

**EDBRO HYDRAULICS LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

DJH Audit Limited  
Accountants  
Statutory Auditors  
The Exchange  
5 Bank Street  
Bury  
BL9 0DN

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**EDBRO HYDRAULICS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**DIRECTORS:** I Bragg  
G MacDonald

**REGISTERED OFFICE:** Edbro House  
Nelson Street  
Bolton  
Lancashire  
BL3 2JJ

**REGISTERED NUMBER:** 00283933 (England and Wales)

**AUDITORS:** DJH Audit Limited  
Accountants  
Statutory Auditors  
The Exchange  
5 Bank Street  
Bury  
BL9 0DN

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their strategic report for the year ended 31 December 2023.

The company manufactures hydraulic actuation equipment and distributes products worldwide, operating in two major markets; the first being Road Trucks and Trailers, where it is a leading worldwide manufacturer, and secondly the Off-Road market for heavy duty mining and construction vehicles.

2022 was an exceptionally strong year for sales growth for Edbro Hydraulics, with revenues growing some 50% from £17.6m to £26.2m as the economy recovered from COVID.

During 2023 demand for on-road products fell by about 5% year on year but this was offset by increased demand for off-road products where sales grew year on year.

Demand for on-road products from the UK market fell 5% year on year due to weakness in the UK economy and the cancellation of critical infrastructure projects, with Europe being broadly flat year on year. However, demand increased from the Middle East due to higher construction activity in the region, this offsetting some of the reduced volume from the UK market.

During the second half of 2023 order intake exceeded manufacturing output due to shortages of tube raw material, a critical component for our products, resulting in an overdue order backlog at year end of £1.5m. If the business had not been impacted by these supply chain issues and had delivered its full orderbook, sales revenues would have reached £27.9m. Overall this is very encouraging from a customer demand perspective. The tube supply situation has since stabilised as we have progressed into 2024.

During 2023 the business secured new business for both off-road and on-road products, which will lead to new serial production volumes in 2024, including winning new accounts in Canada and South Africa.

During 2023 the business invested £0.4m in R&D and product development which will see the business launching several new products to market during 2024 including our new "Safescale" load cell product and the next generation high pressure cylinder for the on-road market.

To support the launch of our next generation high pressure cylinder the business acquired a used Mazak CNC machining center to allow the company to begin the supply of samples to customers. These have been well received, resulting in the decision to move forward with a significant capital investment program in an automated manufacturing cell to establish high volume manufacturing capacity for the new high pressure cylinder product in the second half of 2024.

In mainland Europe Edbro continued to be represented by our former owners JOST, with the agreement finishing at the end of 2023. In preparation for this Edbro established agreements and appointed new country specific agents to provide focused support to sell Edbro products and to provide after-market support, with the new agency agreements commencing from the 1st January 2024.

Overall, we expect to see continued revenue growth in 2024 and beyond as a result of new product development initiatives, winning new customers & entering new territories.

EBITDA is one of our primary metrics measuring operational cash flow generation. During 2023 the company saw electricity costs double and gas costs increase by 5 times their 2022 levels, with a year-on-year adverse cost increase to the business for energy totaling £0.5m. In addition, the company was forced to purchase tube materials from alternate suppliers at higher cost or required additional processing cost in order to minimize delays to our customers as a result of tube supply issues, but these actions were not able to fully mitigate the impact on deliveries. The overall impact of this reduction in revenues and increased energy and supply chain costs was that EBITDA fell from £1.2m in 2022 to £354k in 2023.

To mitigate the financial impact of rising energy costs a number of energy reduction initiatives were undertaken during 2023 including:

- Process engineering to reduce energy consumption of specific plant and processes
- Installation of more modern energy efficient compressed air equipment.
- Installation of LED lights.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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As we move into 2024 the business will also be moving to lower cost contracts for energy.

The business also made significant progress on a number of strategic low-cost country sourcing initiatives that will improve material margin and EBITDA as we progress through 2024 and beyond. Overall, the company's future financial performance is expected to continue to improve both in terms of revenue growth and underlying cash generation from operating activities driven by operating efficiencies and other cost saving initiatives, along with the entrance into service of new product lines.

The financial statements have been prepared on a going concern basis.

The company meets its day-to-day working capital requirements through cash generated from operations and an invoice finance facility provided by Shawbrook Bank. The directors have no reason to believe the finance facility will not remain on an ongoing basis. The company's forecasts and projections show adequate financial resources and the ability to continue to trade on an on-going operational basis for the next 12 months with the continued support of Endless LLP & Shawbrook Bank.

The company monitors critical financial KPI's (key performance indicators) including sales revenue growth, material margin, gross margin, EBITDA, cash flow, debtor and creditors days, and critical non-financial KPI's including safety, quality, lead-time & order backlog and on-time delivery. The customer service metrics are considered by the company to be critical, resulting in a focus on arrears reduction as the company recovers from the supply chain delays in 2023.

The company has adopted D&I (diversity and inclusion) as part of its core principles, and this is reflected across our policies covering recruitment and retention to maintain legal compliance and improve employee retention. We operate an equal opportunities policy and welcome applications for all vacancies from all parts of the community and will recruit the best person for each vacancy regardless of gender, race, age, religion, belief, sexual orientation, disability, ethnicity, responsibility for dependants, marital status and/or trade union activity. Employee representatives act on behalf of all employees and are involved in regular health and safety review meetings, operational and business update meetings as well as collective bargaining meetings, and the company is actively focused on ensuring as far as practical possible that employee representatives are a fair and reasonable reflection of our employee demographic as part of our diversity and inclusion principles.

The company is actively developing its Employee Value Proposition (EVP) which includes monthly and annual bonuses linked to operational and financial metrics, salary sacrifice schemes for electric cars, bicycles and childcare as well as compressed working week and attractive holiday and time off allowances.

The directors believe that effective D&I and EVP programs are key in attracting and retaining talented and engaged employees.

In May 2024 the business sold its business premises and leased back a reduced area as the site was over-sized for both current and future operational requirements. This enabled the business to reduce its debt, improve working capital and, operating from a smaller site, provides further opportunities to reduce overhead costs. This also resulted in the business receiving additional financial support from Endless and Shawbrook Bank during 2024 as the business grows through the introduction of new products to market and sales expansion. This is treated as a post balance sheet transaction.

**ON BEHALF OF THE BOARD:**

G MacDonald - Director

13 August 2024

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their report with the financial statements of the company for the year ended 31 December 2023.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review was those of the design, manufacture and sale of hydraulic tipping hoists and hydraulic (mobile) cylinders.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2023.

**RESEARCH AND DEVELOPMENT**

The company's activities in research and development are principally concerned with the development of new products and the improvement of existing products.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

I Bragg

G MacDonald

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**AUDITORS**

DJH Audit Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**ON BEHALF OF THE BOARD:**

G MacDonald - Director

13 August 2024

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
EDBRO HYDRAULICS LIMITED**

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**Opinion**

We have audited the financial statements of Edbro Hydraulics Limited (the 'company') for the year ended 31 December 2023 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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**

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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
EDBRO HYDRAULICS LIMITED**

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**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 Report of the Directors.

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 set out on page four, 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 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 a Report of the Auditors 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.

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006, health and safety legislation and control of substances hazardous to health.
- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
EDBRO HYDRAULICS LIMITED**

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The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries, in particular those that were significant and unusual.
- Performing walkthrough tests of sales and purchases to ensure that appropriate controls and segregation of duties are in place.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to depreciation and the level of stock provision required.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key revenue lines for evidence of management bias.
- Performing a physical verification of key assets, including stock.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors of the entity.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Richard Taylor (Senior Statutory Auditor)  
for and on behalf of DJH Audit Limited  
Accountants  
Statutory Auditors  
The Exchange  
5 Bank Street  
Bury  
BL9 0DN

14 August 2024

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £	2022 £
<b>REVENUE</b>	3	<b>26,354,297</b>	26,207,986
Cost of sales		<u>(16,769,575)</u>	<u>(16,478,695)</u>
<b>GROSS PROFIT</b>		<b>9,584,722</b>	9,729,291
Administrative expenses		<u>(11,189,139)</u>	<u>(10,917,589)</u>
		<b>(1,604,417)</b>	(1,188,298)
Other operating income		<u>394,937</u>	522,888
<b>OPERATING LOSS</b>	6	<b>(1,209,480)</b>	(665,410)
Interest receivable and similar income		<u>10,143</u>	1,700
		<b>(1,199,337)</b>	(663,710)
Interest payable and similar expenses	7	<u>(1,056,866)</u>	(816,346)
<b>LOSS BEFORE TAXATION</b>		<b>(2,256,203)</b>	(1,480,056)
Tax on loss	8	-	285,621
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(2,256,203)</u></b>	<b><u>(1,194,435)</u></b>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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	Notes	2023 £	2022 £
<b>LOSS FOR THE YEAR</b>		<b>(2,256,203)</b>	<b>(1,194,435)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(2,256,203)</u></b>	<b><u>(1,194,435)</u></b>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2023

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Property, plant and equipment	9	11,161,531	12,175,866
<b>CURRENT ASSETS</b>			
Inventories	10	5,442,141	5,100,113
Debtors	11	13,344,755	13,699,307
Cash at bank		1,403,089	2,284,180
		<u>20,189,985</u>	<u>21,083,600</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(9,215,349)</u>	<u>(8,474,535)</u>
<b>NET CURRENT ASSETS</b>		<u>10,974,636</u>	<u>12,609,065</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,136,167	24,784,931
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(7,772,768)	(8,123,774)
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>(144,000)</u>	<u>(185,555)</u>
<b>NET ASSETS</b>		<u>14,219,399</u>	<u>16,475,602</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	4,093	4,093
Share premium	19	25,403,440	25,403,440
Revaluation reserve	19	5,180,518	5,180,518
Capital redemption reserve	19	2,245,850	2,245,850
Retained earnings	19	<u>(18,614,502)</u>	<u>(16,358,299)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>14,219,399</u>	<u>16,475,602</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 August 2024 and were signed on its behalf by:

G MacDonald - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>
<b>Balance at 1 January 2022</b>	4,093	(15,163,864)	25,403,440
<b>Changes in equity</b>			
Total comprehensive loss	-	(1,194,435)	-
<b>Balance at 31 December 2022</b>	4,093	(16,358,299)	25,403,440
<b>Changes in equity</b>			
Total comprehensive loss	-	(2,256,203)	-
<b>Balance at 31 December 2023</b>	4,093	(18,614,502)	25,403,440
	<b>Revaluation reserve £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2022</b>	5,180,518	2,245,850	17,670,037
<b>Changes in equity</b>			
Total comprehensive loss	-	-	(1,194,435)
<b>Balance at 31 December 2022</b>	5,180,518	2,245,850	16,475,602
<b>Changes in equity</b>			
Total comprehensive loss	-	-	(2,256,203)
<b>Balance at 31 December 2023</b>	5,180,518	2,245,850	14,219,399

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	950,919	(587,586)
Interest paid		(65,712)	(72,865)
Interest element of hire purchase payments paid		(17,848)	(867)
Finance costs paid		(739,923)	(554,991)
Net cash from operating activities		<u>127,436</u>	<u>(1,216,309)</u>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(363,953)	(412,540)
Sale of property, plant and equipment		240,739	-
Interest received		10,143	1,700
Net cash from investing activities		<u>(113,071)</u>	<u>(410,840)</u>
<b>Cash flows from financing activities</b>			
New loans in year		200,000	2,653,973
Loan repayments in year		(688,788)	(661,000)
Interest paid		(233,383)	(187,623)
Capital repayments in year		(279,739)	(2,762)
Loans to group undertakings		-	(235,048)
Loans repayments from group undertakings		106,454	-
Net cash from financing activities		<u>(895,456)</u>	<u>1,567,540</u>
<b>Decrease in cash and cash equivalents</b>		<u>(881,091)</u>	<u>(59,609)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>2,284,180</u>	2,343,789
<b>Cash and cash equivalents at end of year</b>	2	<u>1,403,089</u>	<u>2,284,180</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2023	2022
	£	£
Loss before taxation	(2,256,203)	(1,480,056)
Depreciation charges	1,562,902	1,906,192
Loss on disposal of fixed assets	64,081	30,066
Finance costs	1,056,866	816,346
Finance income	(10,143)	(1,700)
	417,503	1,270,848
Increase in inventories	(342,028)	(799,815)
Decrease/(increase) in trade and other debtors	248,097	(1,276,751)
Increase in trade and other creditors	627,347	218,132
<b>Cash generated from operations</b>	<b>950,919</b>	<b>(587,586)</b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2023**

	31.12.23	1.1.23
	£	£
Cash and cash equivalents	1,403,089	2,284,180

**Year ended 31 December 2022**

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	2,284,180	2,343,789

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.23	Cash flow	At 31.12.23
	£	£	£
<b>Net cash</b>			
Cash at bank	2,284,180	(881,091)	1,403,089
	2,284,180	(881,091)	1,403,089
<b>Debt</b>			
Finance leases	(35,967)	(210,695)	(246,662)
Debts falling due within 1 year	(702,668)	2	(702,666)
Debts falling due after 1 year	(8,094,638)	488,776	(7,605,862)
	(8,833,273)	278,083	(8,555,190)
<b>Total</b>	<b>(6,549,093)</b>	<b>(603,008)</b>	<b>(7,152,101)</b>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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1. **STATUTORY INFORMATION**

Edbro Hydraulics Limited is a company registered in England and Wales, limited by shares, registration number 00283933. The registered office is Edbro House, Nelson Street, Bolton, Lancashire, BL3 2JJ.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements have been prepared on a going concern basis.

The company meets its day-to-day working capital requirements through cash generated from operations and through utilization of an invoice finance facility provided by Shawbrook Bank. The company is in regular communication with Shawbrook bank and provide monthly management accounts and cash flow reports, and operates within governance levels set by the bank. The directors have no reason to believe the finance facility will not remain on an ongoing basis.

The company's forecasts and projections show that the company should have adequate financial resources and be able to continue to trade on an on-going operational basis for the next 12 months with the continued support of Endless LLP.

**Revenue**

Revenue comprises revenue recognised by the company in respect of goods and services supplied during the year, excluding Value Added Tax and trade discounts. Revenue is recognised upon despatch of the goods or the provision of the service.

**Property, plant and equipment**

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

Long leasehold	- 4% on cost
Plant and machinery	- 33% on cost, 20% on cost and 10% on cost

There has been no depreciation charge on the leasehold in the year as the residual value is considered to be the revalued amount and the property is well maintained. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the income statement when the change arises.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. ACCOUNTING POLICIES - continued

**Inventories**

Inventories and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete, slow-moving inventories and defective items.

Cost includes materials, direct labour, and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

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

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

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

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date.

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

**Operating leases**

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. ACCOUNTING POLICIES - continued

**Pension costs**

The company operates a defined contribution pension scheme for all employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement.

**Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and 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 income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost.

**Provisions**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and the amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties guaranteed, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence at the year end, including risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

**Critical accounting estimates and judgements**

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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Estimating the useful economic life of an asset and the anticipated residual value are considered key judgement in calculating an appropriate depreciation charge.

In categorising leases as finance or operating leases, the directors make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Making judgement based on historical experience on the level of provision required for impairment of stock and bad debts. Further information received after the statement of financial position date may impact on the level of provision required.

Making judgement based on historical experience on the level of provision required for warranties provided to customers.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**3. REVENUE**

The revenue and loss before taxation are attributable to the principal activities of the company.

An analysis of revenue by geographical market is given below:

	2023	2022
	£	£
United Kingdom	8,582,825	9,118,829
Rest of Europe	3,829,533	3,380,675
Rest of World	13,941,939	13,708,482
	<u>26,354,297</u>	<u>26,207,986</u>

**4. EMPLOYEES AND DIRECTORS**

	2023	2022
	£	£
Wages and salaries	6,276,272	5,675,141
Social security	565,421	535,634
Pension costs	254,909	563,203
	<u>7,096,602</u>	<u>6,773,978</u>

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

	2023	2022
Manufacturing	118	125
Administration and marketing	48	45
	<u>166</u>	<u>170</u>

**5. DIRECTORS' EMOLUMENTS**

	2023	2022
	£	£
Directors' remuneration	<u>339,163</u>	<u>379,260</u>

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

Money purchase schemes	<u>2</u>	<u>3</u>
------------------------	----------	----------

During the year, retirement benefits were accruing to 2 directors (2022: 3) in respect of defined contribution pension schemes of £15,330 (2022: £13,920).

The total amount payable to the highest paid director in respect of emoluments was £193,576 (2022: £154,951).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. OPERATING LOSS**

The operating loss is stated after charging:

	2023	2022
	£	£
Hire of plant and machinery	84,246	93,937
Depreciation - owned assets	1,537,041	1,904,901
Depreciation - assets on hire purchase contracts	25,861	1,291
Loss on disposal of fixed assets	64,081	-
Foreign exchange differences	16,430	104,562
Auditors remuneration	18,750	18,750
Auditors remuneration - tax compliance	<u>4,500</u>	<u>4,500</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2023	2022
	£	£
Bank interest	839,018	644,674
Inter-company loan interest	200,000	170,805
Hire purchase interest	<u>17,848</u>	<u>867</u>
	<u><u>1,056,866</u></u>	<u><u>816,346</u></u>

**8. TAXATION****Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2023	2022
	£	£
Deferred tax	-	(285,621)
Tax on loss	<u>-</u>	<u>(285,621)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. TAXATION - continued****Reconciliation of total tax credit included in profit and loss**

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

	2023 £	2022 £
Loss before tax	<u>(2,256,203)</u>	<u>(1,480,056)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 19%)	<b>(564,051)</b>	(281,211)
Effects of:		
Expenses not deductible for tax purposes	<b>1,702</b>	1,970
Capital allowances in excess of depreciation	<b>(360)</b>	(22,605)
Tax losses carried forward	<b>474,791</b>	1,039,863
2021 RDEC credit taxed in 2022	-	(3,989)
Effects of change in tax rates	<b>87,918</b>	(1,019,649)
Total tax credit	<u>-</u>	<u>(285,621)</u>

**9. PROPERTY, PLANT AND EQUIPMENT**

	Long leasehold £	Plant and machinery £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2023	<b>10,555,753</b>	<b>32,172,669</b>	<b>42,728,422</b>
Additions	-	<b>854,387</b>	<b>854,387</b>
Disposals	-	<b>(1,289,875)</b>	<b>(1,289,875)</b>
At 31 December 2023	<u><b>10,555,753</b></u>	<u><b>31,737,181</b></u>	<u><b>42,292,934</b></u>
<b>DEPRECIATION</b>			
At 1 January 2023	<b>4,054,753</b>	<b>26,497,803</b>	<b>30,552,556</b>
Charge for year	-	<b>1,562,902</b>	<b>1,562,902</b>
Eliminated on disposal	-	<b>(985,055)</b>	<b>(985,055)</b>
Revaluation adjustments	<b>1,000</b>	-	<b>1,000</b>
At 31 December 2023	<u><b>4,055,753</b></u>	<u><b>27,075,650</b></u>	<u><b>31,131,403</b></u>
<b>NET BOOK VALUE</b>			
At 31 December 2023	<u><b>6,500,000</b></u>	<u><b>4,661,531</b></u>	<u><b>11,161,531</b></u>
At 31 December 2022	<u><b>6,501,000</b></u>	<u><b>5,674,866</b></u>	<u><b>12,175,866</b></u>

The land and buildings held by the company were revalued at £6,500,000 on 20 April 2021 by Lamb & Swift Commercial a well established firm of independent specialist property consultants. The directors believe the value to still be appropriate as at the year end.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. PROPERTY, PLANT AND EQUIPMENT - continued**

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

	<b>Plant and machinery £</b>
<b>COST OR VALUATION</b>	
At 1 January 2023	38,729
Additions	<u>490,434</u>
At 31 December 2023	<u>529,163</u>
<b>DEPRECIATION</b>	
At 1 January 2023	1,291
Charge for year	<u>25,861</u>
At 31 December 2023	<u>27,152</u>
<b>NET BOOK VALUE</b>	
At 31 December 2023	<u>502,011</u>
At 31 December 2022	<u>37,438</u>

**10. INVENTORIES**

	2023 £	2022 £
Raw materials	3,783,464	3,419,284
Work-in-progress	978,936	882,042
Finished goods	<u>679,741</u>	<u>798,787</u>
	<u>5,442,141</u>	<u>5,100,113</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £	2022 £
Trade debtors	4,760,928	4,582,350
Amounts owed by group undertakings	7,497,701	7,604,155
Other debtors	-	90,080
Deferred tax asset	753,987	753,987
Prepayments and accrued income	<u>332,139</u>	<u>668,735</u>
	<u>13,344,755</u>	<u>13,699,307</u>
Deferred tax asset		
	2023 £	2022 £
Tax losses carried forward	2,352,912	2,352,912
Other timing differences	<u>(1,598,925)</u>	<u>(1,598,925)</u>
	<u>753,987</u>	<u>753,987</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	2023	2022
	£	£
Other loans (see note 14)	702,666	702,668
Hire purchase contracts (see note 15)	79,756	6,831
Trade creditors	3,971,309	3,846,667
Social security and other taxes	354,520	45,520
Other creditors	3,430,502	3,267,166
Accrued expenses	676,596	605,683
	<u>9,215,349</u>	<u>8,474,535</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023	2022
	£	£
Other loans (see note 14)	7,605,862	8,094,638
Hire purchase contracts (see note 15)	166,906	29,136
	<u>7,772,768</u>	<u>8,123,774</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>702,666</u>	<u>702,668</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>702,667</u>	<u>702,667</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>1,102,723</u>	<u>1,583,833</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Other loans more 5yrs instal	<u>5,800,472</u>	<u>5,808,138</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	79,756	6,831
Between one and five years	<u>166,906</u>	<u>29,136</u>
	<u><b>246,662</b></u>	<u><b>35,967</b></u>
	<b>Non-cancellable</b>	<b>operating leases</b>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Within one year	4,934	18,532
Between one and five years	<u>6,942</u>	<u>11,354</u>
	<u><b>11,876</b></u>	<u><b>29,886</b></u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other loans	8,308,528	8,797,306
Hire purchase contracts	<u>246,662</u>	<u>35,967</u>
	<u><b>8,555,190</b></u>	<u><b>8,833,273</b></u>

There is a fixed and floating charge on the assets of the company by way of debenture in respect of borrowings from Shawbrook Bank Limited. There is also a fixed and floating charge over all land and intellectual property by way of a composite guarantee and debenture in respect of borrowings from a related party.

The hire purchase liability is secured against the related assets.

**17. PROVISIONS FOR LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other provisions		
Warranty provision	<u>144,000</u>	<u>185,555</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**17. PROVISIONS FOR LIABILITIES - continued**

	<b>Deferred tax</b>	<b>Other provisions</b>
	£	£
Balance at 1 January 2023	(753,987)	185,555
Credit to Income Statement during year	-	(41,555)
Balance at 31 December 2023	<u>(753,987)</u>	<u>144,000</u>

The above deferred tax asset of in respect of losses of £2,352,912 is expected to begin reversing after this reporting period based on current forecasted results prepared and approved by the directors. Unused tax losses carried forward at the statement of financial position date totalled £26,131,214 (2022: £23,853,882).

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

			<b>2023</b>	<b>2022</b>
Number:	Class:	Nominal value:	£	£
16,371	Ordinary	25p	<u>4,093</u>	<u>4,093</u>

On May 12th 2021 the long term loan note owed to previous group undertakings was converted to equity by way of a single share issued for the amount of £22,763,483. Following this recapitalisation Jost divested the Edbro business relinquishing all share capital to ENACT, a private equity fund managed by Endless LLP.

In the current year, a reclassification has been made between share capital and share premium to better reflect reserves. Accordingly, for consistency, an adjustment has also been made to prior year figures. There is no overall impact on reported prior year reserves.

**19. RESERVES**

The following describes the nature and purpose of each reserve within equity:

Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.
Revaluation reserve	Gains/losses arising on the revaluation of the company's property (other than investment property).
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Share premium	Amount subscribed for share capital in excess of nominal value.

**20. CONTINGENT LIABILITIES**

At 31 December 2023 the company had existing performance guarantees of £37,112 (2022: £33,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**21. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	£	£
Contracted but not provided for in the financial statements	<u>2,677,952</u>	<u>-</u>

**22. RELATED PARTY DISCLOSURES**

The company has taken advantage of 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.

**23. POST BALANCE SHEET EVENTS**

Since the year end, the property has been sold.

**24. ULTIMATE CONTROLLING PARTY**

At the year end the intermediate parent company was Edbro (Bidco) Ltd, a company registered in the United Kingdom. The ultimate parent company and controlling party was Enact, a private equity fund managed by Endless LLP. The registered office is 12 King Street, Leeds, England, LS1 2HL.

The parent of the smallest group in which these figures are consolidated is Edbro Holdings Limited, a company registered in the United Kingdom. The registered office is Edbro House, Nelson Street, Bolton, England, BL3 2JJ.

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