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REGISTERED NUMBER: 00926679 (England and Wales)

**Abbreviated Accounts**  
**for the Year Ended 31 December 2013**  
**for**  
**Primary Fluid Power Limited**

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for the Year Ended 31 December 2013**

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**Primary Fluid Power Limited**  
**Company Information**  
**for the Year Ended 31 December 2013**

**DIRECTORS:**

S Merrie  
A C Browne  
J Burke  
P A McGrady

**SECRETARY:**

J Burke

**REGISTERED OFFICE:**

Caddick Road  
Knowsley Business Park  
Knowsley  
Merseyside  
L34 9HP

**REGISTERED NUMBER:**

00926679 (England and Wales)

**AUDITORS:**

Wilson Henry LLP  
Registered Auditor  
145 Edge Lane  
Liverpool  
Merseyside  
L7 2PF

**BANKERS:**

Barclays Bank Plc  
4 Water Street  
Liverpool  
L69 2DU

**Strategic Report  
for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

**REVIEW OF BUSINESS**

The results for the year ended 31 December 2013 and financial position of the company are as shown in the annexed financial statements.

Turnover for the year shows a movement from £11.6M in 2012 to £11.1M in 2013.

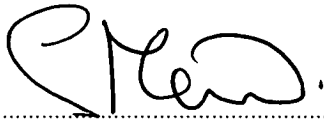
Gross profit margin has remained constant at around 25% in both years.

The results of the company showed a pre tax profit of £1.1M (2012: £1.2M). This is considered to be particularly satisfactory given the current economic climate.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition.

**ON BEHALF OF THE BOARD:**



.....  
S Merrie - Director

Date: 4<sup>th</sup> AUGUST 2014.

**Report of the Directors  
for the Year Ended 31 December 2013**

The directors present their report with the accounts of the company for the year ended 31 December 2013.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2013.

**FUTURE DEVELOPMENTS**

The directors are of the opinion that the company will continue to grow at a rate consistent with prior years.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

S Merrie  
A C Browne  
J Burke  
P A McGrady

**EVENTS AFTER THE BALANCE SHEET DATE**

In March 2014, the company paid off both bank loans amounting to circa £490,000.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Wilson Henry LLP are deemed to be reappointed in accordance with s.487(2) of the Companies Act 2006.

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

**ON BEHALF OF THE BOARD:**



S Merrie - Director

Date: 4<sup>th</sup> AUGUST 2014

**Report of the Independent Auditors to  
Primary Fluid Power Limited  
Under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages five to fourteen, together with the full financial statements of Primary Fluid Power Limited for the year ended 31 December 2013 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

Hilene S Henry (Senior Statutory Auditor)  
for and on behalf of Wilson Henry LLP  
Registered Auditor  
145 Edge Lane  
Liverpool  
Merseyside  
L7 2PF



Date: 04.08.2014

**Primary Fluid Power Limited (Registered number: 00926679)**

**Abbreviated Profit and Loss Account  
for the Year Ended 31 December 2013**

	Notes	2013 £	2012 £
<b>TURNOVER</b>	2	11,166,035	11,616,815
Cost of sales		(8,365,952)	(8,604,905)
		<hr/> 2,800,083	<hr/> 3,011,910
Administrative expenses		<hr/> 1,694,681	<hr/> 1,750,374
<b>OPERATING PROFIT</b>	4	1,105,402	1,261,536
Interest receivable and similar income		<hr/> 11,721	<hr/> -
		1,117,123	1,261,536
Interest payable and similar charges	5	<hr/> 15,631	<hr/> 44,060
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,101,492	1,217,476
Tax on profit on ordinary activities	6	<hr/> 284,490	<hr/> 5,000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<hr/> <hr/> 817,002	<hr/> <hr/> 1,212,476

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these abbreviated accounts

**Primary Fluid Power Limited (Registered number: 00926679)**

**Abbreviated Balance Sheet  
31 December 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,247,721	1,315,657
<b>CURRENT ASSETS</b>			
Stocks	8	1,606,930	1,768,249
Debtors	9	2,810,638	2,782,497
Cash at bank and in hand		2,175,309	876,870
		<u>6,592,877</u>	<u>5,427,616</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	2,434,826	1,652,567
<b>NET CURRENT ASSETS</b>		<u>4,158,051</u>	<u>3,775,049</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,405,772</u>	<u>5,090,706</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	8,958	510,894
<b>NET ASSETS</b>		<u><u>5,396,814</u></u>	<u><u>4,579,812</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	7,800,100	7,800,100
Profit and loss account	16	(2,403,286)	(3,220,288)
<b>SHAREHOLDERS' FUNDS</b>	21	<u><u>5,396,814</u></u>	<u><u>4,579,812</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on 04.08.2014 and were signed on its behalf by:



S Merrie - Director

The notes form part of these abbreviated accounts



**Notes to the Abbreviated Accounts  
for the Year Ended 31 December 2013**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 20% on cost
Office equipment	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value. There is no distinction between raw materials and finished goods as it is deemed that both these stock categories are in a saleable state and as such can be sold as completed stock items. In determining the value of stock, a standard cost price is attached to all items held.

Work in progress is valued by calculating the costs attributed to a job in terms of materials.

The policy for writing down stock is to consistently apply a fixed monthly rate of amortisation to all items, on a line by line basis.

**Deferred tax**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives.

Rentals paid under operating leases are charged to the profit and loss account on a straight line bases over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013**

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2013 £	2012 £
United Kingdom	9,876,166	10,571,659
Rest of Europe	1,134,518	890,860
Rest of World	155,351	154,296
	<u>11,166,035</u>	<u>11,616,815</u>

**3. STAFF COSTS**

	2013 £	2012 £
Wages and salaries	1,365,729	1,433,134
Social security costs	131,596	132,489
Other pension costs	73,782	69,981
	<u>1,571,107</u>	<u>1,635,604</u>

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

	2013	2012
Sales and service	47	48
Warehouse	6	6
Administrative	3	4
Directors	4	4
	<u>60</u>	<u>62</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation - owned assets	89,240	118,585
Depreciation - assets on hire purchase contracts	24,200	24,201
Profit on disposal of fixed assets	(700)	(417)
Auditors' remuneration	7,000	7,000
Auditors' remuneration for non audit work	5,000	4,450
	<u>200,410</u>	<u>195,385</u>
Directors' remuneration	15,122	13,275
Directors' pension contributions to money purchase schemes		

The number of directors to whom retirement benefits were accruing was as follows:

	4	4
Money purchase schemes	<u>4</u>	<u>4</u>

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013**

**4. OPERATING PROFIT - continued**

Information regarding the highest paid director for the year ended 31 December 2013 is as follows:

	2013 £
Emoluments etc	72,000
Pension contributions to money purchase schemes	7,200
	<u>79,200</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013 £	2012 £
Bank interest	14,020	40,808
Hire purchase	1,611	3,252
	<u>15,631</u>	<u>44,060</u>

**6. TAXATION**

**Analysis of the tax charge**

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

	2013 £	2012 £
Current tax:		
UK corporation tax	280,000	5,000
Prior year tax adjustment	4,490	-
	<u>284,490</u>	<u>5,000</u>
Tax on profit on ordinary activities	<u>284,490</u>	<u>5,000</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>1,101,492</u>	<u>1,217,476</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24%)	256,097	292,194
Effects of:		
Expenses not deductible for tax purposes	24,177	21,017
Capital allowances in excess of depreciation	(2,586)	(4,281)
Utilisation of tax losses	-	(300,943)
Adjustments to tax charge in respect of previous periods	4,490	-
Taxed provision	136	(2,172)
Other tax differences	2,176	(815)
Current tax charge	<u>284,490</u>	<u>5,000</u>

Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013

## 6. TAXATION - continued

**Factors that may affect future tax charges**

The company has an unrecognised deferred tax asset of £40,428 (2012: £46,702) in respect of accelerated capital allowances and other short term timing differences. Legislation was introduced in Finance Act 2013 to reduce the main rate of corporation tax from 23% to 21% with effect from 1 April 2014. The effect of this reduction is reflected in the unrecognised deferred tax asset of £40,428.

The Finance Bill 2014, published on 25 March 2014, confirms the UK government's previously stated intention to reduce the main rate of corporation tax to a uniform rate of 20% with effect from 1 April 2015. The directors estimate the maximum effect of this rate change will be to reduce the unrecognised deferred tax asset to £38,503.

## 7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £
<b>COST</b>			
At 1 January 2013	1,333,426	784,309	629,528
Additions	34,311	11,193	-
At 31 December 2013	1,367,737	795,502	629,528
<b>DEPRECIATION</b>			
At 1 January 2013	192,693	735,262	628,704
Charge for year	27,081	23,155	207
Eliminated on disposal	-	-	-
At 31 December 2013	219,774	758,417	628,911
<b>NET BOOK VALUE</b>			
At 31 December 2013	1,147,963	37,085	617
At 31 December 2012	1,140,733	49,047	824
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2013	275,592	691,082	3,713,937
Additions	-	-	45,504
Disposals	(13,387)	-	(13,387)
At 31 December 2013	262,205	691,082	3,746,054
<b>DEPRECIATION</b>			
At 1 January 2013	189,231	652,390	2,398,280
Charge for year	42,130	20,867	113,440
Eliminated on disposal	(13,387)	-	(13,387)
At 31 December 2013	217,974	673,257	2,498,333
<b>NET BOOK VALUE</b>			
At 31 December 2013	44,231	17,825	1,247,721
At 31 December 2012	86,361	38,692	1,315,657

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013**

**7. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1 January 2013	
and 31 December 2013	96,800
<b>DEPRECIATION</b>	
At 1 January 2013	57,526
Charge for year	24,200
At 31 December 2013	81,726
<b>NET BOOK VALUE</b>	
At 31 December 2013	15,074
At 31 December 2012	39,274

**8. STOCKS**

	2013 £	2012 £
Stocks	1,606,930	1,768,249

**9. DEBTORS**

	2013 £	2012 £
Amounts falling due within one year:		
Trade debtors	2,612,698	2,551,675
Other debtors	28,055	70,682
Prepayments	18,778	9,033
	2,659,531	2,631,390
Amounts falling due after more than one year:		
Amounts owed by group undertakings	151,107	151,107
Aggregate amounts	2,810,638	2,782,497

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Bank loans and overdrafts (see note 12)	493,709	37,247
Hire purchase contracts (see note 13)	9,822	15,167
Trade creditors	1,230,748	1,081,300
Tax	280,000	5,000
Social security and other taxes	220,248	281,564
Other creditors	97,771	107,190
Accrued expenses	102,528	125,099
	2,434,826	1,652,567

Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Bank loans (see note 12)	-	493,686
Hire purchase contracts (see note 13)	8,958	17,208
	<u>8,958</u>	<u>510,894</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2013 £	2012 £
Amounts falling due within one year or on demand:		
Bank loans	<u>493,709</u>	<u>37,247</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	38,225
Bank loans - 2-5 years	-	120,827
Bank loans - greater than 5 years	-	334,634
	<u>-</u>	<u>493,686</u>

As at 31 December 2013, there were two bank loans outstanding totalling £493,709

Bank loan 1 had a capital balance outstanding of £293,405 is repayable over 20 years to March 2024 at £2,654 per month. Interest is charged on the loan at 1.6% above Barclays bank base rate.

Bank loan 2 had a capital balance outstanding of £200,304 is repayable over 20 years to January 2029 at £1,615 per month. Interest is charged on the loan at 3.15% above Barclays bank base rate.

Interest costs were expensed to the profit and loss account in the period to which they relate.

Outstanding liability was settled in full in March 2014.

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2013 £	2012 £
Net obligations repayable:		
Within one year	9,822	15,167
Between one and five years	8,958	17,208
	<u>18,780</u>	<u>32,375</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2013 £	2012 £
Expiring:		
In more than five years	<u>9,600</u>	<u>9,600</u>

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013**

**14. SECURED DEBTS**

The following secured debts are included within creditors:

	2013 £	2012 £
Bank loans	<u>493,709</u>	<u>530,933</u>

This bank loan is secured on the freehold property of the company at Caddick Road, Knowsley Business Park, Knowsley, Merseyside.

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £	2012 £
7,800,100	Ordinary shares	£1	<u>7,800,100</u>	<u>7,800,100</u>

**16. RESERVES**

	Profit and loss account £
At 1 January 2013	(3,220,288)
Profit for the year	817,002
At 31 December 2013	<u>(2,403,286)</u>

**17. PENSION COMMITMENTS**

The company operates a defined contribution scheme. The assets 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 £73,782 (2012: £69,981).

At the year end, contributions outstanding amounted to £9,785 (2012 £8,742).

**18. ULTIMATE PARENT COMPANY**

The ultimate parent company is Primary Fluid Holdings Limited, a company registered in England and Wales.

**19. RELATED PARTY DISCLOSURES**

**Primary Fluid Holdings Limited**  
100% shareholder of the company

	2013 £	2012 £
Amount due from related party at the balance sheet date	<u>151,107</u>	<u>151,107</u>

**20. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is S Merrie who is the sole shareholder of the parent company, Primary Fluid Holdings Limited.

**Primary Fluid Power Limited (Registered number: 00926679)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2013**

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Profit for the financial year	817,002	1,212,476
<b>Net addition to shareholders' funds</b>	<b>817,002</b>	<b>1,212,476</b>
Opening shareholders' funds	4,579,812	3,367,336
<b>Closing shareholders' funds</b>	<b>5,396,814</b>	<b>4,579,812</b>

**22. AUDITORS REMUNERATION**

As the ultimate parent company is required, on a group wide basis, to provide an analysis of remuneration receivable by the company's auditors under the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, this information has not been disclosed in the company's accounts.