

Hydratight Limited

Annual report and financial statements

for the year ended 31 August 2021

Registered number: 03069889



Hydratight Limited Registered number 03069889

**Annual report and financial statements
for the year ended 31 August 2021**

	Page
Directors and advisers.....	1
Strategic report for the year ended 31 August 2021.....	2
Directors' report for the year ended 31 August 2021.....	6
Independent auditors' report to the members of Hydratight Limited.....	9
Profit and loss account for the year ended 31 August 2021.....	13
Statement of comprehensive income for the year ended 31 August 2021.....	13
Balance sheet as at 31 August 2021.....	14
Statement of changes in equity for the year ended 31 August 2021.....	15
Notes to the financial statements for the year ended 31 August 2021.....	16

Hydratight Limited Registered number 03069889

Directors and advisers

Registered office

Registered in England

45 Colbourne Avenue
Nelson Park
Cramlington
Northumberland
England
NE23 1WD

Directors

Actuant Europe Holding SASU
R Roman
P J O'Connell

Bankers

JP Morgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

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

McDermott Will & Emery
7, Bishopsgate
London
EC2N 3AR

Bird & Bird
15, Fetter Lane
London
EC4A 1JP

Independent auditors

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Hydratight Limited Registered number 03069889

Strategic Report for the year ended 31 August 2021

The directors present their strategic report for the year ended 31 August 2021.

Business review and principal activities

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

The directors are satisfied with the result for the year and are confident of a continuing satisfactory performance in 2022. Turnover year on year decreased by 12.5% (2020: decrease of 39.2%).

Loss before taxation was £10.736m compared with a loss of £3.561m in the prior year. The prior year included a one-off impairment charge of £12,655,999 on the hiving up of Mirage Machines Limited.

The markets we serve continue to experience considerably different demand, with the UK and Western Europe broadly stable, but the emerging markets of the Caspian Sea and parts of the Middle East region are still experiencing highs and lows in demand, dependent on project specific activity.

Business environment

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

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

Strategy

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

Future outlook

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

Strategic Report for the year ended 31 August 2021 (continued)

Principal risks and uncertainties

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

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

Key performance indicators ("KPIs")

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

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

	2021	2020
Turnover decrease	(12.5%)	(39.2%)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(26.1%)	26.8%
Primary working capital percentage*	15.3%	46.5%

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

* Measured as last three months' annualised net working capital (Third party receivables + gross inventory - third party trade creditors).

Going concern

The directors have reviewed the Company's liquidity position and budgets, reflecting the best current view of trading for a period of no less than 12 months from the date of approval of the financial statements and are satisfied that it is appropriate to prepare the accounts on the going concern basis. The company has received a letter of support from its ultimate parent company, Enerpac Tool Group Inc. The directors are satisfied that the ultimate parent is in a financial position to provide that support, which will enable the Company to meet its short term obligations as they fall due for at least 12 months from approval of these financial statements.

Strategic Report for the year ended 31 August 2021 (continued)

Section 172(1) statement

As required by section 172(1) of the Companies Act 2006, the directors of the company must act in the way they consider in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. The likely consequences of any decision in the long term;
2. The interest of the company's employees;
3. The need to foster the company's business relationships with suppliers, customers and others;
4. The impact of the company's operations on the community and the environment;
5. The desirability of the company maintaining a reputation for high standards of business conduct; and
6. The need to act fairly as between members of the company.

The directors believe the following issues are relevant in complying with section 172(1) of the Companies Act 2006.

The Company's ultimate parent company is Enerpac Tool Group Inc. a company listed on the US stock exchange. As a subsidiary of a listed entity it operates under the umbrella of the values and corporate governance required by Enerpac Tool Group Inc.

1. The likely consequences of any decision in the long term

The company's goals are described in the business review and principal activities section of the Strategic Report. There is no significance variance between the company's short and long term targets.

During the year, the key issue that board considered was the ongoing impact of the COVID-19 pandemic and its effects on employee welfare, supply chain and customer fulfilment.

As a result, the board took the decision to furlough service technicians for part of the year, returning to work as the global markets began to recover from the restrictions imposed by the pandemic conditions.

Both the company, and Enerpac Tool Group as a whole, have a long term commitment to the U.K.

2. The interest of the company's employees

See employees and employee involvement section in the Directors report for how the directors engage with the Company's employees, and have regard for their interests.

Hydratight also offers a Scholarship Program, our scholarship program provides dependents of employees the opportunity to earn financial assistance to pursue full-time study at an accredited post-secondary institution. Students that are awarded a scholarship will receive awards ranging from \$500 to \$2,500 per year (U.S. Dollars) based on the degree of financial need. We are committed to embracing diversity, equity, inclusion, and equal opportunity and believe that this program will help support this initiative.

Health and safety is paramount within our company.

- Our shared vision is to provide a working environment free from harm by promoting a positive culture and continuously improving the health, safety and wellbeing of our workforce.

- Our commitment to our employees and stakeholders is demonstrated by our leadership team's management of Health, Safety, Security and the Environment and our continual drive towards zero incidents. This can be seen in our global vision statement 'It has to be Hydratight'.

- We are focused on creating a safe working environment where our workforce is empowered to Step Up, take action and be responsible for their own health and safety and that of others affected by their acts or omissions.

**Strategic Report
for the year ended 31 August 2021 (continued)**

Section 172(1) statement (continued)

3. The need to foster the company's business relationships with suppliers, customers and others

Fostering long - term relationships with its clients, suppliers and other stakeholders in its projects has been important to the Company's success, and the Company recognises the need to develop and maintain such relationships.

One example of this is the Company's commitment to the prompt payment of its creditors which is detailed in the creditor payment policy section of the directors report.

4. The impact of the company's operations on the community and the environment

Hydratight strives to improve the quality of life and enhance the vitality of the communities in which we operate throughout the world as a part of our social responsibility. To help facilitate meeting that commitment, we support local charities through the Community Giving Program "Give Where You Live" that has been established.

Hydratight is committed to the safety, security and health of our people along with the safety and protection of the facilities and communities in which we operate. We all have a responsibility to create a safe, secure and healthy workplace in support of our overall vision. Our company promotes awareness about protecting the environment, and considers environmental criteria when evaluating projects, products, processes and purchases. We encourage technologies that do not pollute and employ processes and product designs that minimize waste.

5. The desirability of the company maintaining a reputation for high standards of business conduct

The bidding process for the types of contracts in which the Company specialises is so rigorous and wide-ranging that it is critical that the Company maintains the highest standards of business conduct in order to win further work. Additionally, without this commitment to the highest standards of business conduct, it would not be possible to build lasting relationships with our supply chain and customers.

6. The need to act fairly as between members of the company

The company only has one shareholder, Enerpac Holdings, and ultimately Enerpac Tool Group Inc.

At a high-level, the Company engages with its stakeholders as part of the broader communications strategy of Enerpac Tool Group Inc.

At a more local level the Company's Directors and employees, at all levels of the business, are in constant communication with their counterparts from customers and suppliers. Key issues are escalated to senior management and, ultimately, the Board of Directors.

On behalf of the board



16/02/2021

Paul O'Connell
Director

Directors' report for the year ended 31 August 2021

The directors present their report together with the audited financial statements of the company for the year ended 31 August 2021.

Results and dividends

There was a loss for the financial year amounting to £10,420,000 (2020: £4,649,000 loss). The directors consider that the results for the year and the financial position at the end of the year were satisfactory.

There were no dividends paid during the year (2020: Nil)

No dividends received during the year (2020: £37,303)

The directors have prepared the financial statements on a going concern basis (note 3).

Impairment

The directors performed an impairment assessment as a result of the global economic climate. The review resulted in an impairment of fixed asset investments for the year of £1,008,143 (2020: £Nil) and of intangible fixed assets of £1,596,371 (2020: £Nil).

Research and development

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

The company is committed to research and development activities in order to secure and maintain its position in the market place and has incurred £1,536,000 of expenditure in the year (2020: £1,448,000) which has been written off to the profit and loss account.

Financial risk management

The company uses various financial instruments. These include inter-company loans, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk being currency risk, fair value interest rate risk and price risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "Interest rate risk" below.

Currency risk

The company is exposed to translation and transaction foreign exchange risk.

The company raises invoices in currencies other than its functional currency. Approximately 21% of invoices are raised in US Dollars, and approximately 1% are raised in Euros. The company's policy is to reduce Euro currency exposure by purchasing as much as practicable of materials and expenses with items denominated in the Euro. It is not practicable for the company to purchase any significant value of its material requirements in US dollars, but it continues to seek opportunities to do so. The exchange rate risk is managed through various hedging transactions. Our ultimate parent company, Enerpac Tool Group, manages the group foreign exchange hedging policy, which includes Hydratight Limited.

Directors' report for the year ended 31 August 2021 (continued)

Interest rate risk

The company has interest-bearing assets and liabilities. These include cash balances and intercompany loans. The directors will revisit the appropriateness of this policy should the company change in size and nature. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Price risk

The company's exposure to risk consists mainly of movements in the price of its raw materials. The company has a good record of being able to recover increases in its raw materials costs by increasing its selling prices.

Liquidity risk

The company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs.

The company's funding need is managed through its retained earnings.

The company has access to a shared overdraft facility which it uses very rarely to meet short-term fluctuations in cash requirements. The company's direct exposure to movements in short-term interest rates is low.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit agency references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

There was no significant concentration of credit risk with any individual customers.

Directors

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

Actuant Europe Holding SASU
R Roman
N Gemmell (resigned 28/09/20)
M Coombs (resigned 18/02/21)
J Gaskell (appointed 28/09/20) (resigned 11/10/21)
P J O'Connell (appointed 16/04/21)

Creditor payment policy

It is the company's policy to agree terms of settlement with its suppliers which are appropriate to the markets in which they operate, and to abide by such terms where suppliers have also met their obligations. The creditor days at 31 August 2021 were 34 days (2020 : 20 days).

Employees

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

Directors' report for the year ended 31 August 2021 (continued)

Employee involvement

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

Overseas branches

The company operates branches in Kazakhstan and Azerbaijan.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

Directors confirmations

In the case of each director in office at the date the Directors' Report is approved:

- So far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



16/02/2021

Paul O'Connell
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRATIGHT LIMITED

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hydratight Limited ("the Company") for the year ended 31 August 2021 which comprise the Profit and loss account, Statement of comprehensive income, Balance sheet, 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 Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

We were not appointed as auditor of the company until after 31 August 2020 and thus did not observe the counting of physical inventories at the end of that year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of £4,370,000 held at 31 August 2020 by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount at 31 August 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 August 2021.

In addition, were any adjustments required as a result of the above, the directors report would also need to be amended.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than 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. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £4,370,000 held at 31 August 2020. We have concluded that where the other information refers to the prior year inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 and the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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, 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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, UK GAAP, tax legislation and Health and Safety regulations.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- review of minutes of Directors' board meetings throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. We addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluating whether there was any evidence of bias by the Directors 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. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jon Gilpin

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Jonathan Gilpin (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
Dated: 16 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Profit and loss account
for the year ended 31 August 2021**

		2021	2020
	Note	£'000	£'000
Turnover	5	38,092	43,519
Cost of sales		(28,829)	(33,222)
Gross profit		9,263	10,297
Distribution costs		(3,120)	(2,937)
Administrative expenses		(13,706)	(9,568)
Operating loss	6	(7,563)	(2,208)
Income from subsidiary undertakings		-	37
Other interest receivable and similar income	7	456	25
Sale of business element		-	776
Impairment of intangible fixed assets	12	(1,596)	-
Impairment of fixed asset investments	14	(1,008)	-
Interest payable and similar expenses	8	(1,025)	(2,191)
Loss before taxation		(10,736)	(3,561)
Tax on loss	11	316	(1,088)
Loss for the financial year		(10,420)	(4,649)

All results are derived from continuing operations.

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

**Statement of comprehensive income
for the year ended 31 August 2021**

		2021	2020
	Note	£'000	£'000
Loss for the financial year		(10,420)	(4,649)
Actuarial gain on pension scheme	23	198	(187)
Movement on deferred tax relating to pension deficit	19, 23	(42)	31
Exchange difference		(846)	(4,980)
Total comprehensive expense for the year		(11,110)	(9,785)

**Balance Sheet
as at 31 August 2021**

		2021	2020
	Note	£'000	£'000
Fixed assets			
Intangible assets	12	-	1,948
Tangible assets	13	3,038	3,618
Investments	14	202	27,789
		3,240	33,355
Current assets			
Stocks	15	2,821	4,370
Debtors: including amounts falling due after more than one year £26,779,000 (2020:£Nil)	16	79,931	53,801
Cash at bank and in hand		435	88
		83,187	58,259
Creditors: amounts falling due within one year	17	(28,479)	(56,707)
Net current assets		54,708	1,552
Total assets less current liabilities		57,948	34,907
Creditors: amounts falling due after more than one year	18	(350)	(1,410)
Provisions for liabilities	20	(1,281)	(269)
Net assets excluding pension asset		56,317	33,228
Pension asset	23	350	149
Net assets		56,667	33,377
Capital and reserves			
Called up share capital	21	564	427
Share premium account		40,933	6,670
Profit and loss account		15,170	26,280
Total shareholders' funds		56,667	33,377

The financial statements on pages 13 to 38 were approved by the Board on 16th February 2022 and were signed on its behalf by:


Paul O'Connell
Director

**Statement of changes in equity
for the year ended 31 August 2021**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
As at 1st September 2019	427	6,670	36,065	43,162
Loss for the financial year	-	-	(4,649)	(4,649)
Other comprehensive income for the year	-	-	(5,136)	(5,136)
Total comprehensive income for the year	-	-	(9,785)	(9,785)
As at 31st August 2020	427	6,670	26,280	33,377
As at 1st September 2020	427	6,670	26,280	33,377
Loss for the financial year	-	-	(10,420)	(10,420)
Other comprehensive income for the year	-	-	(690)	(690)
Total comprehensive income for the year	-	-	(11,110)	(11,110)
Share Issue	137	34,263	-	34,400
Total transactions with owners recognised directly in equity	137	34,263	-	34,400
As at 31st August 2021	564	40,933	15,170	56,667

Notes to the financial statements for the year ended 31 August 2021

1 General Information

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

The company is a private company limited by shares and is incorporated in England.

The address of its registered office is 45 Colbourne Avenue, Nelson Park, Cramlington, Northumberland England, NE23 1WD.

2 Statement of compliance

The financial statements of Hydratight Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 except as noted in note 3(d).

3 Summary of significant accounting policies

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.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Accounting policies have applied consistent classifications with prior year treatment.

b) Going concern

The directors have reviewed the Company's liquidity position and budgets, reflecting the best current view of trading for a period of no less than 12 months from the date of approval of the financial statements and are satisfied that it is appropriate to prepare the accounts on the going concern basis. The company has received a letter of support from its ultimate parent company, Enerpac Tool Group Inc. The directors are satisfied that the ultimate parent is in a financial position to provide that support, which will enable the Company to meet its short term obligations as they fall due for at least 12 months from approval of these financial statements.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments.
- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from disclosing inter group related party transactions (in line with UK GAAP); and
- from disclosing impact of standards issued but not effective.

d) Basis of consolidation

The company is required to produce consolidated financial statements in accordance with the Companies Act 2006 but takes the exemption in section 401 of the Act from preparing consolidated financial statements.

e) Cash flow statement

The company has taken advantage of the exemption conferred under Section 7 of FRS 102 and p3.17(d) not to prepare a cash flow statement as its cash flows are included in the consolidated financial statements of Enerpac Tool Group. (see note 27).

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

3 Summary of significant accounting policies (continued)

f) Goodwill and intangible fixed assets

Goodwill arising on business acquisitions, representing the excess of the consideration given over the fair values of identifiable net assets acquired is amortised on a straight line basis over its estimated useful life. Typically 20 years for acquisitions prior to 1 September 2014 and 10 years for acquisitions since 1 September 2014.

The amortisation charge for all intangible assets is included in administrative expenses.

Intangible assets represent Non-compete agreements and Customer relationships on acquisition and are amortised over 3 and 9 years respectively (on a straight line basis), being the estimated useful life, which is based on the period over which the directors consider economic benefit will be obtained.

g) Turnover

Turnover is the total amount receivable by the company for goods sold, equipment rented and services provided and the value of work done on long term contracts based on the percentage of cost completion to date on the project, excluding Value Added Tax and trade discounts.

The company recognises turnover once the following criteria have been met:

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

h) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

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

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

i) Investments

Investments are held at cost, less any provision for impairment. Investments are impaired to the extent the book value exceeds the higher of the value-in-use calculation and the net realisable value.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

3 Summary of significant accounting policies (continued)

j) Research and development

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

k) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. All foreign currency monetary assets or liabilities are translated at the rate prevailing at the balance sheet date. All exchange differences are dealt with through the profit and loss account other than exchange differences arising on the retranslation of investments in overseas branches, which are dealt with in the Statement of other comprehensive income.

l) Stock

Stock is stated at the lower of cost and net realisable value. Included within cost is materials, freight, labour and overheads. Provisions made in respect of slow moving and obsolete stocks are based on a line-by-line review of stock items held.

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

m) Lease costs

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

n) Pension costs

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

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

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

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

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

3 Summary of significant accounting policies (continued)

o) Share based payments

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

p) Current taxation

The tax charge is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The company's liability for current tax is calculated using average tax rates that have been enacted or substantively enacted at the balance sheet date.

q) Deferred tax

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

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

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

r) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not the market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Company's accounting policies

There are no significant critical judgements to be disclosed.

(b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Impairment of intangible assets and goodwill (note 12)

The company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(ii) Carrying value of investments

The company has significant investment in its subsidiaries. The directors assess whether any impairment triggers are present for investments in subsidiaries. An assessment of the long-term trading performance anticipated and underlying net assets in those subsidiaries has been made, which required some judgement and assumptions including discount rates, in order to consider whether those values could be justified.

Assumptions including revenue growth, sales mix and volumes, rental values and increases and customer attrition rates. In addition the use of discount rates requires judgement. The long-term growth assumption in the value-in-use calculations is 3%.

(iii) Defined benefit pension scheme (note 23)

The company operates a defined benefit scheme. The valuation of pension scheme liabilities in respect to this scheme is subject to actuarial estimations.

(iv) Long term contracts

The company recognises turnover and profit in respect of long term contracts to reflect the proportion of work completed to date on the project. This process involves some estimation of the total profitability of the project, as well as the appropriate proportion of the work completed at the period end.

(v) Corporation tax provision

The company assesses the recoverability of tax paid in different territories when preparing its tax reporting in the UK based on differences of tax rates and local tax legislations as well as the company's plan to reorganise its operations among these territories.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

5 Turnover

An analysis of turnover by geographical market is given below:	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
UK	14,454	7,813
Europe	3,985	4,521
Americas	1,677	1,756
Middle East	13,678	18,110
Rest of World	4,298	11,319
	38,092	43,519

6 Operating profit

Operating profit is stated after charging/(crediting):	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Wages and salaries	10,457	12,003
Social security costs	1,345	1,859
Share based payments	297	368
Other pension costs (note 23)	566	602
Total staff costs	12,665	14,832
Amortisation of intangible fixed assets	362	379
Depreciation of owned tangible fixed assets	872	764
Amount of inventories recognised as expense during the year	1,470	1,257
Facility exit provision charged in administrative expenses	120	201
Impairment charge for inventory	561	605
Impairment charge for receivables	4	5
Research and development expenditure	1,536	1,448
(Gain) / loss on disposal of fixed assets	(18)	49
Services provided by the company's auditors;		
- fees payable for the audit of the company	54	60
- fees payable for the audit of other group undertakings	59	56
Hire of plant and machinery	172	173
Other operating lease rentals	493	722

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

7 Other interest receivable and similar income

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Interest receivable from group undertakings	456	25

8 Interest payable and similar expenses

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Interest payable to group undertakings	1,028	1,069
Royalties payable to group undertakings	-	1,128
Net interest expense relating to pensions	(3)	(6)
	1,025	2,191

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

9 Employee information

The average monthly number of employees, including directors, was:

	Year ended 31 August 2021	Year ended 31 August 2020
	Number	Number
Production	162	229
Selling and service	17	17
Administration	75	88
	254	334

10 Directors' emoluments

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

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	952	338
Company pension contributions to money purchase schemes	37	6
	989	344

Two of the directors were remunerated by other group companies during the year (2020: two). The proportion of their time spent on Hydratight Limited was minimal and hence, none of these costs have been recharged.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

10 Directors' emoluments (continued)

Emoluments of the highest paid director:

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Total emoluments (excluding pension contributions)	403	213

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

	Year ended 31 August 2021	Year ended 31 August 2020
	Number	Number
Money purchase schemes	3	1

11 Tax on loss

a) Analysis of tax charge in the year

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Current tax:		
UK Corporation tax at 19.00% (2020: 19.00%)	(428)	(427)
Non recoverable Overseas tax	179	1,388
Total UK tax	(249)	961
Total current tax	(249)	961
Deferred tax:		
Origination and reversal of timing differences	202	185
Other differences	(269)	(58)
Tax on loss on ordinary activities	(316)	1,088

Due to a potential plan to reorganise the company's operation among different territories the recoverability of tax debtors in the company's overseas branch were assessed under local tax legislations by directors as a result of the assessment performed £179k tax debtors were written off (2020: £1,388K).

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

11 Tax on (loss) / profit (continued)

b) Factors affecting the current tax charge / (credit) for the year

The tax assessed on the profit for the year is higher (2020: higher) than the standard rate 19.00% (2020: 19.00%) of corporation tax, the differences are explained below:

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Loss before taxation	(10,736)	(3,561)
Loss profit before taxation multiplied by standard rate of corporation tax At 19.00% (2020: 19.00%)	(2,040)	(677)
Expenses not tax deductible and other permanent differences	616	63
Group relief surrendered for no value	1,628	793
Other differences	-	7
Non recoverable overseas tax	179	1,388
Adjustments in respect of prior years	(699)	(486)
Total tax charge for the year	(316)	1,088

c) Factors which may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). In the 2021 Budget it was announced that the corporation tax rate will increase to 25% with effect from 1 April 2023.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

12 Intangible assets

	Non-compet Agreements	Customer Relationships	Capitalised Development Costs	Purchased Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2020	514	1,708	75	5,318	7,615
At 31 August 2021	514	1,708	75	5,318	7,615
Accumulated amortisation					
At 1 September 2020	514	831	75	4,249	5,669
Foreign exchange	-	(12)	-	-	(12)
Charge for the year	-	170	-	192	362
At 31 August 2021	514	989	75	4,441	6,019
Impairment					
At 1 September 2020	-	-	-	-	-
Impairment for the year	-	719	-	877	1,596
At 31 August 2021	-	719	-	877	1,596
Net book amount					
At 31 August 2021	-	-	-	-	-
At 31 August 2020	-	877	-	1,069	1,946

Intangible assets have been impaired to nil as a result of a review due to the current economic climate and the political unrest in Kazakhstan, where the asset value resides.

The review could not identify sufficient future economic benefit to support the intangible asset values and accordingly they have been written down to nil.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

13 Tangible assets

	Freehold buildings	Short leasehold buildings	Fixtures fittings, plant and machinery, hire tools	Motor vehicles	AUC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2020	19	821	13,609	37	150	14,636
Additions	-	17	277	-	69	363
Foreign Exchange	-	-	(123)	(1)	(5)	(129)
Disposals	-	(175)	(1,031)	-	-	(1,206)
At 31 August 2021	19	663	12,732	36	214	13,664
Accumulated depreciation						
At 1 September 2020	19	738	10,223	38	-	11,018
Foreign Exchange	-	-	(86)	-	-	(86)
Charge for the year	-	54	816	2	-	872
Disposals	-	(175)	(1,003)	-	-	(1,178)
At 31 August 2021	19	617	9,950	40	-	10,626
Net book amount						
At 31 August 2021	-	46	2,782	(4)	214	3,038
At 31 August 2020	-	83	3,386	(1)	150	3,618

Notes to the financial statements
for the year ended 31 August 2021 (continued)

14 Investments

	Shares in group undertakings £'000
Cost	
At 1 September 2020	40,444
Additions	43
Disposals	(26,622)
At 31 August 2021	13,865
Impairment Charges	
At 1 September 2020	12,655
Impairment charges in the year	-1,008
At 31 August 2021	13,663
Net Book Value	
At 31 August 2021	202
At 31 August 2020	27,789

Fixed asset investments have been impaired as a result of a review due to the current economic climate. The review resulted in an impairment of £1,008,143 in Hydratight FZLL, being the difference between the investment in the company and its net assets. Value-in-use calculations that were used in calculating the impairment charge were based on approved five year business plans and a long term growth rate of 3.0% and a weighted average cost of capital ("WACC") of 10.1%.

During the year the Company sold the following intercompany investment:

Company	Date	Shares No.	Proportion of Ordinary shares held	Consideration £
HTL Group Ltd	01/07/2021	48,235	100%	26,621,979

During the year the Company increased its investment in:

Company	Date	Coa RUCR	
Actuant Middle East Holdings S.L.	31/08/2021	Capital contribution	50,000

At 31 August 2021 the company had the following subsidiaries and other investments:

Name of undertaking	Country of incorporation	Principal activity	Proportion of ordinary shares held
Equaliser V-Range Integrity Systems Limited	United Kingdom	On site Machining and cutting equipment	100%
Registered address:	Equaliser House, Chymore Drive, Aberdeen science & Energy park, Aberdeen, AB23 8GD		
Mirage Machines Limited	United Kingdom	On site Machining and cutting equipment	100%
Registered address:	Unit 601 Access 10 Business Park, Bentley Road South, Darlaston, West Midlands, WS10 8LQ		
Hydratight FZE	Dubai	Equipment rental and letting services.	100%
Registered address:	Office 255, Building 17, Dubai Internet City, PO Box 502809, Entrance of Dubai, United Arab Emirates		
D.J. Ricci Limited	United Kingdom	Dormant	100%
Registered address:	Unit 601 Access 10 Business Park, Bentley Road South, Darlaston, West Midlands, WS10 8LQ		
Hydratight Operations Limited	United Kingdom	Dormant	100%
Registered address:	5 Coopies Field, Morpeth, Northumberland, NE61 6JT		
Actuant Middle East Holdings S.L.	Spain	Investment company	100%
Registered address:	Aula Las Frailas, 40 - Nave C & D Polígono Industrial Las Frailas, 28814 Deganza de Arriba, Spain		

The directors believe that the carrying value of the investments is supported by their underlying net assets.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

15 Stocks

	2021 £'000	2020 £000
Raw materials	-	22
Work in progress	440	396
Finished goods	2,381	3,952
	2,821	4,370
Amount of stock impairment provision outstanding on balance sheet date	453	619

16 Debtors

Debtors: amounts falling due within one year	2021 £'000	2020 £'000
Trade debtors	4,795	3,611
Corporation tax	614	364
Amounts owed by group undertakings	45,344	47,406
Other debtors	306	239
Deferred tax asset (note 19)	1,520	1,422
Prepayments and accrued income	639	784
	53,218	53,826
Amount of trade debtors impairment provision outstanding on balance sheet date	1,065	363

Amounts owed by group undertakings are repayable on demand and accrue interest at rates between 0% and 8.0%.

Debtors: amounts falling due after one year

	2021 £'000	2020 £'000
Deferred tax on pension scheme	(66)	(25)
Amounts owed by group undertakings	26,779	-
	26,713	(25)

Amounts owed by group undertakings consists of a loan of £26,621,979 which bears an interest rate of 2.741% and matures 31 Aug 2026, along with its accrued interest.

	2021 £'000	2020 £'000
Total debtors	79,931	53,801

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

17 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	3,530	1,977
Amounts owed to group undertakings	22,255	51,794
Other creditors	98	291
Taxation and social security	38	153
Deferred tax liability (note 19)	67	25
Accruals and deferred income	2,491	2,467
	28,479	56,707

Amounts owed to group undertakings includes loans which are all unsecured, repayable on demand and bear no interest.

18 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	350	1,410

Amounts owed to group undertakings are long term trading balances, bear no interest and are unsecured.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

19 Deferred taxation

Movement on the deferred taxation asset is as follows:

	£'000
At 1 September 2020	(1,397)
Amount credited to the profit and loss account (note 11)	-
Amount debited to other comprehensive income relating to pension deficit	41
At 31 August 2021	(1,356)

Analysis of deferred taxation

	2021	2020
	£'000	£'000
Accelerated capital allowances	(1,254)	(1,141)
Short term timing differences	(266)	(281)
Foreign exchange	-	-
Pension surplus	66	25
Deferred tax asset at 19% (2019: 19%) disclosed in debtors (Note 16)	(1,454)	(1,397)

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

20 Provisions for liabilities and charges

	Warranty	Restructuring	Total
	£'000	£'000	£'000
At 1 September 2020	65	204	269
Movements in the year	117	895	1,012
At 31 August 2021	182	1,099	1,281

21 Called up share capital

	2021	2021	2020	2020
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 1p each (2020: 1p each)	59,100,000	591	59,100,000	591
Allotted, called up and fully paid				
Ordinary shares of 1p each (2020: 1p each)	56,413,882	564	42,653,882	427

On the 4th August 2021 the company issued 13,760,000 1p shares at a premium of £2.49.

No dividends were paid during the year (2020: Nil)

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

22 Leasing commitments

At 31 August, the company had future minimum commitments under non-cancellable operating leases for each of the following periods:

	At 31 August 2021		At 31 August 2020	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	503	173	838	250
Between one and two years	320	86	718	60
Between two and five years	434	32	400	
In five years or more	54	-	-	-
	1,311	291	1,956	310

23 Pension

Defined contribution section

The company operates its own defined contribution schemes for the benefit of its directors and employees. Assets of the scheme are held in independently administered funds. Amounts charged in respect of the scheme during the year were £566,000 (2020: £602,000). Amounts due to the scheme at 31 August 2021 were £18,000 (2020:£103,000)

Defined benefit section

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

Contributions are determined with the advice of independent qualified actuaries on the basis of triennial valuations. The contributions made to the scheme during the year were Nil (2020: Nil). The contribution rate for the year ended 31 August 2021 was Nil per month (2020: Nil per month).

The pension cost has been assessed in accordance with the advice received from the independent actuary on the basis of the last full actuarial review of the financial status of the scheme carried out before 31 August 2021.

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

23 Pension (continued)

Financial Reporting Standard 102

The company accounts for its pension scheme in accordance with Financial Reporting Standard 102. The pension liability detailed below is calculated using the value of the scheme's assets as at 31 August 2021 and using scheme liabilities that have been updated from those at 31 August 2020 to 31 August 2021 by a qualified actuary using the projected unit method. The following assumptions were used:

	2021 %	2020 %
Pre retirement discount rate	1.90	1.90
Post retirement discount rate	1.90	1.90
Forward inflation rate	3.10	3.00
Pension increase rate	2.90	2.90

The mortality assumptions used were as follows:

	2021 %	2020 %
Longevity at age 65		
- Men	22.1	22.0
- Women	24.5	24.4

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

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

23 Pension (continued)

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

	Expected long term rate of return at 31 August 2021 %	Value at 31 August 2021 £'000	Expected long term rate of return at 31 August 2020 %	Value at 31 August 2020 £'000
Equities	1.80	994	1.90	947
Fixed interest securities				
- corporate	1.80	1,010	1.90	927
- government	1.80	507	1.90	493
- cash	1.80	1,738	1.90	1,662
Total market value of assets		4,249		4,029
Present value of scheme liabilities		(3,899)		(3,880)
Surplus in scheme		350		149
Related deferred tax liabilities (note 19)		(67)		(25)
Net pension surplus		283		124

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

Analysis of other finance expenditure:

	2021 £'000	2020 £'000
Expected return on pension scheme assets	76	76
Scheme introductions, changes, curtailments and settlements	-	-
Interest on pension scheme liabilities	(73)	(70)
Net expense included in interest payable (note 8)	3	6

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

23 Pension (continued)

Analysis of amount recognised in the statement of other comprehensive income (OCI):

	2021 £'000	2020 £'000
Actuarial loss during year	(46)	(145)
Experience adjustments on plan assets	244	(42)
Actuarial gain / (loss) recognised in OCI	198	(187)

The cumulative actuarial losses recognised in the statement of other comprehensive income amount to £956,000 (2020: loss £1,154,000).

The actual return on scheme assets was a gain of £320,000 (2020: gain £34,000).

Reconciliation of fair value of scheme assets:

	2021 £'000	2020 £'000
At 1 September	4,029	4,042
Expected return on scheme assets	76	76
Benefits paid	(100)	(47)
Transfer payments	-	-
Contributions	-	-
Actuarial gain	244	(42)
At 31 August	4,249	4,029

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

23 Pension (continued)

Reconciliation of present value of scheme liabilities

	2021 £'000	2020 £'000
At 1 September	3,881	3,713
Interest cost	73	70
Transfer payments	-	-
Scheme introductions, changes, curtailments and settlements	-	-
Actuarial loss	46	145
Benefits paid	(100)	(47)
At 31 August	3,900	3,881

Amounts for current and previous four years:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Defined benefit obligation	(3,900)	(3,881)	(3,713)	(3,354)	(3,850)
Plan assets	4,249	4,029	4,042	3,664	3,761
Surplus / (deficit)	350	149	329	310	(89)
Experience adjustments on plan assets	244	(42)	507	(57)	17
Experience adjustments on plan liabilities	-	-	-	-	-

**Notes to the financial statements
for the year ended 31 August 2021 (continued)**

24 Share based payments

Certain employees of the Company participate in equity compensation plans of Enerpac Tool Group (the ultimate parent Company). Employees may receive stock options or restricted stock awards, which generally vest equally across three years. Awards have a maximum term of ten years. Stock based awards are valued at the grant date fair value (utilizing a binomial calculation for options) and stock compensation expense is recognized over the vesting period. Total stock compensation expense included in the profit and loss account for the year ended 31 August 2021 related to equity awards granted to Company employees was £297,000 (2020: £368,000).

25 Contingent liabilities and assets

The company's bankers have provided guarantees to third parties in respect of performance bonds with recourse to the company. As at 31 August 2021, the total potential liability under those guarantees amounted to £199,000 (2020: £150,000).

26 Related party transactions

The company is a wholly owned subsidiary of Enerpac Tool Group. The company takes advantage of the exemption granted to wholly owned subsidiaries not to disclose transaction within group undertakings under the provision of FRS 102 para 33.1A.

There were no other material related party transactions.

27 Ultimate parent company and controlling party

The company's immediate parent is Enerpac Holdings Limited, a company registered in England and Wales. The ultimate controlling party is Enerpac Tool Group, a company incorporated in USA.

The smallest and largest group of which Hydratight Limited is a member, and for which group financial statements are drawn up, is that headed by Enerpac Tool Group, whose consolidated financial statements are available from N86 W12500 Westbrook Crossing Menomonee Falls WI 53051.

28 Post balance sheet events

After the end of the financial year, the economic situation in Kazakhstan changed dramatically, with significant impact on the entity's operations in that country. The directors have been, and will continue to be monitoring the situation in the territory and will take appropriate measures with regards to the business, where necessary.