

**HYDRAPOWER DYNAMICS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**



**BLOOMER HEAVEN LIMITED**  
**Chartered Accountants & Registered Auditors**  
**Rutland House**  
**148 Edmund Street**  
**Birmingham**  
**B3 2FD**

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## **HYDRAPOWER DYNAMICS LIMITED**

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## **HYDRAPOWER DYNAMICS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and the financial statements for the year ended 31 December 2012

#### **Principal activities**

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

#### **Business review**

This year has seen a steady increase in many areas of the business. Turnover for the period has increased to £9,469,851 compared to £8,426,652 in 2011. Gross margin has seen a slight increase to 42% from 41% in 2011 and overall we have returned an operating profit of £400,248 compared to £324,247 in 2011. The working capital position of the company has improved to £678,788 from £441,586 in 2011.

We feel that the strength of the business is the diverse nature of our operations and we have seen major improvement in our efficiency helped by the recent introduction of a complete new computer system. We have also expanded by bringing on a new distribution warehouse. Our forecast for 2013 is positive and we expect to see an increase in both turnover and profit.

In common with similar businesses, the company continues to face a challenging business environment and a competitive market, however these risks are continually monitored by the board and appropriate strategies are put in place.

These financial measures (turnover, gross and net profit) are those which we consider key to monitoring the performance of the company alongside cashflow. In addition we monitor the non-financial measure of product diversity.

The directors acknowledge responsibility for the company's system of internal financial control and believe the established systems, including the computerisation of the company's financial accounts, are appropriate to the business. No material losses or contingencies have arisen during the 12 months trading period that would require further disclosure by the directors.

Having formed an opinion at the time of approving these accounts it is the directors' belief that the profits earned and retained within the company are sufficient to ensure the company has adequate resources to continue existing trading policies and therefore the directors have adopted a going concern basis in preparing the accounts.

#### **Results**

The profit for the year, after taxation, amounted to £273,429 (2011 - £221,464)

#### **Directors**

The directors who served during the year were

P Browne  
B McDonough  
M Morran

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## **HYDRAPOWER DYNAMICS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 judgments 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.

#### **Provision of information to auditor**

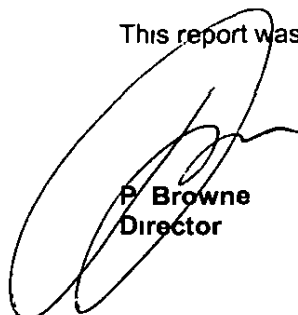
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

#### **Auditor**

The auditor, Bloomer Heaven Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 June 2013 and signed on its behalf



**P. Browne**  
Director

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## **HYDRAPOWER DYNAMICS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HYDRAPOWER DYNAMICS LIMITED**

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We have audited the financial statements of Hydrapower Dynamics Limited for the year ended 31 December 2012, set out on pages 5 to 18. 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 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 opinion we have formed.

#### **Respective responsibilities of directors and auditor**

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 2012 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.

#### **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.

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**HYDRAPOWER DYNAMICS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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

**Other matter**

The financial statements of Hydrapower Dynamics Limited for the year ended 31 December 2011, were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 September 2012



**Christopher Barlow ACA FCCA (Senior statutory auditor)**  
**for and on behalf of Bloomer Heaven Limited (Statutory auditor)**  
Chartered Accountants & Registered Auditors  
Rutland House  
148 Edmund Street  
Birmingham  
B3 2FD

12 June 2013

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**HYDRAPOWER DYNAMICS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Turnover</b>	1,2	<b>9,469,851</b>	8,426,652
Cost of sales		<b>(5,475,602)</b>	(4,953,052)
<b>Gross profit</b>		<b>3,994,249</b>	3,473,600
Distribution costs		<b>(332,396)</b>	(332,215)
Administrative expenses		<b>(3,261,605)</b>	(2,817,138)
<b>Operating profit</b>	3	<b>400,248</b>	324,247
Interest payable and similar charges	6	<b>(9,666)</b>	(18,242)
<b>Profit on ordinary activities before taxation</b>		<b>390,582</b>	306,005
Tax on profit on ordinary activities	7	<b>(117,153)</b>	(84,541)
<b>Profit for the financial year</b>	16	<b>273,429</b>	221,464

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 18 form part of these financial statements

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**HYDRAPOWER DYNAMICS LIMITED**

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Reported profit on ordinary activities before taxation</b>	<b>390,582</b>	306,005
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>1,050</b>	1,050
<b>Historical cost profit on ordinary activities before taxation</b>	<b>391,632</b>	307,055
<b>Historical profit for the year after taxation</b>	<b>274,479</b>	222,514

The notes on pages 8 to 18 form part of these financial statements



**HYDRAPOWER DYNAMICS LIMITED**  
**REGISTERED NUMBER 01737504**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	8	1,559,340	1,493,824
Investments	9	25,200	25,200
		<u>1,584,540</u>	<u>1,519,024</u>
<b>Current assets</b>			
Stocks	10	1,014,848	1,251,126
Debtors	11	2,097,884	2,030,589
Cash at bank and in hand		37,230	167,580
		<u>3,149,962</u>	<u>3,449,295</u>
<b>Creditors</b> , amounts falling due within one year	12	<u>(2,471,176)</u>	<u>(3,007,709)</u>
<b>Net current assets</b>		<u>678,786</u>	<u>441,586</u>
<b>Total assets less current liabilities</b>		<u>2,263,326</u>	<u>1,960,610</u>
<b>Creditors</b> : amounts falling due after more than one year	13	(85,446)	(58,104)
<b>Provisions for liabilities</b>			
Deferred tax	14	<u>(35,059)</u>	<u>(33,114)</u>
<b>Net assets</b>		<u>2,142,821</u>	<u>1,869,392</u>
<b>Capital and reserves</b>			
Called up share capital	15	99,022	99,022
Revaluation reserve	16	207,863	208,913
Capital redemption reserve	16	1,005	1,005
Profit and loss account	16	<u>1,834,931</u>	<u>1,560,452</u>
<b>Shareholders' funds</b>	17	<u>2,142,821</u>	<u>1,869,392</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 June 2013

  
**P. Browne**  
**Director**

The notes on pages 8 to 18 form part of these financial statements

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## HYDRAPOWER DYNAMICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. Accounting Policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard Number 1.

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax.

##### 1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% reducing balance

##### 1.5 Investments

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

##### 1.6 Leasing and hire purchase

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

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## **HYDRAPOWER DYNAMICS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **1. Accounting Policies (continued)**

##### **1.7 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

##### **1.9 Deferred taxation**

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

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

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

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

Deferred tax assets and liabilities are not discounted

##### **1.10 Foreign currencies**

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

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

Exchange gains and losses are recognised in the profit and loss account

##### **1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**2. Turnover**

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	8,949,097	7,708,716
Rest of European Union	520,754	717,936
	<u>9,469,851</u>	<u>8,426,652</u>

**3. Operating profit**

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	61,734	66,246
- held under finance leases	22,168	6,224
Auditor's remuneration	6,034	7,500
Operating lease rentals		
- plant & machinery and motor vehicles	31,879	22,469
Difference on foreign exchange	45,671	12,788
	<u>177,286</u>	<u>115,233</u>

**4. Staff costs**

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,165,565	1,812,276
Social security costs	189,230	162,180
Other pension costs	33,143	46,709
	<u>2,387,938</u>	<u>2,021,165</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
Production, administration and management	<u>103</u>	<u>86</u>

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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**5. Directors' remuneration**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>182,622</b>	172,133
Company pension contributions to defined contribution pension schemes	<b>17,079</b>	12,000

During the year retirement benefits were accruing to 3 directors (2011 - 2) in respect of defined contribution pension schemes

**6. Interest payable**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>3,972</b>	12,307
On finance leases and hire purchase contracts	<b>5,694</b>	5,935
	<b>9,666</b>	18,242

**7. Taxation**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	<b>115,208</b>	43,953
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	<b>1,945</b>	40,588
<b>Tax on profit on ordinary activities</b>	<b>117,153</b>	84,541

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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**7. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%). The differences are explained below

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>390,582</b>	306,005
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%)	<b>95,693</b>	81,061
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>11,435</b>	7,935
Movement in respect of capital allowances allowed versus depreciation charged	<b>6,473</b>	(2,405)
Utilisation of tax losses	-	(37,711)
Short term timing difference leading to an increase (decrease) in taxation	<b>1,925</b>	(4,927)
Marginal relief	<b>(318)</b>	-
<b>Current tax charge for the year (see note above)</b>	<b>115,208</b>	43,953

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**HYDRAPOWER DYNAMICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**8. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2012	1,300,000	906,830	586,035	4,500	2,797,365
Additions	-	52,379	72,651	24,388	149,418
At 31 December 2012	1,300,000	959,209	658,686	28,888	2,946,783
<b>Depreciation</b>					
At 1 January 2012	52,008	725,785	521,248	4,500	1,303,541
Charge for the year	26,004	29,722	22,080	6,096	83,902
At 31 December 2012	78,012	755,507	543,328	10,596	1,387,443
<b>Net book value</b>					
At 31 December 2012	1,221,988	203,702	115,358	18,292	1,559,340
At 31 December 2011	1,247,992	181,045	64,787	-	1,493,824

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Plant and machinery	84,857	99,086
Motor vehicles	18,292	-
Fixtures & fittings	48,473	-
	<u>151,622</u>	<u>99,086</u>

Cost or valuation at 31 December 2012 is as follows

	Freehold property £
<b>At cost</b>	-
<b>At valuation:</b>	
Professional valuation 25 November 2010	1,300,000
	<u>1,300,000</u>

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## HYDRAPOWER DYNAMICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 8. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012 £	2011 £
Cost	1,352,684	1,352,684
Accumulated depreciation	(378,518)	(351,464)
Net book value	<u>974,166</u>	<u>1,001,220</u>

The property was valued in November 2010 by Aitchison Raffety Property Consultants on an open market basis

#### 9. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2012 and 31 December 2012	<u>25,200</u>
Net book value	
At 31 December 2012	<u>25,200</u>
At 31 December 2011	<u>25,200</u>

The company owned 100% of the issued share capital of Hydrapower Dynamics (Warwick) Limited throughout the year. The aggregate of share capital and reserves of this company were £25,000 at the balance sheet date. The company remained dormant throughout the year and has therefore recognised neither a profit nor a loss for the year.

The company owned 75% of the issued share capital of Hydrapower Dynamics (Staffs) Limited throughout the year. The aggregate of share capital and reserves of this company were £Nil at the balance sheet date. The company remained dormant throughout the year and has therefore recognised neither a profit nor a loss for the year.

#### 10. Stocks

	2012 £	2011 £
Finished goods and goods for resale	<u>1,014,848</u>	<u>1,251,126</u>



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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**11. Debtors**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,874,467</b>	1,847,040
Amounts owed by group undertakings	<b>212,845</b>	177,845
Prepayments and accrued income	<b>10,572</b>	5,704
	<b><u>2,097,884</u></b>	<b><u>2,030,589</u></b>

The company has debtors secured under factoring agreements of £1,555,213 (2011 £1,847,040) on which advances have been received from invoice factorers of £884,838 (2011 £943,378) These advances are included within other creditors

**12. Creditors**  
**Amounts falling due within one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>37,506</b>	115,088
Other loans	-	5,615
Net obligations under finance leases and hire purchase contracts	<b>68,326</b>	21,778
Trade creditors	<b>981,945</b>	1,449,695
Amounts owed to group undertakings	<b>25,200</b>	25,200
Corporation tax	<b>115,208</b>	43,953
Social security and other taxes	<b>247,506</b>	337,887
Other creditors	<b>907,108</b>	943,378
Accruals and deferred income	<b>88,377</b>	65,115
	<b><u>2,471,176</u></b>	<b><u>3,007,709</u></b>

Bank loans and overdrafts of £37,506 (2011 £115,088) are secured by a legal charge over the company's property Net obligations under finance leases and hire purchase contracts of £68,326 (2011 £21,778) are secured on the assets to which they relate Other creditors related to advances from invoice factorers of £884,838 (2011 £943,378) are secured on the debts to which they relate

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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**13. Creditors'**  
**Amounts falling due after more than one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>35,999</b>	28,669
Net obligations under finance leases and hire purchase contracts	<b>49,447</b>	29,435
	<b><u>85,446</u></b>	<b><u>58,104</u></b>

Included within the above are amounts falling due as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Between one and two years</b>		
Bank loans	<b>9,841</b>	28,669
<b>Between two and five years</b>		
Bank loans	<b>26,158</b>	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Between one and five years	<b>49,447</b>	29,435

Bank loans and overdrafts of £35,999 (2011 £28,669) are secured by a legal charge over the company's property. Net obligations under finance leases and hire purchase contracts of £49,447 (2011 £29,435) are secured on the assets to which they relate.

**14. Deferred taxation**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>33,114</b>	(23,124)
Charge for year	<b>1,945</b>	56,238
At end of year	<b><u>35,059</u></b>	<b><u>33,114</u></b>

The provision for deferred taxation is made up as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>35,059</b>	33,114

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**HYDRAPOWER DYNAMICS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**15. Share capital**

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
98,797 Ordinary shares of £1 each	98,797	98,797
200 Ordinary 'A' shares of £1 each	200	200
25 Ordinary 'B' shares of £1 each	25	25
	<u>99,022</u>	<u>99,022</u>

**16. Reserves**

	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £
At 1 January 2012	1,005	208,913	1,560,452
Profit for the year	-	-	273,429
Transfer between revaluation reserve and profit and loss account	-	(1,050)	1,050
At 31 December 2012	<u>1,005</u>	<u>207,863</u>	<u>1,834,931</u>

**17 Reconciliation of movement in shareholders' funds**

	2012 £	2011 £
Opening shareholders' funds	1,869,392	1,647,928
Profit for the year	273,429	221,464
Closing shareholders' funds	<u>2,142,821</u>	<u>1,869,392</u>

**18 Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,143 (2011 £46,709). Contributions totalling £7,859 (2011 £Nil) were payable to the fund at the balance sheet date and are included in creditors.

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## HYDRAPOWER DYNAMICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 19. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
<b>Expiry date</b>				
Within 1 year	-	-	8,701	8,701
Between 2 and 5 years	-	-	16,876	5,424
After more than 5 years	7,500	7,500	4,860	-
Total	<u>7,500</u>	<u>7,500</u>	<u>30,437</u>	<u>14,125</u>

#### 20. Related party transactions

The company has taken advantage of the exemptions within Financial Reporting Standard Number 8 not to disclose transactions with its ultimate parent undertaking or any wholly owned subsidiary undertaking of the group

#### 21. Ultimate parent undertaking and controlling party

The parent undertaking is Hydrapower Dynamics Holdings Limited, a company registered in England and Wales and for which consolidated financial statements are prepared. These financial statements are available from

St Marks Street  
Birmingham  
West Midlands  
B1 2UN

The ultimate controlling parties are M Morran and P Browne due to their shareholdings in the parent undertaking