Hydratight Limited

Annual report and financial statements

for the year ended 31 August 2013

Registered number 3069889

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Hydratight Limited Registered number 3069889

Directors and advisers

Registered office

Unit 601, Axcess 10 Business Park
Bentley Road South
Darlaston
West Midlands
WS10 8LQ

Directors

AG Silver (resigned 14 Aug 2013)
W Dennis (appointed 14 Aug 2013)
Actuant Europe Holdings SASU (appointed 25 Sep 2013)
T Braatz
Jan de Koning

Company Secretary

N Gemmell

Bankers

JP Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

Ward Hadaway
Sandgate House
102, Quayside
Newcastle upon Tyne
NE1 3DX

McDermott Will & Emery
7, Bishopsgate
London
EC2N 3AR

Bird & Bird
15, Fetter Lane
London
EC4A 1JP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Directors' report
for the year ended 31 August 2013

The directors present their report together with the audited financial statements of the company for the year ended 31 August 2013

Business review and principal activities

The company is involved in the sales, design and manufacture of hydraulic bolt tightening systems and mechanical pipeline connectors as well as the rental of hydraulic bolt working equipment and services, pipe machining services and the provision of technical software and training

The directors are satisfied with the result for the year and are confident of a continuing satisfactory performance in the current year

The markets we serve continue to experience considerably different demand, with the UK and Western Europe broadly stable, but the emerging markets of Caspian Sea and parts of the Middle East region still experiencing robust demand

Results and dividends

There was a profit for the year after taxation amounting to £12,871k (2012 £11,255k profit)
No dividends were paid or proposed in the year (2012 NIL)

The directors have prepared the financial statements on a going concern basis (note 1)

Business environment

The company operates in an extremely competitive environment, but uses its considerable experience and product knowledge to remain competitive

The company continues to offer a wide product portfolio, covering standard and special application torque and and tension products as well as bespoke mechanical connectors to customers across the globe

Strategy

Globalisation of the product sales offering continues, through our ever increasing global network of entities in the Hydratight structure A higher emphasis on the Joint Integrity philosophy and the associated management processes is a key driver for the business and the industry

Research and development

Investment continues in the product portfolio, in terms of development of existing products and new offerings, to ensure we remain a market leader in our specialist applications

The company is committed to research and development activities in order to secure and maintain its position in the market place and has incurred £2,499k of expenditure in the year (2012 £2,569k) which has been written off to the profit and loss account

Future outlook

Future outlook is stable, low level growth or decline expected across the more mature markets, supported by more robust demand in our developing markets
New product and service development is seen as key to offset any wider economic / market volatility

Directors' report
for the year ended 31 August 2013 (continued)

Principal risks and uncertainties

The potential volatility of the oil price remains a factor that is monitored closely as a key indicator of customer demand and budget availability

The primary concern of all our operations is to demonstrate a world class environmental, health and safety record and operating procedures, to remain the supplier of choice, as well as expanding our focus to markets outside of the traditional Oil and Gas sectors

Key performance indicators ("KPIs")

Safety performance remains our major focus and is a measure used both internally with staff and externally with customers Generally the company has been able to demonstrate a very strong safety culture

Additional financial measures for the business continue to be monitored such as revenue growth, EBITDA and primary working capital, and these are monitored and published within the business on a monthly basis

	2013	2012
Revenue growth*	1 6%	106 5%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	29 8%	27 9%
Primary working capital percentage**	19 0%	21 1%

All KPI's are calculated using US GAAP reported numbers as these are the numbers used for internal reporting

* Measured as third party turnover only 2012 contained first full year of 2 companies acquired in 2011
** Measured as last 3 months annualised net working capital (Third party recievables + gross inventory - third party trade creditors)

Financial risk management

The company's operations expose it to a variety of financial risks including the effect of credit risk and the effects of seasonal and cyclical changes in maintenance and construction activity in the oil and gas sector

Within the sector, a number of key customers and contracts are won and lost in a competitive environment and a specific risk to retaining this business is appropriate environmental, health and safety performance

The company has implemented policies that require appropriate credit checks on potential customers before sales are made A contract review process is used to assess, negotiate and approve all commercial contracts and manage the business exposure and risks

The company is funded from cash from its own operations but also has access to group funds as necessary

Directors

The directors who served during the year and up to the date of signing the financial statements are as follows

T Braatz
AG Silver (resigned 14 August 2013)
W Dennis (appointed 14 August 2013)
Actuant Europe Holdings SASU (appointed 25 September 2013)
Jan de Koning

Secretary

N Gemmell

Creditor payment policy

It is the company's policy to agree terms of settlement with its suppliers which are appropriate to the markets in which they operate, and to abide by such terms where suppliers have also met their obligations The creditor days at 31 August 2013 were 31 days (2012 21 days)

Directors' report
for the year ended 31 August 2013 (continued)

Disabled employee note

The Actuant Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities Appropriate arrangements are made for the continued employment and training career development and promotion of disabled persons employed by the group If members of staff become disabled the group continues employment either in the same or an alternative position, with appropriate retraining being given if necessary

Employee involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its success The company encourages the involvement of employees by means of both a quarterly webinar presented by The Global Business Leader and the Segment Leader and a monthly Team Brief presented by departmental managers

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

Each director as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 Companies Act 2006

On behalf of the board

Wayne Dennis
Director

9/1/2014

Independent auditors' report to the members of Hydratight Limited

We have audited the financial statements of Hydratight Limited for the year ended 31 August 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 annual 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 August 2013 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

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

David Martin

David Martin (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

22 January 2014

Profit and loss account
for the year ended 31 August 2013

	Note	2013 £'000	2012 £'000
Turnover	2		
- Existing operations		**70,440**	70,776
Cost of sales		**(36,939)**	(39,070)
Gross profit		**33,501**	31,706
Distribution costs		**(6,943)**	(7 826)
Administrative expenses		**(11,094)**	(10 001)
Operating profit		**15,464**	13,879
Interest receivable and similar income	4	**349**	240
Interest payable and similar charges	5	**(30)**	(42)
Profit on ordinary activities before taxation	3	**15,783**	14,077
Tax on profit on ordinary activities	8	**(2,912)**	(2 822)
Profit for the financial year	20	**12,871**	11 255

All results are derived from continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

Statement of total recognised gains and losses

	Note	2013 £'000	2012 £'000
Profit for the financial year		**12,871**	11 255
Actuarial loss on pension scheme	22	**(327)**	(526)
Movement on deferred tax relating to pension surplus	15, 22	**39**	91
Total recognised gains and losses relating to the year		**12,583**	10,820

Hydratight Limited Registered number 3069889

Balance Sheet
as at 31 August 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	**403**	570
Tangible assets	10	**8,695**	7,675
Investments	11	**1,334**	1,334
		10,432	9,579
Current assets			
Stocks	12	**2,065**	1,907
Debtors (Including £3,983,000 due after one year) (2012 £4,814,000)	13	**65,461**	56,361
Cash at bank and in hand		**457**	1,081
		67,983	59,349
Creditors amounts falling due within one year	14	**(33,982)**	(35,602)
Net current assets		**34,001**	23,747
Total assets less current liabilities		**44,433**	33,326
Creditors amounts falling due after more than one year	16	**(8,713)**	(10,335)
Provisions for liabilities	17	**-**	-
Net assets excluding pension asset		**35,720**	22,991
Pension (liability) / asset	22	**(97)**	49
Net assets including pension (liability) / asset		**35,623**	**23,040**
Capital and reserves			
Called up share capital	18	**427**	427
Share premium	19	**6,670**	6,670
Profit and loss account	19	**28,526**	15,943
Total shareholders' funds	20	**35,623**	23,040

The financial statements on pages 6 to 28 were approved by the Board and were signed on its behalf by

W Dennis
Director

9/1/2014

Notes to the financial statements for the year ended 31 August 2013

1 Principal accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 (Revised 1996) and has not produced a cash flow statement as its cash flows are included in the consolidated financial statements of Actuant Corporation (see note 25)

Goodwill

Goodwill arising on business acquisitions, representing the excess of the consideration given over the fair values of identifiable net assets acquired, is amortised over its estimated useful life, typically 20 years

Turnover

Turnover is the total amount receivable by the company for goods sold, equipment rented and services provided and the value of work done on long term contracts, excluding Value Added Tax and trade discounts

The company recognises revenue once the following criteria have been recognised

a) The company has transferred to the buyer the signicant risks and rewards of ownership of the goods,
b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
c) The amount of revenue can be measured reliably,
d) It is probable that the economic benefits associated with the transaction will flow to the company, and
e) The costs incurred or to be incurred in respect of the transaction can be measured

Intangible fixed assets

Intangible fixed assets represent the cost of any purchased goodwill

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation
The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition

Depreciation is calculated to write down the cost, less estimated residual values, of all tangible fixed assets, except freehold land, by equal instalments over their expected useful economic lives The useful economic lives generally applicable are

Freehold buildings	40 years
Leasehold buildings	Life of lease
Plant and machinery	3-10 years
Fixtures & Fittings	3-10 years
Hire Tools	3-7 years
Motor vehicles	5 years
Assets under construction (AUC)	Not depreciated

Investments

Investments are held at cost, less any provision for impairment

Research and development

Research and development expenditure is charged against profits in the year in which it is incurred

Notes to the financial statements for the year ended 31 August 2013 (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction All foreign currency monetary assets or liabilities are translated at the rate prevailing at the balance sheet date All exchange differences are dealt with through the profit and loss account

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be foreseen with reasonable certainty The profit recognised reflects the proportion of work completed to date on the project Costs associated with long term contracts are included in work in progress to the extent that they do not relate to contract work accounted for as turnover Long term contract balances included in work in progress are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account Full provision is made for all losses on contracts in the year in which the loss is foreseen

Retention income where the company are paid in advance for holding specified stock on behalf of customers is recognised during the course of a contract

Stocks

Stocks are stated at the lower of cost and net realisable value Provisions made in respect of slow moving and obsolete stocks are based on a line-by-line review of stock items held

The company uses the first-in, first-out cost basis for all stock types

Lease costs

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

Pension costs

The company operates a retirement benefit scheme with a defined contribution and a defined benefit section, both of which require contributions to be made to separately administered funds Contributions to the defined contribution section are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

For the defined benefit pension scheme, pension scheme assets are measured using their respective market values Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability The increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit

The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income Actuarial gains and losses are recognised in the statement of total recognised gains and losses

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

Notes to the financial statements
for the year ended 31 August 2013 (continued)

1 Principal accounting policies (continued)

Share based payments

The ultimate parent company operates a number of equity-settled, share-based compensation plans The fair value of the employee services received in exchange for the grant of the options is recognised as an expense The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Basis of consolidation

The company is a wholly owned subsidiary of Actuant Corporation Inc and is included in the consolidated financial statements of Actuant Corporation Inc which are publically available Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006

Warranty provision

Provisions are made for product warranty commitments based on the actual cost experience incurred to date together with the average warranty years given In addition, provision is made for any known specific rectification problems

2 Turnover

An analysis of turnover by geographical market is given below

	2013	2012
	£'000	£'000
UK	**21,971**	20,585
Europe	**7,905**	7,847
Americas	**1,175**	920
Middle East	**23,456**	23,456
Rest of World	**15,933**	17,968
	70,440	70,776

Notes to the financial statements for the year ended 31 August 2013 (continued)

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting)

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	£'000
Amortisation of intangible fixed assets	**167**	167
Depreciation of owned tangible fixed assets	**2,679**	1,736
Research and development expenditure	**2,499**	2,569
Loss / (gain) on disposal of Fixed Assets	**23**	83
Auditors' remuneration		
- audit services	**65**	63
Hire of plant and machinery	**412**	273
Other operating lease rentals	**765**	727

Notes to the financial statements for the year ended 31 August 2013 (continued)

4 Interest receivable and similar income

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	£'000
Interest receivable from group undertakings	**343**	211
Net interest income relating to pensions	**6**	29
	349	240

5 Interest payable and similar charges

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	£'000
Interest payable to group undertakings	**30**	42

Notes to the financial statements for the year ended 31 August 2013 (continued)

6 Employees information

Staff costs during the year were as follows

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	£'000
Wages and salaries	**15,897**	16,365
Social security costs	**2,131**	1,792
Other pension costs (note 22)	**501**	520
	18,529	18,677

The average monthly number of employees, including directors, was

	Year ended 31 August 2013	Year ended 31 August 2012
	Number	Number
Production	**255**	270
Selling and service	**63**	76
Administration	**95**	84
	413	430

7 Directors' emoluments

The emoluments of the directors who were paid by the company is as follows

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	**453**	673
Company pension contributions to money purchase schemes	**10**	-
	463	673

One of the directors is remunerated by another group company The proportion of his time spent on Hydratight Limited is minimal and hence, none of his costs have been recharged

Notes to the financial statements
for the year ended 31 August 2013 (continued)

7 Directors' emoluments (continued)

Emoluments of the highest paid director

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Total emoluments (excluding pension contributions)	237	167

The number of directors who accrued benefits under company pension schemes was as follows

	Year ended 31 August 2013 Number	Year ended 31 August 2012 Number
Money purchase schemes	1	1

Compensation for loss of office

	Year ended 31 August 2013 Number	Year ended 31 August 2012 Number
Total compensation for loss of office	62	-

8 Tax on profit on ordinary activities

a) Analysis of tax charge in the year	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Current tax:		
UK Corporation tax on profit on ordinary activities at 23 58% (2012 25 16%)	3,475	2,754
Adjustment in respect of prior years	(423)	44
Total Current tax	3,052	2,798
Deferred tax		
Origination and reversal of timing differences including prior year adjustment	(143)	38
Change in relevant tax rate	3	(14)
Tax on profit on ordinary activities	2,912	2,822

Notes to the financial statements for the year ended 31 August 2013 (continued)

8 Tax charge on profit on ordinary activities (continued)

b) Factors affecting the current tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower (2012 lower) than the standard rate of corporation tax, the differences are explained below

	Year ended 31 August 2013	Year ended 31 August 2012
	£'000	**£'000**
Profit on ordinary activities before taxation	**15,783**	14,077
Profit on ordinary activities multiplied by standard rate of corporation tax At 23 58% (2012 25 16%)	**3,722**	3,542
Expenses not tax deductable and other permanent differences	**144**	8
Group relief surrendered for no value	**(570)**	(802)
Timing differences	**180**	6
Adjustments in respect of prior year	**(423)**	44
Current tax charge for the year	**3,052**	2,798

c) Factors which may affect future tax charges

The standard rate of Corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 Accordingly, the company's losses for this accounting year should be taxed at an effective rate of 23 58% and will be taxed at 21% from 1 April 2014 and at 20% from 1 April 2015

Notes to the financial statements
for the year ended 31 August 2013 (continued)

9 Intangible assets

	Purchased goodwill
	£'000
Cost	
At 1 September 2012	3,401
At 31 August 2013	**3,401**
Accumulated amortisation	
At 1 September 2012	2,831
Charge for the year	167
At 31 August 2013	**2,998**
Net book amount	
At 31 August 2013	**403**
At 31 August 2012	**570**

Notes to the financial statements
for the year ended 31 August 2013 (continued)

10 Tangible assets

	Freehold land and buildings	Short leasehold land and buildings	Fixtures fittings, plant and machinery, hire tools	Motor vehicles	AUC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2012	19	433	13,973	49	977	15,451
Additions	-	6	3,565	-	200	3,771
Transfers	-	-	306	-	(306)	-
Disposals	-	-	(205)	-	-	(205)
At 31 August 2013	**19**	**439**	**17,638**	**49**	**872**	**19,017**
Accumulated depreciation						
At 1 September 2012	15	277	7,439	45	-	7,776
Charge for the year	2	31	2,641	4	-	2,678
Disposals	-	-	(132)	-	-	(132)
At 31 August 2013	**17**	**308**	**9,948**	**49**	-	**10,322**
Net book amount						
At 31 August 2013	**2**	**131**	**7,690**	**0**	**872**	**8,695**
At 31 August 2012	**4**	**156**	**6,534**	**4**	**977**	**7,675**

Notes to the financial statements for the year ended 31 August 2013 (continued)

11 Investments

	Shares in group companies £'000
Cost	
At 1 September 2012	1,334
At 31 August 2013	**1,334**
Net Book Value	
At 31 August 2013	**1,334**
At 31 August 2012	**1,334**

At 31 August 2013 the company had the following subsidiaries and other investment

Name of undertaking	Country of incorporation	Principal activity	Proportion of ordinary shares held
D L Ricci Limited	United Kingdom	Manufacture of bolt systems	100%
Hydratight Equipmentos, servicos e industria Ltda	Brazil	Manufacture of bolt systems	3 63%
Hydratight Operations Limited	United Kingdom	Manufacture of bolt systems	100%

Notes to the financial statements
for the year ended 31 August 2013 (continued)

12 Stocks

	2013 £'000	2012 £'000
Raw materials	**69**	56
Work in progress	**24**	203
Finished goods	**1,972**	1,648
	2,065	1,907

13 Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade debtors	**15,107**	15,086
Corporation tax	**679**	-
Amounts owed by group undertakings	**44,796**	35,853
Other debtors	**300**	317
Other taxation and social security	**259**	-
Prepayments	**337**	291
	61,478	51,547

Amounts owed by group undertakings are repayable on demand and accrue interest at rates between 0% and 8 0%

Debtors: amounts falling due after one year

	2013 £'000	2012 £'000
Amounts owed by group undertakings	**3,983**	4,814

Amounts owed by group undertakings are repayable between 2016 and 2018 and accrue interest at rates between 0% and 8 0%

	2013 £'000	2012 £'000
Total debtors	**65,461**	56,361

Notes to the financial statements for the year ended 31 August 2013 (continued)

14 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	3,485	2,542
Corporation tax	-	110
Other taxation and social security	553	562
Other creditors	119	1,095
Amounts owed to group undertakings	26,849	29,261
Deferred tax liability (note 15)	12	152
Accruals	2,964	1,880
	33,982	35,602

Amounts owed to group undertakings are repayable on demand and do not accrue interest

15 Deferred taxation

Movement on the deferred taxation (asset) / liability is as follows

	£'000
At 1 September 2012	167
Amount charged to the profit and loss account (note 8)	(140)
Transferrred with business and trades of D L Ricci Ltd and Hydratight Operations Ltd	
Charged to the statement of total recognised gains and losses	(39)
At 31 August 2013 (note 14)	**(12)**

Analysis of deferred taxation

	2013	2012
	£'000	£'000
Accelerated capital allowances	47	208
Short term timing differences	(35)	(56)
Deferred taxation excluding deferred taxation on pension asset (note 14)	12	152
Deferred taxation (aset) / liability on pension asset	(24)	15
Net deferred taxation (asset) / liability	**(12)**	**167**

Deferred taxation has been calculated at 20% (2012 23%) following the reduction in the UK standard rate of tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015

Notes to the financial statements for the year ended 31 August 2013 (continued)

16 Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to group undertakings	**8,713**	10,335

Amounts owed to group undertakings are repayable between 2016 and 2018 and accrue interest at rates between 5 13% and 8 0%

17 Provisions for liabilities

	Warranty provisions
	£'000
At 1 September 2012	-
Utilised to profit and loss account	-
At 31 August 2013	-

Notes to the financial statements for the year ended 31 August 2013 (continued)

18 Called up share capital

	2013	2013	2012	2012
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 1p each (2012 1p each)	**59,100,000**	**591**	59,100,000	591
Allotted, called up and fully paid				
Ordinary shares of 1p each (2012 1p each)	**42,653,882**	**427**	42,653,882	427

19 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 September 2012	**6,670**	15,943
Actuarial loss on pension scheme, net of tax	-	(288)
Profit for the year	-	12,871
At 31 August 2013	**6,670**	**28,526**

20 Reconciliation of movement in total shareholders' funds

	2013	2012
	£'000	£'000
Profit for the financial year	**12,871**	11,255
Actuarial loss on pension scheme, net of tax	**(288)**	(435)
Dividends	-	-
Net increase in shareholders' funds	**12,583**	10,820
Opening shareholders' funds	**23,040**	12,220
Closing shareholders' funds	**35,623**	23,040

No dividend was paid (2012 No Dividend paid)

Notes to the financial statements
for the year ended 31 August 2013 (continued)

21 Leasing commitments

At 31 August 2013, the group had annual commitments under non-cancellable operating leases expiring as follows

	At 31 August 2013		At 31 August 2012	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	24	-	29
Between two and five years	-	201	-	209
In five years or more	340	-	340	-
	340	225	340	238

22 Pensions

Defined contribution section

The group operates its own defined contribution schemes for the benefit of its directors and employees Assets of the scheme are held in independently administered funds Amounts charged in respect of the scheme during the year were £501,000 (2012 £520,000) Amounts due to the scheme at 31 August 2013 were £52 000 (2012 £57,000)

Defined benefit section

The acquisition of the trade and assets from Hydratight Operations Limited has meant that Hydratight Limited has inherited a funded defined benefit section The assets of the scheme are held separately from those of the company in an independently administered fund

Contributions are determined with the advice of independent qualified actuaries on the basis of triennial valuations The contributions made to the scheme during the period were £136,008 (2012 £136,008) The contribution rate for the year ended 31 August 2013 was £11,334 per month (2012 £11,334 per month)

The pension cost has been assessed in accordance with the advice received form the independent actuary on the basis of the last full actuarial review of the financial status of the scheme carried out before 31 August 2013

Notes to the financial statements for the year ended 31 August 2013 (continued)

22 Pensions (continued)

Financial Reporting Standard 17

The company accounts for its pension scheme in accordance with Financial Reporting Standard 17 The pension liability detailed below is calculated using the value of the scheme's assets as at 31 August 2013 and using scheme liabilities that have been updated from those at 31 August 2012 to 31 August 2013 by a qualified actuary using the projected unit method The following assumptions were used

	2013 **%**	2012 %
Pre retirement discount rate	**4 70**	4 70
Post retirement discount rate	**4.70**	4 70
Forward inflation rate	**3.40**	3 00
Rate of increase in pensionable salaries	**N/A**	N/A
Other short term timing differences	**3.10**	2 85

The mortality assumptions used were as follows

	2013	2012
Longevity at age 65		
- Men	**22.1**	21 3
- Women	**24.5**	24 1

The expected rate of return on plan assets has been set using a building block approach and based on the return expected in each asset class

The company expects to contribute £136,008 to the pension plan in the next financial year

Notes to the financial statements for the year ended 31 August 2013 (continued)

22 Pensions (continued)

The assets in the scheme and their expected rates of return were

	Expected long term rate of return at 31 August 2013 %	Value at 31 August 2013 £'000	Expected long term rate of return at 31 August 2012 %	Value at 31 August 2012 £'000
Equities	**4 70**	**108**	4 70	92
Fixed interest securities				
- corporate	**4.70**	**2,993**	4 70	2,895
- government	**4 70**	**5**	4 70	5
Total market value of assets		**3,106**		2,992
Present value of scheme liabilities		**(3,227)**		(2,928)
(Deficit) / Surplus in scheme		**(121)**		64
Related deferred tax asset / (liability)		**24**		(15)
Net pension (deficit) / surplus		**(97)**		49

The defined benefit section of the scheme was closed to new membership on 5 April 2004 and a new defined contribution section of the scheme was established For those members transferring to the new section, the deficit was met by the company over a 5 year period, for those remaining in the closed defined benefit section, the deficit will be met by future contributions by the company

Analysis of other finance expenditure

	2013 £'000	2012 £'000
Expected return on pension scheme assets	**141**	156
Interest on pension scheme liabilities	**(135)**	(127)
Net income included in interest receivable / (payable)	**6**	29

Notes to the financial statements for the year ended 31 August 2013 (continued)

22 Pension (continued)

Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)

	2013 £'000	2012 £'000
Asset gain / (loss) during period	**(43)**	141
Experience gains losses arising on the scheme liabilities	**(35)**	(45)
Changes in assumptions underlying the present value of the scheme liabilities	**(249)**	(622)
Actuarial loss recognised in STRGL	**(327)**	(526)

The cumulative actuarial losses recognised in the statement of recognised gains and losses amount to £798,000 (2012 loss £471,000)

The actual return on scheme assets was a gain of £98,000 (2012 gain £297,000)

Reconciliation of fair value of scheme assets

	2013 £'000	2012 £'000
At 1 September 2012	**2,992**	2,601
Expected return on scheme assets	**141**	156
Benefits paid	**(120)**	(42)
Contributions	**136**	136
Actuarial gain / (loss)	**(43)**	141
At 31 August 2013	**3,106**	2,992

Notes to the financial statements
for the year ended 31 August 2013 (continued)

22 Pension (continued)

Reconciliation of present value of scheme liabilities

	2013 £'000	2012 £'000
At 1 September 2012	**2,928**	2,176
Interest cost	**135**	127
Actuarial loss / (gain)	**284**	667
Benefits paid	**(120)**	(42)
At 31 August 2013	**3,227**	2,928

Amounts for current and previous four years

	2013 £,000	2012 £,000	2011 £,000	2010 £,000	2009 £,000
Defined benefit obligation	**(3,227)**	(2,928)	(2,176)	(2,340)	(2,317)
Plan assets	**3,106**	2,992	2,601	2,613	2,179
Surplus / (deficit)	**(121)**	64	425	273	(138)
Experience adjustments on plan assets	**(43)**	141	(139)	158	(51)
Experience adjustments on plan liabilities	**(35)**	(45)	(235)	66	(50)

Notes to the financial statements for the year ended 31 August 2013 (continued)

23 Contingent liabilities and assets

The company's bankers have provided guarantees to third parties in respect of performance bonds with recourse to the company As at 31 August 2013, the total potential liability under those guarantees amounted to £315,000 (2012 £229,000)

24 Related party transactions

The company is a wholly owned subsidiary of Actuant Corporation It has taken advantage of the exemption conferred by FRS 8 in respect of disclosing transactions with other group members that are wholly owned

There were no other material related party transactions

25 Ultimate parent company and controlling party

The company's immediate parent is Actuant Limited, a company registered in England and Wales The ultimate controlling party is Actuant Corporation, a company incorporated in USA

The smallest and largest group of which Hydratight Limited is a member, and for which group accounts are drawn up, is that headed by Actuant Corporation Inc whose consolidated accounts are available from N86 W12500 Westbrook Crossing Menomonee Falls WI 53051