

SYSTEM HYDRAULICS LIMITED

UNAUDITED  
FINANCIAL STATEMENTS

31 MARCH 2021

**SYSTEM HYDRAULICS LIMITED**  
**REGISTERED NUMBER: 03136864**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	4	<u>205,839</u>	<u>266,170</u>
		<b>205,839</b>	<b>266,170</b>
<b>Current assets</b>			
Stocks		208,182	320,071
Debtors: amounts falling due after more than one year	5	2,309	842
Debtors: amounts falling due within one year	5	350,564	527,284
Cash at bank and in hand		102,824	2,001
		<u>663,879</u>	<u>850,198</u>
Creditors: amounts falling due within one year	6	<u>(462,912)</u>	<u>(795,141)</u>
<b>Net current assets</b>		<u><b>200,967</b></u>	<u><b>55,057</b></u>
<b>Total assets less current liabilities</b>		<u><b>406,806</b></u>	<u><b>321,227</b></u>
Creditors: amounts falling due after more than one year	7	<u><b>(187,423)</b></u>	<u><b>(16,327)</b></u>
<b>Provisions for liabilities</b>			
Deferred tax		<u>(17,861)</u>	<u>(19,998)</u>
		<u><b>(17,861)</b></u>	<u><b>(19,998)</b></u>
<b>Net assets</b>		<u><u><b>201,522</b></u></u>	<u><u><b>284,902</b></u></u>

**SYSTEM HYDRAULICS LIMITED**  
**REGISTERED NUMBER: 03136864**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Capital and reserves</b>			
Called up share capital	8	<b>100,100</b>	100,100
Capital redemption reserve		<b>41,200</b>	41,200
Profit and loss account		<b>60,222</b>	143,602
		<b><u>201,522</u></b>	<b><u>284,902</u></b>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

.....  
**Mr A Gonzalez**

Director

Date: 15 November 2021

The notes on pages 3 to 10 form part of these financial statements.

# SYSTEM HYDRAULICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 1. General information

System Hydraulics Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is Unit 1, Crown Street, Carlisle, CA2 5AB.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The company was impacted by Covid-19 in that it did not close, however activity and turnover was greatly reduced. The company received financial support in the form of Coronavirus Job Retention Scheme funds and other various government grants. The directors have considered the impact of Covid-19 and conclude the business remains a going concern.

#### 2.3 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.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## SYSTEM HYDRAULICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

##### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

**2. Accounting policies (continued)**

**2.10 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.

**2.11 Current and deferred taxation**

The tax expense for the year 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 differences 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.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at 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.

## SYSTEM HYDRAULICS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Accounting policies (continued)

##### 2.12 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Leasehold property	-
	over life of lease
Plant and machinery	-
	15% straight line/over life of asset
Motor vehicles	-
	25% reducing balance

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.

##### 2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## **SYSTEM HYDRAULICS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **2. Accounting policies (continued)**

##### **2.17 Provisions for liabilities**

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.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### **2.18 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.

##### **2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **3. Employees**

The average monthly number of employees, including directors, during the year was 14 (2020 - 18).



**SYSTEM HYDRAULICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. Tangible fixed assets**

	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2020	321,245	290,848	16,400	628,493
Additions	-	8,580	-	8,580
At 31 March 2021	<u>321,245</u>	<u>299,428</u>	<u>16,400</u>	<u>637,073</u>
<b>Depreciation</b>				
At 1 April 2020	181,074	176,653	4,597	362,324
Charge for the year on owned assets	34,164	31,796	2,950	68,910
At 31 March 2021	<u>215,238</u>	<u>208,449</u>	<u>7,547</u>	<u>431,234</u>
<b>Net book value</b>				
At 31 March 2021	<u>106,007</u>	<u>90,979</u>	<u>8,853</u>	<u>205,839</u>
<b>At 31 March 2020</b>	<u>140,172</u>	<u>114,195</u>	<u>11,803</u>	<u>266,170</u>

**5. Debtors**

	2021 £	2020 £
<b>Due after more than one year</b>		
Prepayments and accrued income	2,309	842
	<u>2,309</u>	<u>842</u>
<b>Due within one year</b>		
Trade debtors	142,474	292,800
Other debtors	189,369	172,715
Prepayments and accrued income	18,721	61,769
	<u>350,564</u>	<u>527,284</u>

**SYSTEM HYDRAULICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**6. Creditors: Amounts falling due within one year**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>45,072</b>	46,072
Bank loans	<b>28,788</b>	-
Payments received on account	<b>32,490</b>	-
Trade creditors	<b>136,377</b>	333,317
Other taxation and social security	<b>109,975</b>	77,142
Obligations under finance lease and hire purchase contracts	<b>7,363</b>	18,392
Other creditors	<b>87,518</b>	267,619
Accruals and deferred income	<b>15,329</b>	52,599
	<b><u>462,912</u></b>	<b><u>795,141</u></b>

Other creditors includes £84,361 (2020 - £250,319) owed to RBS Commercial Finance Limited with whom invoices are factored. This creditor is secured on the trade debtors of the company.

Bank overdrafts amounting to £45,072 (2020 - £46,072) are secured by the company.

Obligations under finance lease and hire purchase contracts amounting to £7,363 (2020 - £18,392) are secured by the company.

Other creditors amounting to £Nil (2020 - £15,594) are secured by the company.

**7. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Bank loans	<b>162,699</b>	-
Net obligations under finance leases and hire purchase contracts	<b>24,724</b>	16,327
	<b><u>187,423</u></b>	<b><u>16,327</u></b>

Obligations under finance lease and hire purchase contracts amounting to £24,724 (2020 - £16,327) are secured by the company.

# SYSTEM HYDRAULICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 8. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100,000 (2020 - 100,000) Ordinary A shares of £1.00 each	<b>100,000</b>	100,000
100 (2020 - 100) Ordinary B shares of £1.00 each	<b>100</b>	100
	<hr/>	<hr/>
	<b>100,100</b>	100,100
	<hr/>	<hr/>

### 9. Pension commitments

The Company operates a defined contributions pension scheme for employees. 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 £7,638 (2020 - £10,230). Contributions totalling £320 (2020 - £ Nil) were payable to the fund at the year end.

### 10. Transactions with directors

During the year the company continued to loan funds interest free to Mr A Gonzalez. Total advances of £70,034 were made. Repayments of £55,095 were made. At the balance sheet date the company was owed £126,822 (2020 - £111,883) by Mr A Gonzalez.

During the year the company continued to loan funds to Mr M A Forster. Interest of £778 was charged. At the balance sheet date the company was owed £31,103 (2020 - £31,103) by Mr M A Forster.

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