

Registered number
02766330

Hydra (South West) Limited
Report and Financial Statements
31 December 2018



Hydra (South West) Limited
Report and accounts
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Hydra (South West) Limited Company Information

Directors

Mr S J Richards

Mr P S Wallis

Secretary

Mr P A Keatley

Auditors

Kelsall Steele Ltd

Woodlands Court

Truro Business Park

Truro

Cornwall

TR4 9NH

Bankers

Barclays Bank plc

14 King Street

Truro

Cornwall

TR1 2RB

Registered office

Unit 3, Warren Road

Indian Queens Industrial Estate

Indian Queens

St Columb

Cornwall

TR9 6TL

Registered number

02766330

Hydra (South West) Limited**Registered number:** 02766330**Directors' Report**

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activities

The company's principal activity during the year continued to be that of precision engineering.

Dividends

The profit for the year, after taxation, amounted to £1,152,866 (2017: £162,770). No dividends were paid during the year and no final dividend is proposed.

Directors

The following persons served as directors during the year and up to the date of this report.

Mr S J Richards
Mr P S Wallis

Auditor

Kelsall Steele Ltd are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 auditor is aware of that information.

This report was approved by the board on 22 March 2019 and signed on its behalf by



Mr S J Richards
Director

Hydra (South West) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report and the Directors' report and 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 (Financial Reporting Standard 102 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 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.

Hydra (South West) Limited Strategic Report

The Company's turnover for 2018 increased significantly to £9,781,911 (2018: £3,555,574), an increase of over 100% on the previous period. Although this rate of growth will not be sustained in the long term, the Company had a strong order book at the year-end which will enable the company to maintain a similar turnover in 2019.

This level of growth has been challenging for the Company. In order to meet demand two new facilities were established, one for the manufacture of electrical control units and the other, larger facility, for the fabrication of stainless steel tanks.

Principal risks and uncertainties.

For the past three trading years the Company has enjoyed significant growth. The current order book and predicted business yet to be received over the coming year will require careful management to ensure commitments can be met and project delivery schedules maintained. The additional capacity recently added to the business will significantly reduce the risks inherent in capacity constraints.

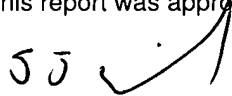
The Water Industry is beginning its final year of the current Asset Management Programme AMP6 which will increase demand and pressures upon the supply chain. The traditional slowing at the beginning of AMP cycle is expected to affect business for the first two years 2020 and 2021, the beginning of AMP7. The Company will take the opportunity afforded by this slowdown to further enhance facilities in readiness for the work released later in the AMP cycle.

Directors are confident that, with the increased product portfolio available to the Company from within the Eliquo Water Group, backed by the additional financial support available, the company will be in a strong position to bridge any potential slowing in the short term.

Financial risk management policy.

The Company's principal financial instruments comprise of cash and cash equivalents. Other financial assets and liabilities, such as trade debtors, trade creditors and intra-group balances arise directly out of the Company's operating activities. Appropriate steps are taken to minimise the risks involved in offering credit terms to our customers.

This report was approved by the board on 22 March 2019 and signed on its behalf by



Mr S J Richards
Director

Hydra (South West) Limited
Independent auditor's report
to the members of Hydra (South West) Limited

Opinion

We have audited the financial statements of Hydra (South West) Limited (the company) for the year ended 31 December 2018 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and the Strategic Report but does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Hydra (South West) Limited
Independent auditor's report
to the members of Hydra (South West) Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities as set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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

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 this report, or for the opinions we have formed.

Mr BB Pooley FCA CF
(Senior Statutory Auditor)
for and on behalf of Kelsall Steele Limited
Statutory Auditors

Woodlands Court
Truro Business Park
Truro
Cornwall
TR4 9NH

28th March 2019

Hydra (South West) Limited
Income Statement and Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Continuing operations			
Turnover	3	9,781,911	3,555,574
Cost of sales		(6,608,924)	(2,308,575)
Gross profit		<u>3,172,987</u>	<u>1,246,999</u>
Administrative expenses		(1,711,849)	(1,063,921)
Other operating income		17,367	23,307
Operating profit	4	<u>1,478,505</u>	<u>206,385</u>
Interest payable	7	(5,331)	(9,108)
Profit on ordinary activities before taxation		<u>1,473,174</u>	<u>197,277</u>
Tax on profit on ordinary activities	8	(320,308)	(34,507)
Profit for the financial year		<u>1,152,866</u>	<u>162,770</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,152,866</u>	<u>162,770</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

Hydra (South West) Limited
Statement of Financial Position
as at 31 December 2018

Registered number
02766330

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	9	923,445	798,436
Current assets			
Stocks	10	1,300,935	1,224,377
Debtors	11	638,998	1,897,914
Cash at bank and in hand		376,788	171,976
		<u>2,316,721</u>	<u>3,294,267</u>
Creditors: amounts falling due within one year	12	(1,589,329)	(3,553,457)
Net current assets/(liabilities)		<u>727,392</u>	<u>(259,190)</u>
Total assets less current liabilities		<u>1,650,837</u>	<u>539,246</u>
Creditors: amounts falling due after more than one year	13	(33,119)	(89,825)
Provisions for liabilities			
Deferred taxation	15	(81,634)	(66,203)
Net assets		<u>1,536,084</u>	<u>383,218</u>
Capital and reserves			
Called up share capital	16	1,325	1,325
Other reserves	17	323	323
Profit and loss account	18	1,534,436	381,570
Total equity		<u>1,536,084</u>	<u>383,218</u>

The notes on pages 10 to 20 are an integral part of these financial statements.

The financial statements on pages 7 to 20 were authorised for issue by the Board of Directors on 22 March 2019 and signed on its behalf by:



Mr P S Wallis
Director

Hydra (South West) Limited
Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	1,325	323	218,800	220,448
Profit for the financial year			162,770	162,770
At 31 December 2017	<u>1,325</u>	<u>323</u>	<u>381,570</u>	<u>383,218</u>
At 1 January 2018	1,325	323	381,570	383,218
Profit for the financial year			1,152,866	1,152,866
At 31 December 2018	<u>1,325</u>	<u>323</u>	<u>1,534,436</u>	<u>1,536,084</u>

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

1 Statutory information

Hydra (South West) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's principal activities are disclosed in the Directors' Report.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The directors, after making enquiries and having considered the company's business, its financial plans and the facilities available to finance the business, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The company has taken advantage of the disclosure exemptions available in paragraph 1.12 of FRS 102 and has not prepared a statement of cash flows or disclosed key management personnel compensation.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Revenue from the rendering of services is recognised monthly on a time and materials basis.

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

Summary of significant accounting policies cont...

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Property improvements	4% straight line
Fixtures, fittings, tools and equipment	10%, 20% and 33% straight line
Motor vehicles	20% and 50% straight line

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

Summary of significant accounting policies cont...

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

Summary of significant accounting policies cont...

Capital grants

To the extent that grants are made as a contribution towards specific expenditure on fixed assets, they are included as other creditors within the Statement of Financial Position and released to the Statement of Comprehensive Income in 'Other Operating Income' over the expected useful economic life of the asset to which they relate.

Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments" of FRS102 to all of its financial instruments.

Financial assets and liabilities are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitute a financing transaction, where the transaction is measure at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, which include trade and other payables are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the interest rate implicit in the lease or the Company's incremental borrowing cost where this cannot be determined. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets over the lower of the lease term and its useful economic life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

3 Analysis of turnover	2018	2017
	£	£
Sale of goods	<u>9,781,911</u>	<u>3,555,574</u>
By geographical market:		
UK	<u>9,781,911</u>	<u>3,555,574</u>
4 Operating profit	2018	2017
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	166,420	62,755
Depreciation of assets held under finance leases and hire purchase contracts	56,136	56,136
Operating lease rentals	158,108	96,342
Loss / (Profit) on disposal of fixed assets	5,418	(19,307)
Auditors' remuneration for audit services	6,000	6,050
Inventory recognised as an expense	<u>4,511,138</u>	<u>1,220,567</u>
5 Directors' emoluments	2018	2017
	£	£
Emoluments	127,991	125,055
Company contributions to defined contribution pension plans	<u>6,053</u>	<u>5,113</u>
	<u>134,044</u>	<u>130,168</u>
Number of directors to whom retirement benefits accrued:	2018	2017
	Number	Number
Defined contribution plans	<u>2</u>	<u>2</u>
6 Staff costs	2018	2017
	£	£
Wages and salaries	2,393,264	1,374,885
Social security costs	215,929	125,150
Other pension costs	<u>59,458</u>	<u>31,182</u>
	<u>2,668,651</u>	<u>1,531,217</u>
Average number of employees during the year	Number	Number
Administration	6	5
Development	1	1
Manufacturing	88	50
Sales	<u>1</u>	<u>1</u>
	<u>96</u>	<u>57</u>

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

7 Interest payable	2018	2017
	£	£
Bank loans and overdrafts	48	653
Finance charges payable under finance leases and hire purchase contracts	5,283	8,455
	<u>5,331</u>	<u>9,108</u>

8 Taxation	2018	2017
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	312,483	-
Deferred tax:		
Origination and reversal of timing differences	7,825	34,507
	<u>320,308</u>	<u>34,507</u>
Tax on profit on ordinary activities	<u>320,308</u>	<u>34,507</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018	2017
	£	£
Profit on ordinary activities before tax	<u>1,473,174</u>	<u>197,277</u>
Standard rate of corporation tax in the UK	19%	19.25%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	279,903	37,976
Effects of:		
Effect of changes in tax rates	26,614	1,597
Expenses not deductible for tax purposes	17,091	-
Income not allowable for tax purposes	(3,300)	(5,066)
	<u>320,308</u>	<u>34,507</u>
Tax on profit for the period	<u>320,308</u>	<u>34,507</u>

Factors that may affect future tax charges

A change in legislation will result in further annual reductions in the main rate of Corporation Tax to 17% for financial year beginning 1st April 2020, this will be reflected in the charge to Corporation Tax in future periods.

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

9 Tangible fixed assets

	Property improve- ments At cost £	Motor vehicles At cost £	Fixtures, fittings, tools and equipment At cost £	Total £
Cost or valuation				
At 1 January 2018	9,190	98,474	1,778,014	1,885,678
Additions	3,687	2,748	373,492	379,927
Disposals	-	(54,394)	(151,802)	(206,196)
At 31 December 2018	<u>12,877</u>	<u>46,828</u>	<u>1,999,704</u>	<u>2,059,409</u>
Depreciation				
At 1 January 2018	31	88,741	998,470	1,087,242
Charge for the year	491	5,252	216,813	222,556
On disposals	-	(54,395)	(119,439)	(173,834)
At 31 December 2018	<u>522</u>	<u>39,598</u>	<u>1,095,844</u>	<u>1,135,964</u>
Carrying amount				
At 31 December 2018	<u>12,355</u>	<u>7,230</u>	<u>903,860</u>	<u>923,445</u>
At 31 December 2017	<u>9,159</u>	<u>9,733</u>	<u>779,544</u>	<u>798,436</u>

	2018 £	2017 £
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	76,928	133,063
Depreciation of plant and machinery included above held under finance leases and hire purchase contracts	<u>56,136</u>	<u>56,136</u>

10 Stocks

	2018 £	2017 £
Raw materials and consumables	970,438	861,669
Work in progress	<u>330,497</u>	<u>362,708</u>
	<u>1,300,935</u>	<u>1,224,377</u>

11 Debtors

	2018 £	2017 £
Trade debtors	6,050	21,114
Amounts owed by group undertakings	583,011	1,698,324
Other debtors	595	99,967
Prepayments and accrued income	<u>49,342</u>	<u>78,509</u>
	<u>638,998</u>	<u>1,897,914</u>

Hydra (South West) Limited
Notes to the Accounts
for the year ended 31 December 2018

12 Creditors: amounts falling due within one year	2018	2017
	£	£
Obligations under finance lease and hire purchase contracts	45,673	60,679
Trade creditors	539,421	296,363
Amounts owed to group undertakings	-	2,924,884
Corporation tax	304,877	-
Other taxes and social security costs	455,664	126,885
Other creditors	223,629	131,984
Accruals and deferred income	20,065	12,662
	<u>1,589,329</u>	<u>3,553,457</u>

All obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

The company, and two group companies, namely Eliquo Hydrok Limited and Hydra Holdings 2015 Limited have together provided a cross guarantee and debenture to Barclays Bank plc in respect of any loans or overdrafts any group company may hold with Barclays Bank plc.

13 Creditors: amounts falling due after one year	2018	2017
	£	£
Obligations under finance lease and hire purchase contracts	-	45,672
Other creditors	33,119	44,153
	<u>33,119</u>	<u>89,825</u>

14 Obligations under finance leases and hire purchase contracts	2018	2017
	£	£
Amounts payable:		
Within one year	45,673	60,679
Within two to five years	-	45,672
	<u>45,673</u>	<u>106,351</u>

15 Deferred taxation	2018	2017
	£	£
Accelerated capital allowances	81,634	73,809
Tax losses	-	(7,606)
	<u>81,634</u>	<u>66,203</u>

	2018	2017
	£	£
At 1 January	66,203	31,696
Charged to the profit and loss account	7,825	34,507
Tax loss utilised	7,606	-
	<u>81,634</u>	<u>66,203</u>
At 31 December		

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16 Share capital	Nominal value	2018 Number	2018 £	2017 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1,325	<u>1,325</u>	<u>1,325</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Other reserves	2018 £	2017 £
Capital redemption reserve		
At 1 January	323	323
At 31 December	<u>323</u>	<u>323</u>

18 Profit and loss account	2018 £	2017 £
At 1 January	381,570	218,800
Profit for the financial year	1,152,866	162,770
At 31 December	<u>1,534,436</u>	<u>381,570</u>

19 Other financial commitments

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

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Falling due:				
within one year	8,663	-	60,287	4,033
within two to five years	-	-	85,244	4,394
	<u>8,663</u>	<u>-</u>	<u>145,531</u>	<u>8,427</u>

20 Related party transactions

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

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21 Controlling party

The immediate parent company is Hydra Holdings 2015 Limited, a company incorporated in England and Wales, which holds 100% of the share capital of Hydra (South West) Limited. The ultimate parent company of the group to which Hydra (South West) Limited belongs is SKion GmbH an investment company registered in Germany.

The ultimate controlling party is the owner of 100% of the share capital of SKion GmbH, Susanne Klatten.

The registered address of SKion GmbH, and where the group accounts can be obtained, is Seedammweg 55, 61352 Bad Homburg vor der Höhe, Germany.