

HRS HEAT EXCHANGERS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

HRS HEAT EXCHANGERS LIMITED

COMPANY INFORMATION

Directors	M El Baroudi J A Thomas D S Williamson P M Wright I C Sheriff
Company secretary	P M Wright
Registered number	03315082
Registered office	3 Abloy House Hatters Lane Watford Herts WD18 8AJ
Independent auditors	Wilder Coe Ltd Chartered Accounts & Statutory Auditors 1st Floor, Sackville House 143-149 Fenchurch Street London EC3M 6BL

HRS HEAT EXCHANGERS LIMITED

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HRS HEAT EXCHANGERS LIMITED
REGISTERED NUMBER: 03315082

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	66,621	64,071
Current assets			
Stocks	5	-	14,506
Debtors	6	794,910	469,302
Cash at bank and in hand		152,686	16,783
		<u>947,596</u>	<u>500,591</u>
Creditors: amounts falling due within one year	7	(2,223,858)	(1,971,921)
Net current liabilities		(1,276,262)	(1,471,330)
Total assets less current liabilities		(1,209,641)	(1,407,259)
Provisions	8	(270,713)	-
Net liabilities		<u>(1,480,354)</u>	<u>(1,407,259)</u>
Capital and reserves			
Allotted, called up and fully paid share capital		10,000	10,000
Profit and loss account		(1,490,354)	(1,417,259)
Equity shareholder's deficit		<u>(1,480,354)</u>	<u>(1,407,259)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the Directors' Report and Statement of Income and Retained Earnings in accordance with provisions applicable to companies subject to the small companies regime, under section 444 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 July 2023.

P M Wright
Director

The notes on pages 2 to 8 form part of these financial statements.

HRS HEAT EXCHANGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

HRS Heat Exchangers Limited (company number: 03315082), having its registered office and trading address at 3 Abloy House, Hatters Lane, Watford, Hertfordshire, WD18 8AJ, is a private limited company incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company has made a loss of £73,095 (2021: £2,072,251) during the year and has net liabilities of £1,480,354 (2021: £1,407,259).

The Directors consider it appropriate to prepare the accounts on the going concern basis as the Company continues to have the support of Exchanger Industries Limited, the ultimate parent undertaking, so that it will be able to meet its liabilities as they fall due.

2.3 Statement of Cash Flows

The Company has taken advantage of the exemption in Section 1A.7 of Financial Reporting Standard 102 from the requirement to produce a Statement of Cash Flows on the grounds that it is a small company.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

HRS HEAT EXCHANGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and the reducing balance method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 10-33% straight-line
Plant and machinery	- 15-25% reducing balance
Motor vehicles	- 33% reducing balance
Office equipment	- 20% reducing balance / 20-33% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

2.11 Creditors

Short-term creditors are measured at the transaction price.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling (GBP).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in the Statement of Income and Retained Earnings.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.17 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

3. Employees

The average monthly number of employees, including directors, during the year was 11 (2021 - 11).

HRS HEAT EXCHANGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2022	42,338	14,047	32,556	-	88,941
Additions	-	-	1,590	18,971	20,561
At 31 December 2022	42,338	14,047	34,146	18,971	109,502
Depreciation					
At 1 January 2022	5,110	2,298	17,462	-	24,870
Charge for the year	4,690	2,036	6,814	4,471	18,011
At 31 December 2022	9,800	4,334	24,276	4,471	42,881
Net book value					
At 31 December 2022	32,538	9,713	9,870	14,500	66,621
<i>At 31 December 2021</i>	<i>37,228</i>	<i>11,749</i>	<i>15,094</i>	<i>-</i>	<i>64,071</i>

5. Stocks

	2022 £	2021 £
Work in progress	-	3,604
Finished goods and goods for resale	-	10,902
	-	14,506

HRS HEAT EXCHANGERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	477,677	203,741
Amounts owed by group undertakings	68,820	-
Other debtors	20,636	52,869
Prepayments and accrued income	227,777	212,692
	<u>794,910</u>	<u>469,302</u>

7. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	150,590	196,062
Amounts owed to group undertakings	1,600,804	1,590,346
Other taxation and social security	106,334	28,167
Accruals and deferred income	366,130	157,346
	<u>2,223,858</u>	<u>1,971,921</u>

8. Provisions

	Onerous lease provision £
At 1 January 2022	-
Recognised in Statement of Income and Retained Earnings	270,713
At 31 December 2022	<u>270,713</u>

9. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable to the Company to the fund. Contributions paid by the Company to the fund during the year were £10,885 (2021: £8,144).

HRS HEAT EXCHANGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	154,462	161,942
Later than 1 year and not later than 5 years	281,808	418,092
	<u>436,270</u>	<u>580,034</u>

11. Immediate and ultimate parent undertaking

As at 31 December 2022 and 31 December 2021, the Company's immediate parent undertaking was HRS Investments Limited, a company incorporated in England and Wales.

As at 31 December 2022 and 31 December 2021, the Company's ultimate parent undertaking was Exchanger Industries Limited, a company incorporated in Canada.

The smallest group in which the Company's results are consolidated is headed by Exchanger Industries UK Limited. These consolidated accounts are available to the public, and may be obtained from:

3 Abloy House, Hatters Lane, Watford, Hertfordshire, WD18 8AJ

12. Related party disclosures

The Company has taken advantage from the exemption in Financial Reporting Standard 102, Section 33.1A not to disclose transactions with group entities which are wholly owned by a member of the group.

13. Auditors' information

The Company was subject to an audit for the year ended 31 December 2022. The audit report was issued with an unqualified opinion and signed on 20 July 2023 by Charlotte Willmore BFP ACA (Senior Statutory Auditor) on behalf of Wilder Coe Ltd.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.