

Company Number: 03916897

**Hydro Cleansing Limited**  
**Reports and Financial Statements**  
**for the financial year ended 31 March 2021**

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# **Hydro Cleansing Limited**

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**Hydro Cleansing Limited**  
**DIRECTOR AND OTHER INFORMATION**

**Directors**

Mr. Steven Hoad  
Mr. Steven Alistair Roake (Resigned 3 March 2021)  
Mr. Graham Peter Brady (Resigned 3 March 2021)

**Company Number**

03916897

**Registered Office**

HCL House  
Beddington Farm Road  
Beddington  
Croydon  
CR0 4XB  
United Kingdom

**Auditors**

MMBA Accountants Limited  
Chartered Certified Accountants & Statutory Auditors  
Unit 7, Navigation Business Village  
Navigation Way  
Ashton-on-Ribble  
Preston  
Lancashire  
PR2 2YP  
United Kingdom

# Hydro Cleansing Limited

## STRATEGIC REPORT

for the financial year ended 31 March 2021

### Review of the Company's Business

The company entered into a Company Voluntary Arrangement (CVA) in May 2019. As a result of the CVA, the company's prime objective in the forthcoming months was to improve sales while reviewing and significantly reducing operational expenditure. The company was able to improve cash flow and maintain a steady relationship with 98% of suppliers working on a 100% repayment program via the CVA and ensuring that all suppliers worked on a Cash on Delivery (COD) basis reducing the necessity for further credit.

Whilst the company entered into the CVA in May 2019, in the months of January and February 2020, the effects of the already ever-growing pandemic (COVID-19) started to take hold in the early parts of 2020. Despite the intensity of the pandemic growing stronger through the months of April, May and June 2020, the company re-diversified a number of its resources to alternative measures reviewing the situation and understanding that this was a long-term position within the economy.

The company then reported a drop in revenue of 23% to £5,705,460 from £7,430,370. This was not all accountable to Covid-19; within the reviews, the company had identified a number of blue-chip organisations that were not forthcoming with contractual payment structures, causing severe cash flow difficulties. It was then the company's decision to terminate: the majority of the existing customers' accounts and restructure payment terms to the company from the historic 60-day payment schedule from the client to the company enforcing a 14-day payment infrastructure ensuring that the client paid the company within 14 days unless circumstances and credit terms with additional funding were agreed before work commenced.

The company decided to terminate a large number of accounts that had been identified as non-profitable accounts with margins that were not sustainable in line with payment terms. These measures led to an increase in the gross profit margin of 4% amounting to £2,645,430 (2020: £3,150,999).

This has also resulted in an operating profit before tax of £276,365 (2020: £164,873) for the year. This is not including contributions paid to the CVA monthly and annually. The profit generated for the year, despite the reduced turnover, is as a direct result of the strategic realignment of processes and procedures within the company, which continue today and will do for the forthcoming trading history of the company.

The company continues to operate in a challenging market, impacted by price risk, COVID-19 pandemic, government initiatives including the Ultra Low Emission Zone (ULEZ), the fluctuating price of diesel fuel and varying weather. Despite this, and continued intense market competition, the company are pleased to report sustainability in their market share.

The company continues to invest in its plant and machinery. This is despite the availability of stock of new compliant vehicles being non-existent due to the mass shortage of semiconductors worldwide; this aside, the company have continued to ensure it stays ahead of market competition. Research and development activities remain a key priority to ensure the company will be able to meet the demands of an ever-growing population and more complex infrastructure in the market it operates within.

### Key Performance Indicators

The director constantly monitors a number of key performance indicators (KPIs) to ensure optimal business performance. Turnover, gross and net profit margins are the main financial performance indicators used by the business and reviewed on a formal documented monthly basis and regular purchase order checks on a weekly basis.

Non-financial KPIs include tracking the level of quotes Works Authorisation Forms (WAFS) issued and received by the employee. In total, the number of outgoing sales calls made per employee per day, emails dispatched, and individual and overall call time per day. For non-call centre activities, the acquisition and renewal of relevant accreditations and certifications are regularly monitored for relevance.

The company maintained its Environment Agency licences during the year.

# Hydro Cleansing Limited

## STRATEGIC REPORT

for the financial year ended 31 March 2021

### Principal Risks and Uncertainties

The director acknowledges that the current coronavirus (COVID-19) outbreak will impact the business and cash flow. The director is confident that the project-based process changes implemented in the current year have greatly assisted with mitigating the effects of reduced turnover and infrequent cash flow brought on by the pandemic and have also facilitated significant improvements in the ability of the company to predict and deliver results.

In response to the pandemic, the company has also developed procedures and products to successfully address that risk. Furthermore, the company took advantage of the government's Job Retention Scheme to keep hold of staff in the current year but has not felt the need to utilise any government loan schemes. Following the first lockdown, the company saw activity reduce by approximately 85% in April 2020 but developed a recovery plan that saw the turnover return to normal pre-COVID levels by October 2020 with increased profitability. The business has learnt to operate in a safe manner protecting both employees and customers from COVID-19.

### Compliance risk

The company continues to hold Environment Agency licences for the transport and treatment of waste. Within the last 12 months, the company has amended their licence capabilities, increasing quantities and capabilities of treatment, providing more opportunities for the company to tender. These licences are essential for the company to continue its objectives. Loss of any licence would leave the company disadvantaged in its capability of trade and is therefore a significant risk. The risk is mitigated by regular compliance audits, obtaining accreditations and certificates from relevant industry bodies and continual oversight of controls and procedures to ensure all operations are conducted in line with relevant licence conditions and restraints.

### Operational and market risk

The regular availability of the company's fleet is essential to ensure turnover targets can be reached. Regular in-house maintenance and repair is conducted to ensure vehicles are maintained to an excellent standard, and thus, unexpected off-road downtime is minimised. The response to operational risks also mitigates market risks, as the ability to complete each job is directly linked to performance and customer satisfaction, which in turn helps to maintain the company's market share and position within the marketplace.

### Interest rate risk

Hire purchase contracts are generally undertaken at fixed rates and are based on shorter terms than the useful economic life of the assets involved.

### Credit risk

Regular credit checks are performed on new and existing customers using a credit referencing agency. Regular contact is maintained with customers and controls are in place to ensure payments are received within designated credit terms.

### Future Developments

The director remains focused on growing the business profitability and recovering lost turnover in 2021/22. In the pandemic year 2020/21, the company saw a reduction in turnover but with a consistent profitability arising from ongoing principal activities. Most of the key staff members have been retained following the COVID-19 pandemic. The company is expecting to achieve a similar level of business profit in forthcoming financial year of 2021/22. The company's growth objectives in 2021/22 will be eased and assisted by the structural issues improved and rectified during the response to the pandemic and the enhanced data and modelling utilised in the cashflow models and their incorporation into the accounting system for 2021/22 accounting period.

On behalf of the board

Mr. Steven Hoad  
Director

Date: 1-10-2021

# Hydro Cleansing Limited

## DIRECTOR'S REPORT

for the financial year ended 31 March 2021

The director presents his report and the audited financial statements for the financial year ended 31 March 2021.

### Principal Activity

The principal activity of the company continued to be the supply of professional drainage and environmental solution services.

### Results and Dividends

The profit for the financial year after providing for depreciation and taxation amounted to £213,232 (2020 - £156,531). The director does not recommend payment of a dividend.

### Directors

The directors who served during the financial year are as follows:

Mr. Steven Hoad

Mr. Steven Alistair Roake (Resigned 3 March 2021)

Mr. Graham Peter Brady (Resigned 3 March 2021)

### Post Statement of Financial Position Events

There have been no significant events affecting the company since the financial year-end.

### Statement of Director's Responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

In so far as the director is aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditors

The auditors, MMBA Accountants Limited have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

### Company Voluntary Arrangement (CVA)

On 3rd May 2019, the company entered into a CVA to enable the company to focus on trading profitably, protected from claims of existing creditors. To the date of approval of these financial statements, the company had fully complied with all terms of the CVA. In the financial year, the company was able to establish and work on rectifying the main flaws and difficulties with the reporting and accounting systems that contributed to the need to enter a CVA.

Further to the company entering into a CVA, the company has focused its efforts on improved cashflows and mitigating the reputation loss caused by the CVA. The company was able to ensure timely payments to all post CVA creditors, the HMRC, as well as the £17,500 per month payable to the CVA creditors through focusing on cashflow.


**Hydro Cleansing Limited**  
**DIRECTOR'S REPORT**

for the financial year ended 31 March 2021

**Disclosures Required Under Schedule 7**

The company has chosen in accordance with Companies Act 2006 s.414C (11) to set out in the company's strategic report information required by Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the directors' report.

On behalf of the board

  
Mr. Steven Hoad  
Director

Date: 01-10-2021

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of Hydro Cleansing Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Hydro Cleansing Limited ('the company') for the financial year ended 31 March 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable Law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, when reporting in accordance with a fair presentation framework the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the financial 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 Auditor's 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.

#### **Material uncertainty related to going concern**

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

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 the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

#### **Emphasis of Matter**

There is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net profit of £213,232 (2020: £156,531) during the financial year ended 31 March 2021 and, at that date, the company had net current liabilities of £675,496 (2020: £1,021,101). The company is currently in a CVA and along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The directors consider that the company will have adequate resources to continue in operational existence for the foreseeable future, but would require additional financing in the event of an unforeseen decline in trade. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### **Other Information**

The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The director is responsible for the other information contained within the annual report. 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 course of 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.



## **INDEPENDENT AUDITOR'S REPORT**

### **to the Shareholders of Hydro Cleansing Limited**

#### **Opinion 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director for the financial statements**

As explained more fully in the Statement of Director's Responsibilities, the director is 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 they 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 director is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of Hydro Cleansing Limited**

### **Auditor's 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.

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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion, we identified the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Company that were contrary to these laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation and other sector specific laws and regulations.

We made enquiries of management with regards to compliance with applicable laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the Directors meetings, minutes of departmental meetings held, legal reports provided by the compliance department and correspondence between the Company and its solicitors.

Our tests also included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the management that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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](http://www.frc.org.uk/auditorsresponsibilities)>. This description forms part of our Auditor's Report.

## **INDEPENDENT AUDITOR'S REPORT to the Shareholders of Hydro Cleansing Limited**

### **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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*MMBA ACCOUNTANTS LIMITED*

**Mr. Bilal Ahmed (Senior Statutory Auditor)**

**for and on behalf of**

**MMBA ACCOUNTANTS LIMITED**

**CHARTERED CERTIFIED ACCOUNTANTS & STATUTORY AUDITORS**

Unit 7, Navigation Business Village

Navigation Way

Ashton-on-Ribble

Preston

Lancashire

PR2 2YP

United Kingdom

Date: 1/10/2021

# Hydro Cleansing Limited

## INCOME STATEMENT

for the financial year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>5</b>	<b>5,705,460</b>	<b>7,430,370</b>
Cost of sales		(3,060,030)	(4,279,371)
<b>Gross profit</b>		<b>2,645,430</b>	<b>3,150,999</b>
Administrative expenses		(2,614,536)	(2,742,943)
Other operating income		385,597	37,627
<b>Operating profit</b>	<b>6</b>	<b>416,491</b>	<b>445,683</b>
Interest receivable and similar income	<b>7</b>	<b>78</b>	<b>997</b>
Interest payable and similar expenses	<b>8</b>	<b>(140,204)</b>	<b>(281,807)</b>
<b>Profit before taxation</b>		<b>276,365</b>	<b>164,873</b>
Tax on profit	<b>10</b>	<b>(63,133)</b>	<b>(8,342)</b>
<b>Profit for the financial year</b>		<b>213,232</b>	<b>156,531</b>

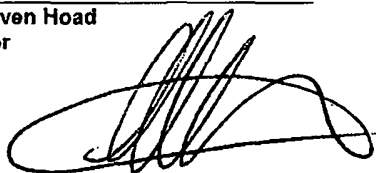
**Hydro Cleansing Limited**

Company Number: 03916897

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2021

	Notes	2021 £	2020 £
<b>Non-Current Assets</b>			
Intangible assets	11	15,634	17,872
Property, plant and equipment	12	2,662,148	3,037,784
		<u>2,677,782</u>	<u>3,055,656</u>
<b>Current Assets</b>			
Stocks	13	5,438	18,500
Debtors	14	1,379,209	1,716,393
Cash and cash equivalents		892,356	460,970
		<u>2,277,003</u>	<u>2,195,863</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(2,952,499)</u>	<u>(3,216,964)</u>
<b>Net Current Liabilities</b>		<u>(675,496)</u>	<u>(1,021,101)</u>
<b>Total Assets less Current Liabilities</b>		<u>2,002,286</u>	<u>2,034,555</u>
<b>Creditors</b>			
Amounts falling due after more than one year	16	(581,990)	(837,243)
<b>Provisions for liabilities</b>	18	<u>(132,730)</u>	<u>(122,978)</u>
<b>Net Assets</b>		<u>1,287,566</u>	<u>1,074,334</u>
<b>Capital and Reserves</b>			
Called up share capital	20	100	100
Revaluation reserve		136,492	136,492
Other reserves including the fair value reserve		25	25
Income statement		<u>1,150,949</u>	<u>937,717</u>
<b>Shareholders' Funds</b>		<u>1,287,566</u>	<u>1,074,334</u>

Approved by the Director and authorised for issue on 01-10-2021Mr. Steven Hoad  
Director01-10-2021

**Hydro Cleansing Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
as at 31 March 2021

	Share capital	Revaluation reserve	Retained earnings	Capital redemption reserve	Total
	£	£	£	£	£
<b>At 1 April 2019</b>					
<b>as previously stated</b>	100	136,493	1,066,230	-	1,202,823
Prior financial year error correction	-	-	(35,044)	-	(35,044)
<b>At 1 April 2019</b>	100	136,493	1,031,186	-	1,167,779
Profit for the financial year	-	-	156,531	-	156,531
Redemption of equity shares	-	-	(250,000)	-	(250,000)
Other movements in Shareholders' Funds	-	(1)	-	25	24
<b>At 31 March 2020</b>	100	136,492	937,717	25	1,074,334
Profit for the financial year	-	-	213,232	-	213,232
<b>At 31 March 2021</b>	100	136,492	1,150,949	25	1,287,566

# Hydro Cleansing Limited

## STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		213,232	156,531
Adjustments for:			
Interest receivable and similar income		(78)	(997)
Interest payable and similar expenses		140,204	281,807
Tax on profit on ordinary activities		63,133	8,342
Depreciation		411,752	503,171
Profit/loss on disposal of property, plant and equipment		-	(22,909)
		<u>828,243</u>	<u>925,945</u>
Movements in working capital:			
Movement in stocks		13,062	(3,760)
Movement in debtors		337,184	806,947
Movement in creditors		(277,844)	(691,916)
		<u>900,645</u>	<u>1,037,216</u>
Cash generated from operations			
Interest paid		(140,204)	(281,807)
Tax repaid		-	416,647
		<u>760,441</u>	<u>1,172,056</u>
<b>Cash flows from investing activities</b>			
Interest received		78	997
Payments to acquire property, plant and equipment		(32,759)	(225,834)
Receipts from sales of property, plant and equipment		-	64,375
		<u>(32,681)</u>	<u>(160,462)</u>
<b>Cash flows from financing activities</b>			
Redemption of shares		-	(250,000)
Repayment of short-term loan		(30,636)	(27,950)
Capital element of hire purchase contracts		(265,738)	(614,572)
		<u>(296,374)</u>	<u>(892,522)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>431,386</b>	<b>119,072</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>460,970</b>	<b>341,898</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>26</b>	<b><u>892,356</u></b>	<b><u>460,970</u></b>

# Hydro Cleansing Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

### 1. GENERAL INFORMATION

Hydro Cleansing Limited is a company limited by shares incorporated and registered in the United Kingdom. The registered number of the company is 03916897. The registered office of the company is HCL House, Beddington Farm Road, Beddington, Croydon, CR0 4XB, United Kingdom. The nature of the company's operations and its principal activities are set out in the Director's Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Statement of compliance

The financial statements of the company for the financial year ended 31 March 2021 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

#### Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Turnover

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided, 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.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Land and buildings freehold	- Straight line over 100 years
Short leasehold property	- Straight line over the length of the lease
Plant and machinery	- between 18% - 25% reducing balance
Fixtures, fittings and equipment	- Straight line over 4 years
Motor vehicles	- Straight line over 4 years

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Leasing and hire purchases

Property, plant and equipment held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

#### Leasing

Rentals payable under operating leases are dealt with in the Income Statement as incurred over the period of the rental agreement.



# Hydro Cleansing Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

continued

### Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is based on the cost of purchase on a first in first out basis.

### Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

### Government grants

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

### Research and development

Development expenditure is written off in the same financial year unless the director is satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

### Financial Instruments

#### Creditors

Short term trade 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.

#### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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 statement of financial position date.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Finance and borrowing costs

Finance costs are charged to the income statement 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.

All borrowing costs are recognised in the income statement in the year in which they are incurred.

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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**Pensions**

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 the profit and loss account when they fall due. Amounts are not paid are shown in creditors as a liability at the balance sheet date. The assets of the plan are held separately from the company in independently administered funds.

**Ordinary share capital**

The ordinary share capital of the company is presented as equity.

**3. GOING CONCERN**

The company's business activities together with its future developments are discussed within the Strategic Report and the Report of the Directors. The financial position of the company, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes. At 31 March 2021, the company had net current liabilities of £675,496 (2020: £1,021,101), which is slightly increased compared to last year. Cash and cash equivalents increased to £892,356 from 460,970.

On 3rd May 2019, the company entered into a company voluntary arrangement (CVA) to enable the company to focus on trading profitably, protected from claims of existing creditors. To the date of signing these accounts, the company had fully complied with all terms of the CVA. The company is confident given the level of activities that it should be able to operate within the level of its current facilities and continue to make the pay-outs requested under the term of the CVA.

The company meets its day to day working capital requirements through a combination of operating cash flows, and other third-party facilities. The maturity dates of the facilities are disclosed in note 16 of these statutory accounts.

There has been a decline in the company's turnover due to COVID-19 however, this has been mitigated by applying for government's job retention scheme and improved profitability.

Should continuing trade not produce the necessary cash-flow required, there is a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern, and as a result, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the director has a reasonable expectation that the company will have adequate resources to continue in operational existence for a period of 12 months from the date of approval of these financial statements and therefore the company has adopted the going concern basis of accounting in preparing the annual financial statements.

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

In assessing whether there have been any indicators of impairment to assets, the directors consider both external and internal sources of information such as market conditions and experience of recoverability and establishes a provision for receivables that are estimated not to be recoverable.

**Determining residual values and useful economic lives property, plant and equipment**

The company amortises intangible fixed assets and depreciates property plant and equipment over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value, management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

**Recoverability of receivables**

The company establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability, the directors consider factors such as the aging of the receivable, past experience of recoverability, and the credit profile of the debtor.

**5. TURNOVER**

The whole of the company's turnover is attributable to its market in the United Kingdom and is derived from the principal activity of the supply of professional drainage and environmental services.

<b>6. OPERATING PROFIT</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging/(crediting):</b>		
Amortisation of intangible assets	3,357	4,476
Depreciation of property, plant and equipment	408,395	498,695
(Profit) on disposal of property, plant and equipment	-	(22,909)
Operating lease rentals		
- Land and buildings	173,908	171,500
Auditor's remuneration		
- audit services	15,000	15,000
Government grants received	(380,577)	-
	<u>          </u>	<u>          </u>
<b>7. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest	78	997
	<u>          </u>	<u>          </u>

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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<b>8. INTEREST PAYABLE AND SIMILAR EXPENSES</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>2,232</b>	11,466
Hire purchase interest	<b>99,184</b>	165,926
Factoring interest	<b>38,788</b>	69,415
Interest on overdue tax	-	35,000
	<b>140,204</b>	<b>281,807</b>

**9. EMPLOYEES AND REMUNERATION**

**Number of employees**

The average number of persons employed (including executive director) during the financial year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Drivers and mechanics	<b>40</b>	42
Sales and administration	<b>40</b>	35
Directors	<b>1</b>	3
	<b>81</b>	<b>80</b>

The staff costs (inclusive of director's salaries) comprise:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,478,790</b>	3,060,428
Social security costs	<b>254,151</b>	304,992
Pension costs	<b>44,917</b>	57,797
	<b>2,777,858</b>	<b>3,423,217</b>

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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**10. TAX ON PROFIT**

	2021 £	2020 £
<b>(a) Analysis of charge in the financial year</b>		
<b>Current tax:</b>		
Corporation tax at 19.00% (2020 - 19.00%) (Note 10 (b))	53,381	46,584
<b>Deferred tax:</b>		
Origination and reversal of timing differences	9,752	(38,242)
Total deferred tax	9,752	(38,242)
Tax on profit (Note 10 (b))	63,133	8,342

**(b) Factors affecting tax charge for the financial year**

The tax assessed for the financial year differs from the standard rate of corporation tax in the United Kingdom 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit taxable at 19.00%	276,365	164,873
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom at 19.00% (2020 - 19.00%)	52,509	31,326
<b>Effects of:</b>		
Expenses not deductible for tax purposes	70	10,534
Depreciation in excess of capital allowances for period	15,958	18,225
Utilisation of tax losses	-	(13,501)
Deferred tax	9,752	(38,242)
Tax effect of income not taxable in determining taxable profit	(15,156)	-
Total tax charge for the financial year (Note 10 (a))	63,133	8,342

**11. INTANGIBLE FIXED ASSETS**

	Development Costs £	Total £
<b>Cost</b>		
At 1 April 2020	80,207	80,207
At 31 March 2021	80,207	80,207
<b>Amortisation</b>		
At 1 April 2020	62,335	62,335
Charge for financial year	2,238	2,238
At 31 March 2021	64,573	64,573
<b>Net book value</b>		
At 31 March 2021	15,634	15,634
At 31 March 2020	17,872	17,872

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

**12. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings freehold £	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 April 2020	815,000	13,252	897,702	240,644	6,481,503	8,448,101
Additions	-	-	31,594	1,165	-	32,759
At 31 March 2021	815,000	13,252	929,296	241,809	6,481,503	8,480,860
<b>Depreciation</b>						
At 1 April 2020	48,893	6,409	754,308	195,463	4,405,244	5,410,317
Charge for the financial year	8,148	1,320	34,799	11,298	352,830	408,395
At 31 March 2021	57,041	7,729	789,107	206,761	4,758,074	5,818,712
<b>Net book value</b>						
At 31 March 2021	757,959	5,523	140,189	35,048	1,723,429	2,662,148
At 31 March 2020	766,107	6,843	143,394	45,181	2,076,259	3,037,784

Freehold property was revalued in 2015 by an independent valuer and in the opinion of the directors, the market value of the property has not materially changed since then. If freehold land and buildings were stated on a historical cost basis rather than fair value basis, the current carrying value would be £583,057 (2020 - £591,205).

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

**12.1. PROPERTY, PLANT AND EQUIPMENT CONTINUED**

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

	2021 book value £	Net Depreciation charge £	2020 book value £	Net Depreciation charge £
Fixtures, fittings and equipment	33,903	11,301	47,793	15,636
Motor vehicles	1,205,130	225,760	1,678,765	374,270
	<u>1,239,033</u>	<u>237,061</u>	<u>1,726,558</u>	<u>389,906</u>

	2021 £	2020 £
<b>13. STOCKS</b>		
Stocks	<u>5,438</u>	<u>18,500</u>

	2021 £	2020 £
<b>14. DEBTORS</b>		
Trade debtors	936,372	1,064,407
Amounts owed by related parties	30	30
Other debtors	7,900	24,249
Director's current account (Note 23)	307,938	363,467
Prepayments and accrued income	126,969	264,240
	<u>1,379,209</u>	<u>1,716,393</u>

	2021 £	2020 £
<b>15. CREDITORS</b>		
<b>Amounts falling due within one year</b>		
Bank loan	31,635	30,637
CVA creditors' balances	924,201	1,029,405
Net obligations under finance leases and hire purchase contracts	274,837	415,575
Trade creditors	191,684	348,897
Taxation (Note 17)	423,536	270,079
Other creditors	1,026,654	1,018,947
Accruals:		
Pension accrual	19,973	19,941
Other accruals	59,979	83,483
	<u>2,952,499</u>	<u>3,216,964</u>

Included within other creditors is the CVA creditors' balance and a receivables financing agreement that is secured by a fixed and floating charge over the company's assets.

The hire purchase and finance lease contracts are secured by personal guarantees provided by Mr. Steven Hoad, a director and shareholder of the company.

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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16. CREDITORS	2021	2020
Amounts falling due after more than one year	£	£
Bank loan	307,057	338,691
Finance leases and hire purchase contracts	274,933	498,552
	<u>581,990</u>	<u>837,243</u>
<b>Loans</b>		
Repayable in one year or less, or on demand (Note 15)	31,635	30,637
Repayable between one and two years	32,665	31,634
Repayable between two and five years	104,519	101,222
Repayable in five years or more	169,873	205,835
	<u>338,692</u>	<u>369,328</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	274,837	415,575
Repayable between one and five years	274,933	498,552
	<u>549,770</u>	<u>914,127</u>

The company's financing facilities with their bank includes a term loan of £500,000 that accrues interest on a daily basis at a fixed rate of 2.5% plus Bank of England base rate per annum. The loan is repayable in equal annual instalments over 15 years.

The loan is secured by a fixed charge over the company's freehold property.

17. TAXATION	2021	2020
	£	£
<b>Creditors:</b>		
VAT	281,667	150,955
Corporation tax	99,965	46,584
PAYE / NI	41,904	72,540
	<u>423,536</u>	<u>270,079</u>

**18. PROVISIONS FOR LIABILITIES**

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Total	Total
	£	2021 £	2020 £
At financial year start	122,978	122,978	161,220
Charged to profit and loss	9,752	9,752	(38,242)
At financial year end	<u>132,730</u>	<u>132,730</u>	<u>122,978</u>



**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

continued

**19. FINANCIAL INSTRUMENTS**

The company has chosen to apply the provisions of Section 11 and 12 of FRS 102 to account for all of its financial instruments.

	2021 £	2020 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	936,372	1,064,407
Other debtors	7,900	24,249
Cash at bank and in hand	892,356	460,970
	<u>          </u>	<u>          </u>
<b>Financial liabilities at amortised cost</b>		
Trade creditors	191,684	348,897
Bank and other loans	338,692	369,328
	<u>          </u>	<u>          </u>

**20. SHARE CAPITAL**

			2021 £	2020 £
Description	Number of shares	Value of units		
<b>Allotted, called up and fully paid</b>				
Ordinary	75	£1 each	75	75
Ordinary A shares	25	£1 each	25	25
			<u>100</u>	<u>100</u>

All ordinary shares have full voting, dividend and capital distribution rights.

**21. FINANCIAL COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2021 £	2020 £
<b>Due:</b>		
Within one year	70,000	70,000
	<u>          </u>	<u>          </u>

**22. CAPITAL COMMITMENTS**

The company had no material capital commitments at the financial year-ended 31 March 2021.

**23. DIRECTOR'S REMUNERATION AND TRANSACTIONS**

	2021 £	2020 £
<b>Director's remuneration</b>		
Remuneration	98,655	91,305
	<u>          </u>	<u>          </u>

The following advances were made to the director:

	Balance at 31/03/21 £	Movement in year £	Balance at 31/03/20 £	Maximum in year £
Mr. Steven Hoad	307,938	(55,529)	363,467	441,555
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The advances made to the director are interest free and repayable on demand.

**Hydro Cleansing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2021

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**24. RELATED PARTY TRANSACTIONS**

Net balances with related parties:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trading amounts (due from) related parties	<b>(30)</b>	<b>(30)</b>

At the end of the year, HCL Sweepers Limited, a related party, owed £30 (2020: £30) which is unsecured and interest free.

Included in CVA creditor balances is a balance of £nil (2020: £78,692) owed to HCL Logistics Limited, a company under common control by virtue of the director's shareholding. A total of £78,692 (2020: £nil) was settled by the company with the agreement of HCL Logistics Limited during the year. The amount is unsecured, interest free and is repayable on demand.

Other than as disclosed within director's remuneration in note 23, there was no remuneration in relation to key management personnel in the current year or in the prior year.

**25. EVENTS AFTER END OF REPORTING PERIOD**

There have been no significant events affecting the company since the financial year-end.

**26. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	<b>892,356</b>	<b>460,970</b>