

Company Registration No. 03556493 (England and Wales)

**HMI ELEMENTS LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 DECEMBER 2022**

**PAGES FOR FILING WITH REGISTRAR**



**HMI ELEMENTS LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 30 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Intangible assets	3	2,093,821		2,084,732	
Tangible assets	4	115,264		137,048	
Investments	5	3,242		3,242	
		<u>2,212,327</u>		<u>2,225,022</u>	
<b>Current assets</b>					
Stocks		1,403,329		1,021,241	
Debtors	6	1,836,367		1,362,711	
Cash at bank and in hand		424,768		32,719	
		<u>3,664,464</u>		<u>2,416,671</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(4,167,890)</u>		<u>(3,068,825)</u>	
<b>Net current liabilities</b>			<u>(503,426)</u>		<u>(652,154)</u>
<b>Total assets less current liabilities</b>			<u>1,708,901</u>		<u>1,572,868</u>
<b>Creditors: amounts falling due after more than one year</b>	8		(31,250)		(155,097)
<b>Provisions for liabilities</b>	9		<u>(179,637)</u>		<u>(187,122)</u>
<b>Net assets</b>			<u>1,498,014</u>		<u>1,230,649</u>
<b>Capital and reserves</b>					
Called up share capital		200,000		200,000	
Profit and loss reserves		1,298,014		1,030,649	
<b>Total equity</b>			<u>1,498,014</u>		<u>1,230,649</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 2022 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.

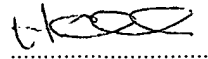
**HMI ELEMENTS LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 30 DECEMBER 2022**

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The financial statements were approved by the board of directors and authorised for issue on 03/04/23 and are signed on its behalf by:



H Gould  
Director

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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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", including the adoption of the amendments issued in December 2017 ("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 notwithstanding net current liabilities of £503,426 (2021- £652,154). The company has experienced a recovery in trading as the impact of the Covid-19 pandemic diminishes and is seeing rising demand as a result of the conflict in Europe. The directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. This is further supported by ongoing backing from the company's Bankers, a strong opening 2023 order book, a healthy sales pipeline, consistent oil prices and Rig Count with activity levels rising in the oil and gas markets.

For these reasons, the directors continue to adopt the going concern basis in preparing the 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.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### **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.

#### **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.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### **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.

#### **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.

#### **Equity instruments**

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **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.

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

### 1 Accounting policies (Continued)

#### 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.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	28	23

### 3 Intangible fixed assets

	Product development £
<b>Cost</b>	
At 31 December 2021	3,786,710
Additions	393,863
At 30 December 2022	4,180,573
<b>Amortisation and impairment</b>	
At 31 December 2021	1,701,978
Amortisation charged for the year	384,774
At 30 December 2022	2,086,752
<b>Carrying amount</b>	
At 30 December 2022	2,093,821
At 30 December 2021	2,084,732

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

### 4 Tangible fixed assets

	Leasehold improvements £	Plant and machinery etc £	Total £
<b>Cost</b>			
At 31 December 2021	529,616	910,233	1,439,849
Additions	-	32,996	32,996
At 30 December 2022	529,616	943,229	1,472,845
<b>Depreciation and impairment</b>			
At 31 December 2021	516,757	786,045	1,302,802
Depreciation charged in the year	5,870	48,909	54,779
At 30 December 2022	522,627	834,954	1,357,581
<b>Carrying amount</b>			
At 30 December 2022	6,989	108,275	115,264
At 30 December 2021	12,858	124,190	137,048

### 5 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings	3,242	3,242

### 6 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,422,331	990,414
Corporation tax recoverable	31,762	130,122
Amounts owed by group undertakings	236,043	148,396
Other debtors	146,231	93,779
	1,836,367	1,362,711

# HMI ELEMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

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

	2022 £	2021 £
Bank loans and overdrafts	1,226,400	1,591,665
Trade creditors	1,214,148	757,509
Amounts owed to group undertakings	496,890	550,833
Taxation and social security	57,568	84,328
Other creditors	1,172,884	84,490
	<u>4,167,890</u>	<u>3,068,825</u>

Bank loans and overdrafts of £1,226,400 (2021 - £1,591,665), represents bank overdrafts of £43 (2021 - £578,953), invoice discounting balances of £1,099,274 (2021 - £840,726) and the short term element of loans under the Coronavirus Business Interruption Loan Scheme ("CBILS") of £127,083 (2021 - £171,986).

Bank overdrafts are secured by fixed and floating charges over the undertaking and all property and assets present and future of the company. Invoice discounting balances are secured against the company's debtors.

The CBILS loans were taken out in May 2020 and May 2021 respectively. As with other loans of this nature, 80% of the loans are guaranteed by HM Government. The remaining 20% is unsecured. HM Government is covering the first year's interest payments. The capital repayments on the 2020 and 2021 loans began in May 2021 and June 2022 respectively. Interest is charged at 3.49% per annum.

### 8 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans	<u>31,250</u>	<u>155,097</u>

Bank loans of £31,250 (2021 - £155,097) represent the long term element of the CBILS loans referred to in the previous note.

### 9 Provisions for liabilities

		2022 £	2021 £
Warranty provision		8,726	11,104
Deferred tax liabilities	10	<u>170,911</u>	<u>176,018</u>
		<u>179,637</u>	<u>187,122</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 2022

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### 10 Deferred taxation

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

	<b>Liabilities 2022 £</b>	<b>Liabilities 2021 £</b>
<b>Balances:</b>		
Accelerated capital allowances	541,847	542,684
Tax losses	(358,436)	(364,713)
Short term timing differences	(12,500)	(1,953)
	<u>170,911</u>	<u>176,018</u>
<b>Movements in the year:</b>		<b>2022 £</b>
Liability at 31 December 2021		176,018
Credit to profit or loss		(5,107)
		<u>170,911</u>
Liability at 30 December 2022		<u>170,911</u>