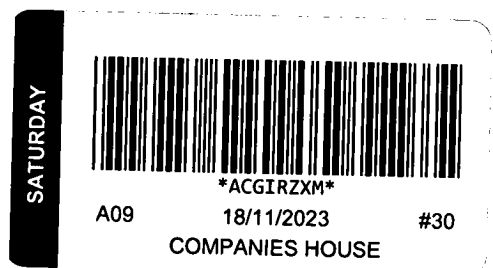


REGISTERED NUMBER: 01914045 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
SUN HYDRAULICS LIMITED



SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2022**

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SUN HYDRAULICS LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2022

DIRECTORS: C Cano Martinez
M Greenberg
M Arduini

SECRETARY: Taylor Wessing Secretaries Limited

REGISTERED OFFICE: 5 New Street Square
London
EC4A 3TW

REGISTERED NUMBER: 01914045 (England and Wales)

SENIOR STATUTORY AUDITOR: Steven R Mugglestone FCA

AUDITORS: Michael Harwood & Co
Chartered Accountants and Statutory Auditors
Greville House
10 Jury Street
Warwick
Warwickshire
CV34 4EW

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the period ended 31st December 2022 ("2022"). The comparative period ended on 2 January 2022 ("2021").

DIRECTORS

The directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

M Bennett - resigned 30 June 2022
C Cano Martinez - appointed 27 June 2022

M Greenberg and M Arduini were appointed as directors after 31 December 2022 but prior to the date of this report.

T R Molle and J L Morgan ceased to be directors after 31 December 2022 but prior to the date of this report.

GOING CONCERN

As part of their going concern assessment, the directors have considered the cash on hand at the date of signing these financial statements and have also prepared forecasts which reflect the current trading of the company.

Inflation has generally affected the company's costs and expenses, primarily energy costs.

The directors have prepared detailed cash flow forecasts that indicate that the company should be able to continue in business for a period of at least 12 months from the date of the signing of these financial statements.

Taking into consideration the forecast trading and cashflow performance of the company, as well as its cash balances, the directors consider that the going concern basis of accounting continues to be appropriate for the preparation of the financial statements, on the basis that the company will be able to continue to meet their financial obligations as they fall due for a period of not less than twelve months from the date of approval of these financial statements.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has provided qualifying third party indemnity provisions in respect of its directors which were in force during the period and at the date of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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, including FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 and 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 United Kingdom Standards and applicable law, comprising FRS 102, 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.

SUN HYDRAULICS LIMITED
REPORT OF THE DIRECTORS
for the Year Ended 31 December 2022.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

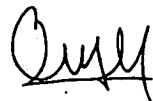
AUDITORS

The auditor, Michael Harwood and Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
C Cano Martinez - Director

Date: 26/10/2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SUN HYDRAULICS LIMITED

Opinion

We have audited the financial statements of Sun Hydraulics Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, Balance Sheet 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 December 2022 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 'Auditors 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 are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditors opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the "responsibilities of directors for the financial statements" section of this report.

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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SUN HYDRAULICS LIMITED**

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out 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 cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SUN HYDRAULICS LIMITED

Auditors' 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.

Explanation as to what extent the audit was capable of detecting irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our general commercial and sector experience, discussions with management and review of board minutes. We determined that the following laws and regulations were most significant to the company: FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Act of 2006 and the relevant tax compliance regulations in the UK. In addition, we conclude that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as those relating to health and safety and employee matters.

We inquired of management concerning the company's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and,
- the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations.

We inquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team includes:

- identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
- challenge of assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular journal entries posted with unusual account combinations that increases revenue or reduces costs in the statement of comprehensive income.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. Detecting irregularities resulting from fraud is also inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team's

- understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
- understanding of the legal and regulatory requirements specific to the company.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members including the potential for fraud in revenue recognition. We remained alert at any indication of fraud or non-compliance with laws and regulations throughout the audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SUN HYDRAULICS LIMITED**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Steven R Mugglestone FCA (Senior Statutory Auditor)
for and on behalf of Michael Harwood & Co
Chartered Accountants and Statutory Auditors
Greville House
10 Jury Street
Warwick
Warwickshire
CV34 4EW

Date: 2/11/2023

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

**STATEMENT OF INCOME AND
RETAINED EARNINGS
for the Year Ended 31 December 2022**

	Notes	31.12.22 £	31.12.21 £
TURNOVER	4	8,447,503	9,626,845
Cost of sales		<u>6,326,822</u>	<u>6,390,804</u>
GROSS PROFIT		2,120,681	3,236,041
Administrative expenses		<u>1,253,842</u>	<u>1,537,677</u>
		866,839	1,698,364
Other operating income		<u>1,519,169</u>	<u>189,433</u>
OPERATING PROFIT		2,386,008	1,887,797
Interest receivable and similar income		<u>6,373</u>	<u>720</u>
		2,392,381	1,888,517
Interest payable and similar expenses		<u>-</u>	<u>4,195</u>
PROFIT BEFORE TAXATION	6	2,392,381	1,884,322
Tax on profit	7	<u>92,156</u>	<u>206,706</u>
PROFIT FOR THE FINANCIAL YEAR		2,300,225	1,677,616
Retained earnings at beginning of year		3,411,863	3,584,247
Dividends		(4,000,000)	(1,850,000)
RETAINED EARNINGS AT END OF YEAR		<u>1,712,088</u>	<u>3,411,863</u>

The notes form part of these financial statements

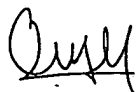
SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

BALANCE SHEET
31 December 2022

	Notes	31.12.22 £	31.12.21 £
FIXED ASSETS			
Tangible assets	8	360,431	2,787,445
CURRENT ASSETS			
Stocks	9	1,119,591	582,929
Debtors	10	2,386,059	1,876,110
Cash at bank		1,777,164	971,392
		<u>5,282,814</u>	<u>3,430,431</u>
CREDITORS			
Amounts falling due within one year	11	<u>2,708,500</u>	<u>1,453,302</u>
NET CURRENT ASSETS		<u>2,574,314</u>	<u>1,977,129</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,934,745</u>	<u>4,764,574</u>
PROVISIONS FOR LIABILITIES	13	<u>82,657</u>	<u>212,711</u>
NET ASSETS		<u>2,852,088</u>	<u>4,551,863</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,140,000	1,140,000
Retained earnings	15	1,712,088	3,411,863
SHAREHOLDERS' FUNDS		<u>2,852,088</u>	<u>4,551,863</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 26/10/2023 and were signed on its behalf by:



C Cano Martinez - Director

The notes form part of these financial statements

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

Sun Hydraulics Ltd is a private company limited by shares and incorporated in England and Wales. Its registered office is located at 5 New Street Square, London, EC4A 3TW.

The principal activity of the company is the supply of hydraulic screw-in cartridges and manifolds for use on all types of mobile and industrial machinery.

The company uses a 91 day accounting period per quarter, meaning the year does not always fall on the last day of the calendar year. Therefore, the accounting period ended 31st December 2022 is herein referred to as 2022 and the accounting period 1 January 2022 will be referred to as 2021.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included within the consolidated group financial statements of Helios Technologies, Inc. (previously Sun Hydraulics Corporation) as at 02 January 2022. These accounts are available to the public and may be obtained from 7456 16th Street East, Sarasota, Florida, 34243, USA.

Related party exemption

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

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Revenue from sale of goods are recognised upon delivery of goods to customers.

Customers with high value orders are shipped directly from the parent company in the US. The company receives and recognises a commission income of 3% or 7% based on the sales earned by the parent company from these customers.

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

It is calculated at the following rates:

Buildings	Straight line between 10 and 40 years
Leasehold improvements	Straight line over the term of the lease
Plant and machinery	Straight line between 5 and 10 years
Furniture and equipment	Straight line over 3, 4 and 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Stocks

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

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income. Current tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market conditions are satisfied.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

The company also operates an HMRC approved Share Incentive Plan (SIP). The company recognises a charge in the Statement of comprehensive income in the period to which the award of the SIP shares relates, given the vesting conditions are met immediately.

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements require management to make significant judgements and estimates. The directors have reviewed the estimates and underlying assumptions used in preparing these financial statements and, in their opinion, there are no critical estimates and judgements to disclose.

4. TURNOVER

Analysis of Turnover by Geographical Region

	31.12.22 £	31.12.21 £
United Kingdom	5,489,395	5,895,956
Rest of Europe	2,577,778	3,312,814
Rest of the World	380,330	598,075
	<u>8,447,503</u>	<u>9,806,845</u>

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022**

5. EMPLOYEES AND DIRECTORS

Employees and Directors

	31.12.22	31.12.21
	£	£
Wages and Salaries	1,294,367	1,466,686
Social Security Costs	128,531	157,261
Pension contributions	76,530	87,342
	<u>1,499,428</u>	<u>1,711,289</u>

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Production staff	8	16
Management and administrative staff	17	22
Directors	1	1
	<u>26</u>	<u>39</u>

Total key management personnel remuneration amounted to £332,167 (2021:£275,921).

6. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	31.12.22	31.12.21
	£	£
Depreciation - owned assets	230,945	340,511
Audit fees	17,000	37,586
Accountancy fees	3,000	1,500
Foreign exchange differences	<u>(49,073)</u>	<u>24,180</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.22	31.12.21
	£	£
Current tax:		
UK corporation tax	222,210	200,856
Deferred tax	<u>(130,054)</u>	<u>5,850</u>
Tax on profit	<u>92,156</u>	<u>206,706</u>

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

7. TAXATION - continued

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1 January 2022	5,307,013	-	6,369,713	1,411,600	13,088,326
Additions	-	78,883	197,834	36,022	312,739
Disposals	(5,307,013)	-	(5,978,060)	(778,269)	(12,063,342)
At 31 December 2022	-	78,883	589,487	669,353	1,337,723
DEPRECIATION					
At 1 January 2022	2,869,037	-	6,048,349	1,383,495	10,300,881
Charge for year	112,403	302	99,175	19,065	230,945
Eliminated on disposal	(2,981,440)	-	(5,757,747)	(815,347)	(9,554,534)
At 31 December 2022	-	302	389,777	587,213	977,292
NET BOOK VALUE					
At 31 December 2022	-	78,581	199,710	82,140	360,431
At 31 December 2021	2,437,976	-	321,364	28,105	2,787,445

As stated in the Post Balance Sheet Events Note 25 in last year's financial statements the company's management decided to move most of the existing manufacturing equipment and manifold operations to Sun Hydraulik GmbH (Sun Germany), a related party under common ownership. In addition the manufacturing facility in Coventry comprising freehold land and buildings was sold in October 2022, and the company moved its operation to leasehold premises in Coventry.

9. STOCKS

	31.12.22 £	31.12.21 £
Stocks	1,119,591	582,929

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade debtors	1,457,649	1,469,220
Amounts owed by group undertakings	760,767	164,891
Other debtors	73,243	174,890
Prepayments and accrued income	94,400	67,109
	<u>2,386,059</u>	<u>1,876,110</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade creditors	382,059	210,691
Amounts owed to group undertakings	1,166,472	497,081
Corporation tax	371,407	415,531
Social security and other taxes	586,132	35,165
Other creditors	35,949	112,727
Accruals and deferred income	166,481	182,107
	<u>2,708,500</u>	<u>1,453,302</u>

12. LEASING AGREEMENTS

At 31st December 2022 the company had total commitments under non- cancellable operating leases over the remaining life of those leases of: £256,666 (2021: £26,367).

13. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21
	£	£
Deferred tax	<u>82,657</u>	<u>212,711</u>
		Deferred tax
		£
Balance at 1 January 2022		212,711
Utilised during year		<u>(130,054)</u>
Balance at 31 December 2022		<u>82,657</u>

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.22	31.12.21
			£	£
1,140,000	Ordinary	1,140,000	<u>1,140,000</u>	<u>1,140,000</u>

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

15. RESERVES

	Retained earnings £
At 1 January 2022	3,411,863
Profit for the year	2,300,225
Dividends	(4,000,000)
At 31 December 2022	<u>1,712,088</u>

16. PENSION COMMITMENTS

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £76,530 (2021: £87,342). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Helios Technologies Inc. is the ultimate parent undertaking. There is no ultimate controlling party by virtue of the shareholdings.

The largest and smallest group in which the results of the company are consolidated is that headed by Helios Technologies, Inc., incorporated in Florida, United States of America. The consolidated group financial statements of Sun Hydraulics Corporation are available to the public and may be obtained from 7456 16th Street East, Sarasota, Florida, 34243, USA. No other group accounts include the results of the company.

SUN HYDRAULICS LIMITED (REGISTERED NUMBER: 01914045)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

18. SHARE-BASED CASH SETTLED PAYMENTS

The company participate in two share-based payment schemes in respect of certain of its employees, as follows:

Restricted Share Scheme

	Shares to Vest at 2nd January 2022	Shares Exercised During the Period	Shares Granted During the Period	Shares to Vest at 31st December 2022
	£	£	£	£
Restricted shares	571	(414)	75	337

In 2007, the company's ultimate parent company implemented a restricted share scheme throughout the group to replace the previous phantom schemes. Details of the scheme are as given below.

The employees receive shares in Helios Technologies, Inc. (formerly Sun Hydraulics Corporation) ("Helios"), the company's ultimate undertaking, at the date of the grant. The shares are restricted and should vesting criteria not be met, the employees lose the shares granted. One third of the shares granted vest each year over the three year vesting period and are able to be sold after this date.

The effect this would have on a knowledgeable, willing market participant's valuation of the shares would be minimal, as the shares are actively traded in a liquid market with virtually all the rights that any other shareholder would have including dividends.

A management charge is received from the parent company for the issue of the shares at the date of the grant and the charge is split over the vesting period of the shares, with one third split over 12 months, one third split over 24 months and one third over 36 months. An amount of £13,851

(2021: £38,871) has been expensed through the Statement of Income and Retained Earnings in respect of these plans.

Share Investment Plan

In 2009, the company activated a Share Incentive Plan (SIP), a scheme approved by HMRC. Under this plan, employees may make regular contributions to a trust which will acquire shares ("Partnership shares") in Sun Corp., on their behalf. The company has committed to match the number of Partnership shares purchased with a contribution to the trust to purchase shares in Sun Corp. in a ratio of one for six shares ("Matching shares").

The plan also allows the company to award a number of shares to each employee as an outright award of shares ("Free shares") in Sun Corp. Free shares are awarded to all employees, regardless of their participation in purchasing Partnership shares. All shares awarded by the company are bought at market value at the date of purchase.

An amount of £3,286 (2021: £5,000) has been expensed to the Statement of Income and Retained Earnings in respect of the Free share awarded during the period.