This is still ongoing and the company are working towards its full implementation to help streamline operations, increase production capacity and improve efficiencies allowing us to develop our competitive edge.

Key performance indicators

The directors consider the key performance indicators to be turnover and gross margin percentage. These are considered and monitored when assessing the development, performance and financial position of the business. The directors are pleased with the improvements made in these indicators during the year, as noted earlier in the report and are committed to making further improvements in the year ahead.

HENDRY HYDRAULICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Future Developments

The company is continuing to find new customers in a variety of sectors and continue product delivery to ongoing customers.

Our bank continues to support the business and indeed has provided extra finance since the year end to help us invest going forward.

The directors continue to implement the recommendations from the review of processes to increase production capacity and improve efficiencies allowing the company to meet the demands of new contracts and offer an improved service to the current client base.

On behalf of the board



.....
M Hendry

Director

25/01/2021
.....

HENDRY HYDRAULICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the manufacturing and repair of hydraulic cylinders, and sales of associated spare parts and consumables.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Hendry

J A Hendry

(Resigned 31 December 2019)

I J Hendry

(Resigned 31 December 2019)

R Hendry

Results and dividends

The results for the year are set out on page 8.

Dividends totalling £13,433 were paid in December 2020 for the year ended 31 March 2021.

Future developments

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments:

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 elected to prepare 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.

HENDRY HYDRAULICS LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
M Hendry
Director

Date: 25/01/2021

HENDRY HYDRAULICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENDRY HYDRAULICS LIMITED

Opinion

We have audited the financial statements of Hendry Hydraulics Limited (the 'company') for the year ended 31 March 2020 which comprise a Profit and Loss Account, Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

HENDRY HYDRAULICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HENDRY HYDRAULICS LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the directors responsibilities statement, set out within the Directors' Report on page 3, 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.

HENDRY HYDRAULICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HENDRY HYDRAULICS LIMITED

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Johnston Carmichael LLP

Fiona Munro (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

26/01/2021
.....

Chartered Accountants
Statutory Auditor

Commerce House
South Street
ELGIN
IV30 1JE

HENDRY HYDRAULICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	10,595,950	8,880,632
Cost of sales		(8,693,002)	(7,565,004)
Gross profit		1,902,948	1,315,628
Administrative expenses		(1,483,289)	(1,330,072)
Operating profit/(loss)	4	419,659	(14,444)
Interest receivable and similar income	7	820	2,810
Interest payable and similar expenses	8	(1,812)	(2,008)
Profit/(loss) before taxation		418,667	(13,642)
Tax on profit/(loss)	9	(84,921)	(1,165)
Profit/(loss) for the financial year		333,746	(14,807)

The profit and loss account has been prepared on the basis that all operations are continuing operations.


HENDRY HYDRAULICS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		1,481,752		1,657,168
Current assets					
Stocks	12	2,519,245		2,865,127	
Debtors	13	2,364,036		1,963,291	
Cash at bank and in hand		1,145,394		486,749	
		<u>6,028,675</u>		<u>5,315,167</u>	
Creditors: amounts falling due within one year	14	<u>(1,499,947)</u>		<u>(1,375,206)</u>	
Net current assets			<u>4,528,728</u>		<u>3,939,961</u>
Total assets less current liabilities			<u>6,010,480</u>		<u>5,597,129</u>
Creditors: amounts falling due after more than one year	15		-		(5,316)
Provisions for liabilities	18		(96,731)		(11,810)
Net assets			<u>5,913,749</u>		<u>5,580,003</u>
Capital and reserves					
Called up share capital	20		6,650		6,650
Share premium account	22		39,210		39,210
Revaluation reserve	21		15,043		15,043
Capital redemption reserve	23		3,350		3,350
Profit and loss reserves	24		5,849,496		5,515,750
Total equity			<u>5,913,749</u>		<u>5,580,003</u>

The financial statements were approved by the board of directors and authorised for issue on 25/01/2021 and are signed on its behalf by:



 M Hendry
 Director

Company Registration No. SC059511

HENDRY HYDRAULICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		6,650	39,210	15,043	3,350	5,543,057	5,607,310
Year ended 31 March 2019:							
Loss and total comprehensive expenditure for the year		-	-	-	-	(14,807)	(14,807)
Dividends	10	-	-	-	-	(12,500)	(12,500)
Balance at 31 March 2019		6,650	39,210	15,043	3,350	5,515,750	5,580,003
Year ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	-	-	333,746	333,746
Balance at 31 March 2020		6,650	39,210	15,043	3,350	5,849,496	5,913,749

HENDRY HYDRAULICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash-flows-from-operating-activities					
Cash generated from/(absorbed by) operations	28		700,118		(985,165)
Interest paid			(1,812)		(2,008)
Net cash inflow/(outflow) from operating activities			698,306		(987,173)
Investing activities					
Purchase of tangible fixed assets		(5,683)		(24,510)	
Payment/Proceeds of other loans		(4,499)		7,600	
Interest received		820		2,810	
Net cash used in investing activities			(9,362)		(14,100)
Financing activities					
Payment of finance leases obligations		(30,299)		(30,105)	
Dividends paid		-		(12,500)	
Net cash used in financing activities			(30,299)		(42,605)
Net increase/(decrease) in cash and cash equivalents			658,645		(1,043,878)
Cash and cash equivalents at beginning of year			486,749		1,530,627
Cash and cash equivalents at end of year			1,145,394		486,749

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Hendry-Hydraulics Limited is a private company limited by shares incorporated in Scotland. The registered office is 2 Perimeter Road, Pinefield Industrial Estate, ELGIN, IV30 6DF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

1.2 Going concern

These financial statements have been prepared on the going concern basis. As with many UK businesses, Hendry Hydraulics Limited has been affected by the COVID-19 pandemic with the business being closed for a short period of time from March 2020 until all Health & Safety requirements were put in place and gradually re-opened shortly thereafter once rules permitted. The company continues to enjoy a good relationship with the bank and with an additional loan in place the company is confident that there are adequate resources in place to meet all obligations for the foreseeable future and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable in respect of the manufacture and repair of hydraulic cylinders and the sale of associated spare parts and consumables.

The manufacturing and repair of cylinders is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer (usually on despatch of the goods or completion of repairs), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The sale of parts and consumables are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer (usually on despatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

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

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

Buildings freehold	- Straight line over fifty years
Buildings leasehold	- Straight line over fifty years
Plant and machinery	- 15% reducing balance/ 20% straight line
Motor vehicles	- 20% reducing balance

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

1.5 Impairment of fixed assets

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

1.6 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow-moving stock. Cost comprises the invoiced price of goods and material purchased on a first-in-first-out basis and labour time in relation to work in progress. Net realisable value is based on estimated selling price less any further cost expected to be incurred to completion and disposal.

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

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end 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 have been affected.

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, that are classified as debt, are recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

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

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

1.13 Leases

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

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

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors, there are no estimates or assumptions which have a significant risk of causing a material misstatement to the carrying values of assets and liabilities.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover		
Hydraulics, Cylinders and Part Sales	10,398,265	8,678,977
Repairs and Carriage	197,685	201,655
	<u>10,595,950</u>	<u>8,880,632</u>

Turnover analysed by geographical market

	2020 £	2019 £
UK	6,798,895	5,226,044
Europe	1,090,599	1,433,557
Rest of the World	2,706,456	2,221,031
	<u>10,595,950</u>	<u>8,880,632</u>

4 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(26,784)	(15,017)
Fees payable to the company's auditor for the audit of the company's financial statements	15,159	13,860
Depreciation of owned tangible fixed assets	167,464	191,118
Depreciation of tangible fixed assets held under finance leases	13,635	13,635
	<u></u>	<u></u>

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

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

	2020 Number	2019 Number
Production and distribution	112	114
Administration	12	12
	<u>124</u>	<u>126</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,311,057	3,288,373
Social security costs	303,316	299,493
Pension costs	83,957	66,543
	<u>3,698,330</u>	<u>3,654,409</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>158,320</u>	<u>165,789</u>

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	<u>820</u>	<u>2,810</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>820</u>	<u>2,810</u>
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8 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Interest on finance leases and hire purchase contracts	<u>1,812</u>	<u>2,008</u>

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	84,921	1,165

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit/(loss) before taxation	418,667	(13,642)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	79,547	(2,592)
Tax effect of expenses that are not deductible in determining taxable profit	113	78
Depreciation on assets not qualifying for tax allowances	3,834	3,816
Other permanent differences	38	-
Effect of tax rate and changes on deferred tax	1,389	(137)
Taxation charge for the year	84,921	1,165

10 Dividends

	2020 £	2019 £
Interim paid	-	12,500

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Buildings freehold £	Buildings leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 April 2019	508,185	563,939	6,521,568	72,790	7,666,482
Additions	-	-	5,683	-	5,683
At 31 March 2020	508,185	563,939	6,527,251	72,790	7,672,165
Depreciation and impairment					
At 1 April 2019	231,871	135,347	5,593,598	48,498	6,009,314
Depreciation charged in the year	9,970	11,279	154,992	4,858	181,099
At 31 March 2020	241,841	146,626	5,748,590	53,356	6,190,413
Carrying amount					
At 31 March 2020	266,344	417,313	778,661	19,434	1,481,752
At 31 March 2019	276,314	428,592	927,970	24,292	1,657,168

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and machinery	49,995	63,630

12 Stocks

	2020 £	2019 £
Raw materials and consumables	1,391,039	1,494,155
Work in progress	1,128,206	1,370,972
	2,519,245	2,865,127

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,314,924	1,943,695
Other debtors	13,611	8,955
Prepayments and accrued income	35,501	10,641
	2,364,036	1,963,291

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Debtors

(Continued)

Trade debtors disclosed above are measured at amortised cost. Trade debtors are stated after provisions for impairment of £8,189 (2019 – £8,189). Bad debts of £727 (2019 – £7,048 written off) have been written back through the profit and loss account in the year.

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	16	6,277	31,260
Trade creditors		981,902	1,043,042
Taxation and social security		197,878	133,456
Other creditors		-	573
Accruals and deferred income		313,890	166,875
		<u>1,499,947</u>	<u>1,375,206</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	16	-	5,316
		<u>-</u>	<u>5,316</u>

16 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	6,277	31,260
In two to five years	-	5,316
	<u>6,277</u>	<u>36,576</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	123,764	129,939
Tax losses	(26,275)	(117,129)
Short term timing differences	(758)	(1,000)
	<u>96,731</u>	<u>11,810</u>

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	17	96,731	11,810
		<u>96,731</u>	<u>11,810</u>

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	83,957	66,543

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
6,650 Ordinary shares of £1 each	6,650	6,650

21 Revaluation reserve

	2020 £	2019 £
At beginning and end of year	15,043	15,043

The revaluation reserve relates to an historic revaluation of property to deemed cost.

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

22 Share premium account

	2020 £	2019 £
At beginning and end of year	39,210	39,210

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

23 Capital redemption reserve

	2020 £	2019 £
At beginning and end of year	3,350	3,350

The capital redemption reserve records the nominal value of shares repurchased by the company.

24 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	5,515,750	5,543,057
Profit/(loss) for the year	333,746	(14,807)
Dividends declared and paid in the year	-	(12,500)
At the end of the year	5,849,496	5,515,750

The profit and loss reserves represents accumulated profits less distributions.

25 Events after the reporting date

Subsequent to the year end, the company has declared dividends totalling £13,433 in relation to the 31 March 2021 year end.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	153,640	161,277

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases	
	2020	2019
	£	£
Other related parties	10,000	10,000

	Lease payments and expenses	
	2020	2019
	£	£
Other related parties	35,208	36,542

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Other related parties	77,548	44,859
Key management personnel	-	573

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Other related parties	8,128	8,128
Key management personnel	8,137	-

27 Ultimate controlling party

The company is ultimately controlled by Mr Michael Hendry who owns 80% of the company's issued share capital.

HENDRY HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

28 Cash generated from/(absorbed by) operations

	2020 £	2019 £
Profit/(loss) for the year after tax	333,746	(14,807)
Adjustments for:		
Taxation charged	84,921	1,165
Finance costs	1,812	2,008
Investment income	(820)	(2,810)
Depreciation and impairment of tangible fixed assets	181,099	204,753
Movements in working capital:		
Decrease/(increase) in stocks	345,882	(1,257,981)
Increase in debtors	(396,246)	(46,971)
Increase in creditors	149,724	129,478
Cash generated from/(absorbed by) operations	700,118	(985,165)

29 Analysis of changes in net funds

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	486,749	658,645	1,145,394
Obligations under finance leases	(36,576)	30,299	(6,277)
	450,173	688,944	1,139,117