

Gear Pump Distributors (UK) Limited

Report and Financial Statements

30 November 2023

Gear Pump Distributors (UK) Limited

Company Information

Directors

L Jacobs

C Amoils

G Dunford

T Dunford (resigned 5 May 2023)

B Roberts (appointed 5 May 2023)

Auditors

Mills Pyatt Audit Limited

11 Kingfisher Business Park

Arthur Street

Redditch

Worcestershire

B98 8LG

Bankers

NatWest Bank plc

124 High Street

Bromsgrove

Worcestershire

B61 8HJ

Registered office

11 Kingfisher Business Park

Arthur Street

Redditch

Worcestershire

B98 8LG

Registered number

03925336

Gear Pump Distributors (UK) Limited

Registered number:

03925336

Directors' Report

The directors present their report and financial statements for the year ended 30 November 2023.

Principal activities

The company's principal activity during the year continued to be the wholesale distribution of hydraulic gear pumps, motors, flow dividers and related components.

Dividends

The directors recommended the payment of an interim dividend during the year of £300,000 (£30,000 per share).

Directors

The following persons served as directors during the year:

L Jacobs

C Amoils

G Dunford

T Dunford (resigned 5 May 2023)

B Roberts (appointed 5 May 2023)

Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of business review, principal risks and future developments.

Disclosure of information to auditors

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

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 16 August 2024 and signed on its behalf.

L Jacobs

Director

Gear Pump Distributors (UK) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Gear Pump Distributors (UK) Limited

Strategic Report

Review of the business

The company met and achieved all internal financial targets during the year and maintained a modest margin increase despite continually evolving market pressures. The business continued to expand turnover and increased it's resilience to external pressures by streamlining the stock holding.

The Key Performance Indicators used by the business are:

	Performance in 2023	Performance in 2022
Turnover	£1.4m	£1.3m
Gross Profit %	44.9%	44.4%
Net Profit Before Tax %	17.0%	4.2%
Sales Split % (UK : Europe : Rest of World)	47% : 34% : 19%	46% : 36% : 18%

Principal risks and uncertainties

The company faces similar pressures to many other businesses in the industry in terms of human resources and training. Having experienced and dedicated staff is a key reason behind the companies resilience in recent years.

The directors are continually reviewing external market pressures and looking to position the business in the best possible manner to ensure it's operations remains adaptable.

Future developments

The company envisages a stable market during the next financial year. The company's main KPI remains a strong and stable gross profit margin.

The focus will be kept on the continued improvement of product quality, availability and service.

The drivers for growth will be:

- Managing the discontinuing of old product lines and replacing these with current models;
- Delivering products within 48 hours to any location within the company's territory; and
- Expanding the customer base within the UK.

This report was approved by the board on 16 August 2024 and signed on its behalf.

L Jacobs
Director

Gear Pump Distributors (UK) Limited

Independent auditor's report

to the member of Gear Pump Distributors (UK) Limited

Opinion

We have audited the financial statements of Gear Pump Distributors (UK) Limited (the 'company') for the year ended 30 November 2023 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 directors' responsibilities statement, 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.

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:

- enquiring of management, including obtaining and reviewing supporting documentation concerning policies and procedures relating to the identification, evaluation and compliance with laws and regulations, whether they were aware of any instances of non-compliance, review for actual and potential litigation and claims, detecting and responding to the risks of fraud, whether they have knowledge of any actual, suspected or alleged fraud, and internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- obtaining an understanding of the legal and regulatory framework that the company operates in, reviewing laws and regulations that may have a direct effect on the financial statements or are fundamental to the company's operations, and ensuring that appropriate financial statements disclosures are made in this respect;
- discussing among the engagement team those areas that may be susceptible to irregularities, ensuring that we remain vigilant, sceptical, open-minded, inquisitive and alert to any potential indicators of fraud;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- assessing and challenging sensitive assumptions and management judgements that form part of significant estimates, looking for indicators of manipulation through management bias; and
- observing any signs of management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether any judgements made in making accounting estimates are indicative of potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at 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.

David Parkes
(Senior Statutory Auditor)
for and on behalf of
Mills Pyatt Audit Limited
Statutory Auditor
16 August 2024

11 Kingfisher Business Park
Arthur Street
Redditch
Worcestershire
B98 8LG

Gear Pump Distributors (UK) Limited
Income Statement
for the year ended 30 November 2023

	Notes	2023 £	2022 £
Turnover	3	1,426,861	1,317,447
Cost of sales		(786,711)	(732,274)
Gross profit		<u>640,150</u>	<u>585,173</u>
Administrative expenses		(400,209)	(534,970)
Operating profit	4	<u>239,941</u>	<u>50,203</u>
Interest receivable		2,633	5,243
Interest payable	7	(530)	-
Profit on ordinary activities before taxation		<u>242,044</u>	<u>55,446</u>
Tax on profit on ordinary activities	8	(53,275)	(36,000)
Profit for the financial year		<u>188,769</u>	<u>19,446</u>
Profit attributable to:			
Owners of the parent		<u>188,769</u>	<u>19,446</u>

Gear Pump Distributors (UK) Limited
Statement of Financial Position
as at 30 November 2023

Reg no. 03925336

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	9	13,996	13,610
Current assets			
Stocks and WIP	10	571,128	686,842
Debtors	11	184,492	378,113
Cash at bank and in hand		721,222	712,037
		<u>1,476,842</u>	<u>1,776,992</u>
Creditors: amounts falling due within one year	12	(173,824)	(364,275)
Net current assets		<u>1,303,018</u>	<u>1,412,717</u>
Total assets less current liabilities		<u>1,317,014</u>	<u>1,426,327</u>
Provisions for liabilities			
Deferred taxation	13	(1,918)	-
Net assets		<u>1,315,096</u>	<u>1,426,327</u>
Capital and reserves			
Called up share capital	14	10	10
Profit and loss account	15	1,315,086	1,426,317
Total equity		<u>1,315,096</u>	<u>1,426,327</u>

L Jacobs

Director

Approved by the board on 16 August 2024

Gear Pump Distributors (UK) Limited
Statement of Changes in Equity
for the year ended 30 November 2023

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 December 2021	10	-	-	1,406,871	1,406,881
Profit for the financial year attributable to owners of the parent				19,446	19,446
At 30 November 2022	10	-	-	1,426,317	1,426,327
At 1 December 2022	10	-	-	1,426,317	1,426,327
Profit for the financial year attributable to owners of the parent				188,769	188,769
Dividends				(300,000)	(300,000)
At 30 November 2023	10	-	-	1,315,086	1,315,096

Gear Pump Distributors (UK) Limited

Notes to the Accounts

for the year ended 30 November 2023

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements present information relating to the individual entity.

In preparing these financial statements, the company has applied the reduced disclosure exemption within FRS 102 for subsidiary companies, from the requirement to incorporate a Cash Flow Statement, the related notes and an analysis of changes in net debt.

The name of the parent of the group, in whose consolidated financial statements this company is incorporated, is Hudaco Industries Limited. The consolidated accounts are publicly available on their website or can be obtained from 1st Floor, Building 9, Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Edenvale (Private Bag 13, Elandsfontein, 1406).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and the rendering of carriage services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover of services is recognised when performed.

Tangible fixed assets

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

Plant and machinery	over 3 to 8 years
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Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow-moving stocks. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised. Work in progress is measured at the amount of material costs incurred in pump builds to the reporting date in excess of revenue generated from those jobs. Goods in transit from group suppliers are incorporated into the company's stock once the risks and rewards have substantially passed to the company.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. Deferred tax is recognised in respect of timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Current and deferred tax liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Critical accounting estimates and judgements

Slow moving stock provision - The company implements a policy of writing down slow moving and older stock items by certain percentages depending on the length of time they have been held in stock, to reduce those relevant items down to their anticipated recoverable value.

3 Analysis of turnover	2023	2022
	£	£
Sale of goods	1,391,351	1,282,459
Services rendered	35,510	34,988
	<u>1,426,861</u>	<u>1,317,447</u>
By geographical market:		
UK	673,460	604,696
Europe	490,754	480,001
Rest of world	262,647	232,750
	<u>1,426,861</u>	<u>1,317,447</u>

4 Operating profit	2023	2022
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	4,403	4,445
Operating lease rentals - plant and machinery	10,480	15,123
Operating lease rentals - land and buildings	29,221	28,519

	Auditors' remuneration for audit services	3,525	3,360
	Key management personnel compensation (including directors' emoluments)	72,197	67,367
	(Write back)/Impairment of group company loan (exceptional item)	(12,602)	126,000
	Carrying amount of stock sold	<u>703,555</u>	<u>649,963</u>
5	Directors' emoluments	2023	2022
		£	£
	Emoluments	72,197	67,367
	Company contributions to defined contribution pension plans	<u>1,321</u>	<u>1,321</u>
		<u>73,518</u>	<u>68,688</u>
	Number of directors to whom retirement benefits accrued:	2023	2022
		Number	Number
	Defined contribution plans	<u>1</u>	<u>1</u>
6	Staff costs	2023	2022
		£	£
	Wages and salaries	271,869	231,849
	Social security costs	22,572	18,082
	Other pension costs	<u>4,001</u>	<u>3,332</u>
		<u>298,442</u>	<u>253,263</u>
	Average number of employees during the year	Number	Number
	Administration	2	2
	Development	1	1
	Manufacturing	<u>4</u>	<u>4</u>
		<u>7</u>	<u>7</u>
7	Interest payable	2023	2022
		£	£
	Other interest payable	<u>530</u>	<u>-</u>
8	Taxation	2023	2022
		£	£
	Analysis of charge in period		
	Current tax:		
	UK corporation tax on profits of the period	49,820	36,000
	Adjustments in respect of previous periods	<u>1,537</u>	<u>-</u>
		<u>51,357</u>	<u>36,000</u>

Deferred tax:		
Origination and reversal of timing differences	1,918	-
Tax on profit on ordinary activities	53,275	36,000

Factors affecting tax charge for period

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

	2023	2022
	£	£
Profit on ordinary activities before tax	242,044	55,446
Hybrid rate of corporation tax in the UK for the period	23%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	55,670	10,535
Effects of:		
Expenses not deductible for tax purposes	(5,761)	25,139
Capital allowances for period in excess of depreciation	(89)	326
Adjustments to tax charge in respect of previous periods	1,537	-
Current tax charge for period	51,357	36,000

Factors that may affect future tax charges

Substantively enacted by Finance Bill on 24 May 2021 and receiving Royal Assent on 10 June 2021, Finance Act 2021 increased the main rate of corporation tax from 19% to 25% from 1 April 2023.

9 Tangible fixed assets

	Plant and machinery
	£
<i>At cost</i>	
Cost or valuation	
At 1 December 2022	104,900
Additions	4,789
At 30 November 2023	109,689
Depreciation	
At 1 December 2022	91,290
Charge for the year	4,403
At 30 November 2023	95,693
Carrying amount	
At 30 November 2023	13,996
At 30 November 2022	13,610

10 Stocks	2023	2022
	£	£
Work in progress	13,345	22,882

Finished goods and goods for resale			557,783	663,960
			<u>571,128</u>	<u>686,842</u>
11 Debtors			2023	2022
			£	£
Trade debtors			133,070	220,764
Amounts due from group undertakings			38,763	133,000
Prepayments and accrued income			12,659	24,349
			<u>184,492</u>	<u>378,113</u>
12 Creditors: amounts falling due within one year			2023	2022
			£	£
Trade creditors			69,142	43,161
Amounts owed to group undertakings			42,096	261,863
Corporation tax			12,820	5,684
Other taxes and social security costs			14,760	23,678
Other creditors			35,006	29,889
			<u>173,824</u>	<u>364,275</u>
13 Deferred taxation			2023	2022
			£	£
Accelerated capital allowances			<u>1,918</u>	<u>-</u>
			2023	2022
			£	£
Charged to the profit and loss account			1,918	-
At 30 November 2023			<u>1,918</u>	<u>-</u>
14 Share capital	Nominal value	2023 Number	2023 £	2022 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	10	<u>10</u>	<u>10</u>
The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.				
15 Profit and loss account			2023	2022
			£	£
At 1 December			1,426,317	1,406,871
Profit for the financial year			188,769	19,446

Dividends	(300,000)	-
At 30 November	<u>1,315,086</u>	<u>1,426,317</u>

16 Dividends	2023	2022
	£	£
Dividends on ordinary shares (note 15)	<u>300,000</u>	<u>-</u>

17 Other financial commitments

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

	Land and buildings	Land and buildings	Other	Other
	2023	2022	2023	2022
	£	£	£	£
Falling due:				
within one year	31,862	26,570	9,548	14,181
within two to five years	63,020	-	51,144	40,334
in over five years	-	-	26,351	6,386
	<u>94,882</u>	<u>26,570</u>	<u>87,043</u>	<u>60,901</u>

18 Related party transactions

The company has taken advantage of the exemption provisions under paragraph 33.1A of FRS102 from disclosing transactions with wholly owned group companies.

19 Controlling party

The company is wholly owned by Hudaco Trading (Proprietary) Limited, a company incorporated in the Republic of South Africa. The directors regard the ultimate parent company to be Hudaco Industries Limited incorporated in the Republic of South Africa. That company is not under the control of any one individual. The largest and smallest group of undertakings to which the company belongs and which draws up consolidated accounts is Hudaco Industries Limited. The consolidated accounts are publicly available on their website or can be obtained from 1st Floor, Building 9, Greenstone Hill Office Park, Emerald Boulevard, Greenstone Hill, Edenvale (Private Bag 13, Elandsfontein, 1406).

20 Presentation currency

The financial statements are presented in Sterling.

21 Legal form of entity and country of incorporation

Gear Pump Distributors (UK) Limited is a private company limited by shares and incorporated in England.

22 Principal place of business

The address of the company's principal place of business is:

Unit 14 Aston Fields Trading Estate
Sugarbrook Road
Bromsgrove
Worcestershire
B60 3DW