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Company Registration No. 03556493 (England and Wales)

**HMI ELEMENTS LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 DECEMBER 2018**  
**PAGES FOR FILING WITH REGISTRAR**



**HMI ELEMENTS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 30 DECEMBER 2018**

|   | Notes | 2018<br>£          | £                | 2017<br>£          | £                |
|---|-------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>                                   |       |                    |                  |                    |                  |
| Intangible assets                                     | 3     | 1,347,941          |                  | 1,087,270          |                  |
| Tangible assets                                       | 4     | 115,408            |                  | 125,458            |                  |
| Investments   | 5     | 3,242              |                  | 3,242              |                  |
|   |       | <u>1,466,591</u>   |                  | <u>1,215,970</u>   |                  |
| <b>Current assets</b>                                 |       |                    |                  |                    |                  |
| Stocks  |       | 1,097,972          |                  | 975,219            |                  |
| Debtors   | 6     | 2,319,836          |                  | 319,325            |                  |
| Cash at bank and in hand                              |       | 98,193             |                  | 2,028              |                  |
|   |       | <u>3,516,001</u>   |                  | <u>1,296,572</u>   |                  |
| <b>Creditors: amounts falling due within one year</b> | 7     | <u>(3,658,841)</u> |                  | <u>(1,439,638)</u> |                  |
| <b>Net current liabilities</b>                        |       |                    | <u>(142,840)</u> |                    | <u>(143,066)</u> |
| <b>Total assets less current liabilities</b>          |       |                    | <u>1,323,751</u> |                    | <u>1,072,904</u> |
| <b>Provisions for liabilities</b>                     | 8     |                    | <u>(9,220)</u>   |                    | <u>(198,776)</u> |
| <b>Net assets</b>                                     |       |                    | <u>1,314,531</u> |                    | <u>874,128</u>   |
| <b>Capital and reserves</b>                           |       |                    |                  |                    |                  |
| Called up share capital                               | 10    | 200,000            |                  | 200,000            |                  |
| Profit and loss reserves                              |       | <u>1,114,531</u>   |                  | <u>674,128</u>     |                  |
| <b>Total equity</b>                                   |       |                    | <u>1,314,531</u> |                    | <u>874,128</u>   |

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

**HMI ELEMENTS LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 30 DECEMBER 2018**

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The financial statements were approved by the board of directors and authorised for issue on .....11/5/19.....  
and are signed on its behalf by:



.....  
H Gould  
Director

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# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2018

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### 1 Accounting policies

#### Company information

HMI Elements Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 46 Barkston House, Croydon Street, Leeds, West Yorkshire, LS11 9RT.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Consolidation

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### Going concern

The financial statements have been prepared on a going concern basis. The directors have considered how the company will meet the challenges presented by the current economic environment and have carried out a detailed review of the company's resources. The directors are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

#### Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligation and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

#### Research and development expenditure

Expenditure on research and development is charged to the income statement in the year in which it is incurred with the exception of expenditure on the development of certain major new product projects where it is able to demonstrate: the technical feasibility of completing the development so the asset would be available for use or sale; its intention to complete the development and to use or sell the asset; its ability to use or sell the asset; how the asset will generate probably future economic benefits; the availability of adequate resources to complete the development and to use or sell the asset; its ability to measure reliably the expenditure attributable to the asset during its development. Such expenditure is capitalised and amortised over a period not longer than 10 years commencing in the year sales of the product are first made. The directors consider this to be appropriate taking into consideration projections and prior experience.

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Product development - 10% straight line basis.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                        |                         |
|------------------------|-------------------------|
| Leasehold improvements | 20% straight line basis |
| Plant and machinery    | 20% straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **Stocks**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost is computed on a first in first out basis.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **Taxation**

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

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

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

#### **Retirement benefits**

The company makes contributions into the personal pension schemes of certain employees and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### **Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2017 - 20).

### 3 Intangible fixed assets

|                                    | Product development<br>£ |
|------------------------------------|--------------------------|
| <b>Cost</b>                        |                          |
| At 31 December 2017                | 1,697,621                |
| Additions                          | 441,970                  |
|                                    | <hr/>                    |
| At 30 December 2018                | 2,139,591                |
|                                    | <hr/>                    |
| <b>Amortisation and impairment</b> |                          |
| At 31 December 2017                | 610,351                  |
| Amortisation charged for the year  | 181,299                  |
|                                    | <hr/>                    |
| At 30 December 2018                | 791,650                  |
|                                    | <hr/>                    |
| <b>Carrying amount</b>             |                          |
| At 30 December 2018                | 1,347,941                |
|                                    | <hr/>                    |
| At 30 December 2017                | 1,087,270                |
|                                    | <hr/>                    |

### 4 Tangible fixed assets

|                                    | Leasehold<br>improvements<br>£ | Plant and<br>machinery<br>etc<br>£ | Total<br>£ |
|------------------------------------|--------------------------------|------------------------------------|------------|
| <b>Cost</b>                        |                                |                                    |            |
| At 31 December 2017                | 505,173                        | 965,755                            | 1,470,928  |
| Additions                          | 2,271                          | 45,874                             | 48,145     |
| Disposals                          | -                              | (110,684)                          | (110,684)  |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |
| At 30 December 2018                | 507,444                        | 900,945                            | 1,408,389  |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |
| <b>Depreciation and impairment</b> |                                |                                    |            |
| At 31 December 2017                | 497,679                        | 847,791                            | 1,345,470  |
| Depreciation charged in the year   | 4,213                          | 53,982                             | 58,195     |
| Eliminated in respect of disposals | -                              | (110,684)                          | (110,684)  |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |
| At 30 December 2018                | 501,892                        | 791,089                            | 1,292,981  |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |
| <b>Carrying amount</b>             |                                |                                    |            |
| At 30 December 2018                | 5,552                          | 109,856                            | 115,408    |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |
| At 30 December 2017                | 7,494                          | 117,964                            | 125,458    |
|                                    | <hr/>                          | <hr/>                              | <hr/>      |

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

### 5 Fixed asset investments

|                              | 2018<br>£ | 2017<br>£ |
|------------------------------|-----------|-----------|
| Shares in group undertakings | 3,242     | 3,242     |

### 6 Debtors

|   | 2018<br>£        | 2017<br>£      |
|---|------------------|----------------|
| <b>Amounts falling due within one year:</b> |                  |                |
| Trade debtors                               | 2,007,815        | 216,661        |
| Corporation tax recoverable                 | 63,149           | 23,041         |
| Amounts owed by group undertakings          | 130,411          | -              |
| Other debtors                               | 118,461          | 79,623         |
|   | <u>2,319,836</u> | <u>319,325</u> |

### 7 Creditors: amounts falling due within one year

|                                    | 2018<br>£        | 2017<br>£        |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts          | 1,746,495        | 398,090          |
| Trade creditors                    | 1,198,579        | 493,768          |
| Amounts due to group undertakings  | 492,354          | 434,367          |
| Other taxation and social security | 46,839           | 18,745           |
| Other creditors                    | 174,574          | 94,668           |
|                                    | <u>3,658,841</u> | <u>1,439,638</u> |

Bank loans and overdrafts of £1,746,495 (2017 - £398,090) are secured by fixed and floating charges over the undertaking and all property and assets present and future of the company. These amounts relate to invoice factoring arrangements.

### 8 Provisions for liabilities

|                          | 2018<br>£    | 2017<br>£      |
|--------------------------|--------------|----------------|
| Warranty provision       | 7,593        | 11,132         |
| Deferred tax liabilities | 1,627        | 187,644        |
|                          | <u>9,220</u> | <u>198,776</u> |

Provisions for the expected costs of maintenance under guarantees are charged to the profit and loss account when products have been invoiced. The effect of the time value of money is not material and therefore provisions have not been discounted.



# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

### 9 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

|                                | Liabilities<br>2018<br>£ | Liabilities<br>2017<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>               |                          |                          |
| Accelerated capital allowances | 233,596                  | 187,644                  |
| Tax losses                     | (231,969)                | -                        |
|                                | <u>1,627</u>             | <u>187,644</u>           |
|                                |                          | <u>2018</u><br>£         |
| <b>Movements in the year:</b>  |                          |                          |
| Liability at 31 December 2017  |                          | 187,644                  |
| Credit to profit or loss       |                          | (186,017)                |
| Liability at 30 December 2018  |                          | <u>1,627</u>             |

### 10 Called up share capital

|                               | 2018<br>£      | 2017<br>£      |
|-------------------------------|----------------|----------------|
| <b>Ordinary share capital</b> |                |                |
| <b>Issued and fully paid</b>  |                |                |
| 200,000 ordinary of £1 each   | 200,000        | 200,000        |
|                               | <u>200,000</u> | <u>200,000</u> |