

Company Registration No. 1737504 (England and Wales)

HYDRAPOWER DYNAMICS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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HYDRAPOWER DYNAMICS LIMITED

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HYDRAPOWER DYNAMICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

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 whole

Although there have been continuing dramatic changes in the economy in 2011 turnover for the period is £8 43M compared to £5 73M for 2010. Our gross margin has remained consistent at 41%. Overall we have returned an operating profit of £324,247 compared to a loss of £158,323 in the previous year

In the past we have been relatively unaffected by recession due to the diverse nature of our operations. During recent years we have seen a reduction in demand from all our customers due to the worldwide effect of the downturn. Our forecast for 2012 is positive and we expect to see an increase in turnover and profit.

In September 2011, the company disposed of its entire holding in its subsidiary, Hydrapower Dynamics Engineering Limited.

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 January 2011

Mr P Browne
Mr B McDonough
Mr M Morran

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 2011

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



Mr P Browne
Secretary
19 September 2012

HYDRAPOWER DYNAMICS LIMITED

INDEPENDENT AUDITORS' REPORT TO HYDRAPOWER DYNAMICS LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of Hydrapower Dynamics Limited for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



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

19 September 2012

Chartered Accountants
Statutory Auditor

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

HYDRAPOWER DYNAMICS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		8,426,652	5,733,865
Other operating income less cost of sales		(4,953,052)	(3,351,931)
Distribution costs		(332,215)	(232,747)
Administrative expenses		(2,817,138)	(2,307,510)
Operating profit/(loss)	2	324,247	(158,323)
Interest payable and similar charges	3	(18,242)	(32,328)
Profit/(loss) on ordinary activities before taxation		306,005	(190,651)
Tax on profit/(loss) on ordinary activities	4	(84,541)	16,406
Profit/(loss) for the year	14	221,464	(174,245)

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

There are no recognised gains and losses other than those passing through the profit and loss account

Note of historical cost profits and losses

	2011 £	2010 £
Reported profit/(loss) on ordinary activities before taxation	306,005	(190,651)
Realisation of property revaluation gains of previous years	-	-
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	1,050	1,050
Historical cost profit/(loss) on ordinary activities before taxation	307,055	(189,601)
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	222,514	(173,195)

HYDRAPOWER DYNAMICS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	5	1,493,824		1,507,098	
Investments	6	25,200		25,200	
		<u>1,519,024</u>		<u>1,532,298</u>	
Current assets					
Stocks	7	1,251,126		736,475	
Debtors	8	2,030,589		1,808,342	
Cash at bank and in hand		167,580		1,700	
		<u>3,449,295</u>		<u>2,546,517</u>	
Creditors amounts falling due within one year	9	<u>(3,007,709)</u>		<u>(2,370,376)</u>	
Net current assets		<u>441,586</u>		<u>176,141</u>	
Total assets less current liabilities		<u>1,960,610</u>		<u>1,708,439</u>	
Creditors amounts falling due after more than one year	10	(58,104)		(60,511)	
Provisions for liabilities	11	(33,114)		-	
		<u>1,869,392</u>		<u>1,647,928</u>	
Capital and reserves					
Called up share capital	13	99,022		99,022	
Revaluation reserve	14	208,913		217,618	
Other reserves	14	1,005		1,005	
Profit and loss account	14	1,560,452		1,330,283	
Shareholders' funds	15	<u>1,869,392</u>		<u>1,647,928</u>	

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 19 September 2012

Mr P. Browne
Director

Company Registration No. 1737504

HYDRAPOWER DYNAMICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		741,472		254,954
Returns on investments and servicing of finance				
Interest paid	(18,242)		(32,328)	
Net cash outflow for returns on investments and servicing of finance		(18,242)		(32,328)
Taxation		-		(12,594)
Capital expenditure				
Payments to acquire tangible assets	(10,946)		(74,878)	
Receipts from sales of tangible assets	-		60,000	
Net cash outflow for capital expenditure		(10,946)		(14,878)
Net cash inflow before management of liquid resources and financing		712,284		195,154
Financing				
New long term bank loan	130,000		-	
Other new short term loans	39,048		(520)	
Repayment of long term bank loan	(153,118)		(74,832)	
Capital element of hire purchase contracts	(25,076)		(82,109)	
Increase in debt	(9,146)		(157,461)	
Net cash outflow from financing		(9,146)		(157,461)
Increase in cash in the year		703,138		37,693

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Reconciliation of operating profit/(loss) to net cash outflow from operating activities		2011	2010
		£	£
Operating profit/(loss)		324,247	(158,323)
Depreciation of tangible assets		72,470	63,065
Profit on disposal of tangible assets		-	(19,500)
Increase in stocks		(514,651)	(72,817)
Increase in debtors		(229,721)	(552,403)
Increase in creditors within one year		1,089,127	994,932
Net cash inflow from operating activities		741,472	254,954

2 Analysis of net debt	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	1,700	165,880	-	167,580
Bank overdrafts	(537,258)	537,258	-	-
	(535,558)	703,138	-	167,580
Bank deposits	-	-	-	-
Debt				
Finance leases	(33,654)	30,691	(48,250)	(51,213)
Debts falling due within one year	(76,040)	(44,663)	-	(120,703)
Debts falling due after one year	(51,787)	23,118	-	(28,669)
	(161,481)	9,146	(48,250)	(200,585)
Net debt	(697,039)	712,284	(48,250)	(33,005)

3 Reconciliation of net cash flow to movement in net debt	2011	2010
	£	£
Increase in cash in the year	703,138	37,693
Cash outflow from decrease in debt and lease financing	9,146	157,462
Change in net debt resulting from cash flows	712,284	195,155
New finance lease	(48,250)	(7,844)
Movement in net debt in the year	664,034	187,311
Opening net debt	(697,039)	(884,350)
Closing net debt	(33,005)	(697,039)

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies (Continued)

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.

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 Operating profit/(loss)	2011	2010
	£	£
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	72,470	63,065
Loss on foreign exchange transactions	12,788	29,958
Operating lease rentals		
- Plant and machinery	22,469	32,938
Auditors' remuneration (including expenses and benefits in kind)	7,500	8,942
and after crediting		
Government grants	-	2,841
Profit on disposal of tangible assets	-	(19,500)
	<u>18,242</u>	<u>32,328</u>
3 Interest payable	2011	2010
	£	£
On bank loans and overdrafts	9,451	18,275
On other loans wholly repayable within five years	2,856	5,001
Hire purchase interest	5,935	9,052
	<u>18,242</u>	<u>32,328</u>

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

4	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	43,953	-
	Total current tax	43,953	-
	Deferred tax		
	Deferred tax charge/credit current year	40,588	(16,406)
		84,541	(16,406)
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	306,005	(190,651)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.49% (2010 - 21.00%)	81,061	(40,037)
	Effects of		
	Non deductible expenses	7,935	-
	Depreciation add back	19,197	9,262
	Capital allowances	(21,602)	(25,068)
	Tax losses utilised	(37,711)	-
	Other tax adjustments	(4,927)	55,843
		(37,108)	40,037
	Current tax charge for the year	43,953	-

The company has estimated losses of £ nil (2010 - £ 142,359) available for carry forward against future trading profits

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

5 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2011	1,300,000	853,630	580,039	4,500	2,738,169
Additions	-	53,200	5,996	-	59,196
At 31 December 2011	1,300,000	906,830	586,035	4,500	2,797,365
Depreciation					
At 1 January 2011	26,004	699,469	501,098	4,500	1,231,071
Charge for the year	26,004	26,316	20,150	-	72,470
At 31 December 2011	52,008	725,785	521,248	4,500	1,303,541
Net book value					
At 31 December 2011	1,247,992	181,045	64,787	-	1,493,824
At 31 December 2010	1,273,996	154,161	78,941	-	1,507,098

Freehold land and buildings were revalued in 2009. In the opinion of the directors the value of land and buildings at 31 December 2011 equates with the depreciated amount.

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 January 2011 & at 31 December 2011	1,352,684
Depreciation based on cost	
At 1 January 2011	324,410
Charge for the year	27,054
At 31 December 2011	351,464
Net book value	
At 31 December 2011	1,001,220
At 31 December 2010	1,028,274

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

5 Tangible fixed assets

(Continued)

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

	Plant and machinery £
Net book values	
At 31 December 2011	99,086
At 31 December 2010	57,060
Depreciation charge for the year	
At 31 December 2011	6,224
At 31 December 2010	3,784

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2011 & at 31 December 2011	25,200
Net book value	
At 31 December 2011	25,200
At 31 December 2010	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	%
Subsidiary undertakings				
Hydrapower Dynamics (Warwick) Limited	England & Wales	Ordinary		100 00
Hydrapower Dynamics (Staffs) Limited	England & 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 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
Hydrapower Dynamics (Warwick) Limited	Dormant	25,000	-
Hydrapower Dynamics (Staffs) Limited	Dormant	-	-

7 Stocks

	2011 £	2010 £
Finished goods and goods for resale	1,251,126	736,475

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

8	Debtors	2011 £	2010 £
	Trade debtors	1,847,040	1,637,210
	Amounts owed by parent and fellow subsidiary undertakings	177,845	144,845
	Prepayments and accrued income	5,704	18,813
	Deferred tax asset (see note 11)	-	7,474
		<u>2,030,589</u>	<u>1,808,342</u>
9	Creditors: amounts falling due within one year	2011 £	2010 £
	Bank loans and overdrafts	115,088	613,298
	Net obligations under hire purchase contracts	21,778	24,930
	Trade creditors	1,449,695	1,297,531
	Amounts owed to subsidiary undertakings	25,200	25,200
	Corporation tax	43,953	-
	Other taxes and social security costs	337,887	360,435
	Directors' current accounts	-	18,749
	Other creditors	948,993	-
	Accruals and deferred income	65,115	30,233
		<u>3,007,709</u>	<u>2,370,376</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 ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

10 Creditors amounts falling due after more than one year	2011 £	2010 £
Bank loans	28,669	51,787
Net obligations under hire purchase contracts	29,435	8,724
	<u>58,104</u>	<u>60,511</u>
Analysis of loans		
Wholly repayable within five years	149,372	127,827
	<u>149,372</u>	<u>127,827</u>
Included in current liabilities	(120,703)	(76,040)
	<u>28,669</u>	<u>51,787</u>
Loan maturity analysis		
In more than one year but not more than two years	28,669	51,787
	<u>28,669</u>	<u>51,787</u>
Net obligations under hire purchase contracts		
Repayable within one year	21,778	24,930
Repayable between one and five years	29,435	8,725
	<u>51,213</u>	<u>33,655</u>
Included in liabilities falling due within one year	(21,778)	(24,930)
	<u>29,435</u>	<u>8,725</u>

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2011	(7,474)
Profit and loss account	40,588
Balance at 31 December 2011	<u>33,114</u>

The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	33,114	22,422
Tax losses available	-	(29,896)
	<u>33,114</u>	<u>(7,474)</u>

12 Pension and other post-retirement benefit commitments Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	<u>46,709</u>	<u>27,345</u>

13 Share capital

	2011 £	2010 £
Allotted, called up and fully paid	500,000	500,000
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 ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

14 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	217,618	1,005	1,338,988
Profit for the year	-	-	221,464
Depreciation written back	(8,705)	-	-
Balance at 31 December 2011	<u>208,913</u>	<u>1,005</u>	<u>1,560,452</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2011 & at 31 December 2011

1,005

15 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit/(Loss) for the financial year	221,464	(174,245)
Opening shareholders' funds	<u>1,647,928</u>	<u>1,822,173</u>
Closing shareholders' funds	<u>1,869,392</u>	<u>1,647,928</u>

16 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Other 2011 £	2010 £
Operating leases which expire		
Within one year	8,701	13,925
Between two and five years	<u>5,424</u>	<u>5,425</u>
	<u>14,125</u>	<u>19,350</u>

HYDRAPOWER DYNAMICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

17 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	172,133	157,014
Company pension contributions to defined contribution schemes	12,000	12,000
	<u>184,133</u>	<u>169,014</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2010 - 2)

18 Employees

Number of employees

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

	2011 Number	2010 Number
Administration and works	<u>86</u>	<u>78</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,812,276	1,441,496
Social security costs	162,180	133,009
Other pension costs	46,709	27,345
	<u>2,021,165</u>	<u>1,601,850</u>

19 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 2011 is £5,614.