

Company Registration No. 1737504 (England and Wales)

**HYDRAPOWER DYNAMICS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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# HYDRAPOWER DYNAMICS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P Browne M Morran B McDonough
<b>Secretary</b>	P Browne
<b>Company number</b>	1737504
<b>Registered office</b>	St Marks Street Birmingham B1 2UN
<b>Auditors</b>	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
<b>Business address</b>	St Marks Street Birmingham B1 2UN
<b>Bankers</b>	Bank of Scotland Birmingham Business Centre, 55 Temple Row Birmingham B2 5LS

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# HYDRAPOWER DYNAMICS LIMITED

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# **HYDRAPOWER DYNAMICS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2010***

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The directors present their report and financial statements for the year ended 31 December 2010

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of being engaged in hydraulic hose, tube manipulation and general engineering

Our key performance indicators are based on our financial performance, turnover, gross and net margin and the strength of the company as a whole

This year we have seen signs of a recovery in the manufacturing industry helped by the low value of the pound which in turn has helped exports from the UK. We have increased our turnover from £4.4M to £5.7M and at the same time our gross margin has decreased from 47% to 41%. We have returned a loss before tax of £190,651 compared to a profit of £150,130 in the previous year.

There have been many cost increases imposed that have taken longer than we had expected to deal with. We feel 2011 will see a substantial increase in both turnover and profit with the new contracts that we now have in place.

#### **Results and dividends**

The results for the year are set out on page 5

#### **Directors**

The following directors have held office since 1 January 2010

P Browne

M Morran

G Williams

(Resigned 19 November 2010)

B McDonough

#### **Auditors**

The auditors, CK Audit, are deemed to be reappointed under section 487(2) of the Companies Act 2006

# HYDRAPOWER DYNAMICS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **Statement of directors' responsibilities**

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 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

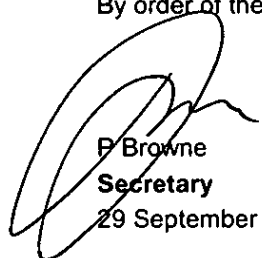
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

By order of the board



P Browne  
Secretary  
29 September 2011

# **HYDRAPOWER DYNAMICS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF HYDRAPOWER DYNAMICS LIMITED**

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We have audited the financial statements of Hydrapower Dynamics Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on 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 2010 and of its loss 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# HYDRAPOWER DYNAMICS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF HYDRAPOWER DYNAMICS LIMITED

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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



**Peter Davies (Senior Statutory Auditor)**  
for and on behalf of CK Audit

29 September 2011

**Chartered Accountants**  
**Statutory Auditor**

No 4 Castle Court 2  
Castlegate Way  
Dudley  
West Midlands  
DY1 4RH

# HYDRAPOWER DYNAMICS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	5,733,865	4,469,702
Cost of sales		(3,354,772)	(2,356,584)
Gross profit		2,379,093	2,113,118
Distribution costs		(232,747)	(240,247)
Administrative expenses		(2,307,510)	(1,712,133)
Other operating income		2,841	6,156
Operating (loss)/profit	3	(158,323)	166,894
Interest payable and similar charges	4	(32,328)	(16,764)
(Loss)/profit on ordinary activities before taxation		(190,651)	150,130
Tax on (loss)/profit on ordinary activities	5	16,406	(11,427)
(Loss)/profit for the year	15	(174,245)	138,703

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

# HYDRAPOWER DYNAMICS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
(Loss)/profit for the financial year		(174,245)	138,703
Unrealised (deficit)/surplus on revaluation of properties		-	217,618
<b>Total recognised gains and losses relating to the year</b>		<b>(174,245)</b>	<b>356,321</b>

### Note of historical cost profits and losses

	2010 £	2009 £
<b>Reported (loss)/profit on ordinary activities before taxation</b>	<b>(190,651)</b>	<b>150,130</b>
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	1,050	(27,054)
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<b>(189,601)</b>	<b>123,076</b>
<b>Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends</b>	<b>(173,195)</b>	<b>111,649</b>

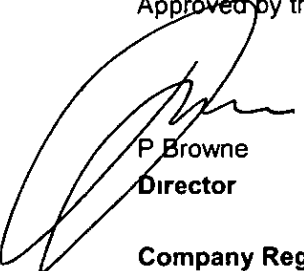
# HYDRAPOWER DYNAMICS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Tangible assets	6	1,507,098		1,527,942	
Investments	7	25,200		25,200	
		<u>1,532,298</u>		<u>1,553,142</u>	
<b>Current assets</b>					
Stocks	8	736,475		663,658	
Debtors	9	1,808,342		1,248,465	
Cash at bank and in hand		1,700		2,351	
		<u>2,546,517</u>		<u>1,914,474</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>(2,370,376)</u>		<u>(1,451,271)</u>	
<b>Net current assets</b>		<u>176,141</u>		<u>463,203</u>	
<b>Total assets less current liabilities</b>		<u>1,708,439</u>		<u>2,016,345</u>	
<b>Creditors amounts falling due after more than one year</b>	11	(60,511)		(185,240)	
<b>Provisions for liabilities</b>	12	-		(8,932)	
		<u>1,647,928</u>		<u>1,822,173</u>	
<b>Capital and reserves</b>					
Called up share capital	14	99,022		99,022	
Revaluation reserve	15	217,618		217,618	
Other reserves	15	1,005		1,005	
Profit and loss account	15	1,330,283		1,504,528	
<b>Shareholders' funds</b>	16	<u>1,647,928</u>		<u>1,822,173</u>	

Approved by the Board and authorised for issue on 29 September 2011

  
P Browne  
Director

Company Registration No 1737504

# HYDRAPOWER DYNAMICS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	£	2009 £
<b>Net cash inflow/(outflow) from operating activities</b>		254,954		(120,039)
<b>Returns on investments and servicing of finance</b>				
Interest paid	(32,328)		(16,764)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(32,328)		(16,764)
<b>Taxation</b>		(12,594)		2
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(74,878)		2,054	
Receipts from sales of tangible assets	60,000		-	
<b>Net cash (outflow)/inflow for capital expenditure</b>		(14,878)		2,054
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		195,154		(134,747)
<b>Financing</b>				
Other new short term loans	(520)		158	
Repayment of long term bank loan	(74,832)		(76,439)	
Capital element of hire purchase contracts	(82,109)		(18,583)	
<b>Net cash outflow from financing</b>		(157,461)		(94,864)
<b>Increase/(decrease) in cash in the year</b>		37,693		(229,611)

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

1	Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	2010	2009
		£	£
	Operating (loss)/profit	(158,323)	166,894
	Depreciation of tangible assets	63,065	22,146
	Profit on disposal of tangible assets	(19,500)	-
	(Increase)/decrease in stocks	(72,817)	97,155
	Increase in debtors	(552,403)	(1,902)
	Increase/(decrease) in creditors within one year	994,932	(401,492)
	Movement on grant provision	-	(2,840)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>254,954</b>	<b>(120,039)</b>

2	Analysis of net debt	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	2,351	(651)	-	1,700
	Bank overdrafts	(575,602)	38,344	-	(537,258)
		<u>(573,251)</u>	<u>37,693</u>	<u>-</u>	<u>(535,558)</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(107,920)	82,110	(7,844)	(33,654)
	Debts falling due within one year	(76,560)	520	-	(76,040)
	Debts falling due after one year	(126,619)	74,832	-	(51,787)
		<u>(311,099)</u>	<u>157,462</u>	<u>(7,844)</u>	<u>(161,481)</u>
	<b>Net debt</b>	<b><u>(884,350)</u></b>	<b><u>195,155</u></b>	<b><u>(7,844)</u></b>	<b><u>(697,039)</u></b>

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

3	Reconciliation of net cash flow to movement in net debt	2010 £	2009 £
	Increase/(decrease) in cash in the year	37,693	(229,611)
	Cash outflow from decrease in debt and lease financing	157,462	94,864
		<hr/>	<hr/>
	Change in net debt resulting from cash flows	195,155	(134,747)
	New finance lease	(7,844)	(101,624)
		<hr/>	<hr/>
	<b>Movement in net debt in the year</b>	187,311	(236,371)
	Opening net debt	(884,350)	(647,979)
		<hr/>	<hr/>
	<b>Closing net debt</b>	<u>(697,039)</u>	<u>(884,350)</u>

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	2% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% straight line

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions are charged to the profit and loss account.

#### 1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 1 Accounting policies

(continued)

#### 1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### 2 Turnover

#### Geographical market

	Turnover	
	2010	2009
	£	£
United Kingdom	5,339,679	4,236,316
Export	394,185	233,386
	<u>5,733,864</u>	<u>4,469,702</u>

### 3 Operating (loss)/profit

	2010	2009
	£	£
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	63,065	22,146
Loss on foreign exchange transactions	29,958	46,624
Operating lease rentals		
- Plant and machinery	32,938	11,295
Auditors' remuneration (including expenses and benefits in kind)	8,942	10,990
and after crediting		
Government grants	2,841	6,156
Profit on disposal of tangible assets	(19,500)	-
	<u>2,841</u>	<u>6,156</u>

### 4 Interest payable

	2010	2009
	£	£
On bank loans and overdrafts	18,275	3,224
On other loans wholly repayable within five years	5,001	7,217
Hire purchase interest	9,052	6,323
	<u>32,328</u>	<u>16,764</u>

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010 £	2009 £
	<b>Domestic current year tax</b>		
	U K corporation tax	-	12,592
	Adjustment for prior years	-	(7,612)
	<b>Total current tax</b>	-	4,980
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(16,406)	3,495
	Deferred tax adjust re previous year	-	2,952
		(16,406)	6,447
		(16,406)	11,427
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	(190,651)	150,130
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21 00% (2009 - 21 00%)	(40,037)	31,527
	Effects of		
	Depreciation add back	9,262	22,146
	Capital allowances	(25,068)	(117,205)
	Other tax adjustments	55,843	68,512
		40,037	(26,547)
	<b>Current tax charge for the year</b>	-	4,980

The company has estimated losses of £ 142,359 (2009 - £ nil) available for carry forward against future trading profits

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 6 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2010	1,300,000	876,608	519,340	4,500	2,700,448
Additions	-	22,022	60,699	-	82,721
Disposals	-	(45,000)	-	-	(45,000)
At 31 December 2010	1,300,000	853,630	580,039	4,500	2,738,169
<b>Depreciation</b>					
At 1 January 2010	-	682,051	485,955	4,500	1,172,506
On disposals	-	(4,500)	-	-	(4,500)
Charge for the year	26,004	21,918	15,143	-	63,065
At 31 December 2010	26,004	699,469	501,098	4,500	1,231,071
<b>Net book value</b>					
At 31 December 2010	1,273,996	154,161	78,941	-	1,507,098
At 31 December 2009	1,300,000	194,556	33,386	-	1,527,942

Freehold land and buildings were revalued in 2009. In the opinion of the directors the value of land and buildings at 31 December 2010 equates with the depreciated amount.

#### Comparable historical cost for the land and buildings included at valuation

	£
<b>Cost</b>	
At 1 January 2010 & at 31 December 2010	1,352,684
<b>Depreciation based on cost</b>	
At 1 January 2010	297,356
Charge for the year	27,054
At 31 December 2010	324,410
<b>Net book value</b>	
At 31 December 2010	1,028,274
At 31 December 2009	1,055,328

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

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### 6 Tangible fixed assets

(continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
<b>Net book values</b>	
At 31 December 2010	57,060
At 31 December 2009	143,000
<b>Depreciation charge for the year</b>	
At 31 December 2010	3,784
At 31 December 2009	4,000

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 7 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost or valuation</b>	
At 1 January 2010 & at 31 December 2010	25,200
<b>Net book value</b>	
At 31 December 2010	25,200
At 31 December 2009	25,200

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Hydrapower Dynamics (Warwick) Limited	England and Wales	Ordinary	100.00
HYdrapower Dynamics (Staffs) Limited	England and Wales	Ordinary	75.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	<b>Principal activity</b>		
Hydrapower Dynamics (Warwick) Limited	Dormant	25,000	-
HYdrapower Dynamics (Staffs) Limited	Dormant	-	353,090

### 8 Stocks

	2010 £	2009 £
Finished goods and goods for resale	736,475	663,658

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

9 Debtors	2010 £	2009 £
Trade debtors	1,637,210	926,284
Amounts owed by parent and fellow subsidiary undertakings	144,845	110,845
Amounts owed by subsidiary undertakings	-	204,085
Other debtors	-	5,650
Prepayments and accrued income	18,813	1,601
Deferred tax asset (see note 12)	7,474	-
	<u>1,808,342</u>	<u>1,248,465</u>

10 Creditors amounts falling due within one year	2010 £	2009 £
Bank loans and overdrafts	613,298	652,162
Net obligations under hire purchase contracts	24,930	49,299
Trade creditors	1,297,531	598,840
Amounts owed to subsidiary undertakings	25,200	25,200
Corporation tax	-	12,594
Other taxes and social security costs	360,435	92,639
Directors' current accounts	18,749	-
Other creditors	-	2,841
Accruals and deferred income	30,233	17,696
	<u>2,370,376</u>	<u>1,451,271</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all of the company's assets

The bank also holds a first legal charge over the land at St Mark's Street

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

11 Creditors amounts falling due after more than one year	2010 £	2009 £
Bank loans	51,787	126,619
Net obligations under hire purchase contracts	8,724	58,621
	<u>60,511</u>	<u>185,240</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	127,827	203,179
	<u>127,827</u>	<u>203,179</u>
Included in current liabilities	(76,040)	(76,560)
	<u>51,787</u>	<u>126,619</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	51,787	76,402
In more than two years but not more than five years	-	50,376
	<u>-</u>	<u>50,376</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	24,930	49,299
Repayable between one and five years	8,725	54,153
	<u>33,655</u>	<u>103,452</u>
Included in liabilities falling due within one year	(24,930)	(49,299)
	<u>8,725</u>	<u>54,153</u>

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 12 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows

	2010 £	
Balance at 1 January 2010	8,932	
Profit and loss account	(16,406)	
	<u>(7,474)</u>	
Balance at 31 December 2010	<u>(7,474)</u>	
	2010 £	2009 £
Accelerated capital allowances	22,422	8,932
Tax losses available	(29,896)	-
	<u>(7,474)</u>	<u>8,932</u>

### 13 Pension and other post-retirement benefit commitments Defined contribution

	2010 £	2009 £
Contributions payable by the company for the year	<u>27,345</u>	<u>38,446</u>

### 14 Share capital

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
98,797 Ordinary of £1 each	98,797	98,797
200 Ordinary Class 'A' of £1 each	200	200
25 Ordinary Class 'B' of £1 each	25	25
	<u>99,022</u>	<u>99,022</u>

The 'A' Ordinary and 'B' Ordinary shares carry no voting rights and the holders are not entitled to receive notice of or attend any general meeting of the company. On winding up, the holders of the 'A' Ordinary and 'B' Ordinary shares are only entitled to receive the nominal value of the shares.

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 15 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2010	217,618	1,005	1,504,528
Loss for the year	-	-	(174,245)
Balance at 31 December 2010	<u>217,618</u>	<u>1,005</u>	<u>1,330,283</u>

#### Other reserves

##### Capital redemption reserve

Balance at 1 January 2010 & at 31 December 2010

1,005

### 16 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/Profit for the financial year	(174,245)	138,703
Other recognised gains and losses	-	217,618
Net (depletion in)/addition to shareholders' funds	(174,245)	356,321
Opening shareholders' funds	<u>1,822,173</u>	<u>1,465,852</u>
Closing shareholders' funds	<u>1,647,928</u>	<u>1,822,173</u>

### 17 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Other 2010 £	2009 £
Operating leases which expire		
Within one year	13,925	18,165
Between two and five years	5,425	14,754
	<u>19,350</u>	<u>32,919</u>

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

18 Directors' remuneration	2010 £	2009 £
Remuneration for qualifying services	157,014	130,475
Company pension contributions to defined contribution schemes	12,000	12,000
	<u>169,014</u>	<u>142,475</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2009 - 2)

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Administration and works	<u>78</u>	<u>80</u>

#### Employment costs

	2010 £	2009 £
Wages and salaries	1,441,496	1,342,346
Social security costs	133,009	116,896
Other pension costs	27,345	38,446
	<u>1,601,850</u>	<u>1,497,688</u>

### 20 Control

The ultimate parent company is Hydrapower Dynamics Holdings Limited , a company registered in England and Wales

Copies of the parent undertaking's financial statements are available from that company's registered office

# HYDRAPOWER DYNAMICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

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### 21 Related party relationships and transactions

#### Other transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

In June 2010 G Williams a former director made a loan to the company of £25,000. The loan is repayable in 24 equal instalments and incurs interest at 6.6% per annum. The balance due at 31 December 2010 is £18,749.