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**HANOVIA LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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## HANOVIA LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	H Naude (appointed 31 August 2020) J P Ryan A Langston C F Baroude (appointed 1 January 2020)
<b>Company secretary</b>	H Naude
<b>Registered number</b>	01473077
<b>Registered office</b>	780 Buckingham Avenue Slough Berkshire SL1 4LA
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford United Kingdom WD17 1JJ
<b>Bankers</b>	Barclays Watford High Street Branch Watford Hertfordshire WD17 2BT

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HANOVIA LIMITED

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## HANOVIA LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### Introduction

The Directors present their Strategic Report for the year ended 31 March 2020 as follows:

#### Business review and future developments

The company reported a net profit after taxation for the year amounting to £1,122,048 (2019: *loss of £37,624*). As shown in the Statement of comprehensive income, the company's sales have increased compared to the prior period thanks to a recovery in the company's home market and increasing export sales to the USA and the Netherlands; continued growth in these sales following investment in production capacity is anticipated to drive a return to profitability in future.

The company has net assets of £2,665,770 (2019: £1,775,559) and a positive cash balance as set out in the balance sheet.

The company continues to invest in research and development. The directors regard research and development investment essential for the continuing success of the business in the medium to long term.

#### Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2020 and at the approval date of these financial statements, its cash flows, liquidity position and borrowing facilities. The directors have prepared forecasts up to 31 March 2022, which take into account the resilient performance of the company in dealing with the challenges from COVID-19 to date in the financial year ending 31 March 2021 and these forecasts show that the company is expected to remain profitable.

In addition, the company is part of the Halma plc group of companies which has access to considerable financial resources, including a £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £358.5m was undrawn at 30 September 2020. The ultimate parent company Halma Plc has confirmed that it will provide financing to the company for at least one year from the date of the approval of these financial statements should this be required.

The directors have a high level of confidence that despite the current economic uncertainty and the ongoing COVID-19 pandemic the company has access to the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

#### Principal risks and uncertainties

##### Competitive pressure

Competitive pressure in all the company's markets is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services and product differentiation to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

##### Interest rate

The company is self-financed by internally generated funds and has no third party debt. It therefore has no interest rate exposure.

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## HANOVIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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#### Financial key performance indicators

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### Financial risk management

Details of the financial risk management objectives and policies, as well as details of exposure to foreign currency risk, interest rate risk, credit risk, and liquidity risk, can be found in Note 27 to the Halma plc group financial statements. These can be obtained as disclosed in Note 28.

#### Directors' statement of compliance with duty to promote the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require that Directors explain how they have had regard to the matters set out in section 172(1) (a) to (f) (S.172(1)) of the Companies Act 2006 when performing their duty to promote the success of the Company. Throughout the year, while discharging their S.172(1) duty, the Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term.
- the need to foster the Company's business relationships with suppliers and other.
- the impact of the Company's operations on the community and the environment.
- the desirability of the Company maintaining a reputation for high standards of business conduct.
- the need to act fairly between members of the Company.

The Directors also considered the interests of a wider set of stakeholders including its subsidiary undertakings, acquisition prospects and business partners.

The section below sets out the Company's stakeholders, the key issues the Directors considered relevant, and the engagement methods of Directors and responses during the year.

#### Our people

Developing and attracting high quality talent is a key driver of our success. We strive to build leadership teams which are diverse, effective, and engaged. Our employees are a key resource, dedicated to creating, selling and supporting our products and services. We engage with employees through regular meetings and an annual engagement survey.

#### Customers

Our customers play an essential role in ensuring the sustainability of the Company. By delivering our products and services to the end market where they serve to protect and improve the quality of life, they play a pivotal role in the fulfilment of our purpose.

#### Suppliers

Developing strong relationships with our suppliers is key to the operational success of our businesses and ensures that we have agility to develop new and market competitive solutions to meet our customers' needs.

#### Society & Community

We have a duty to conduct business in a responsible and sustainable way that aligns with our purpose and values and supports the communities in which we operate.

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HANOVIA LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020

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This report was approved by the board on 3 February 2021 and signed on its behalf.



J P Ryan  
Director

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## HANOVIA LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their report and the audited financial statements for the year ended 31 March 2020.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, 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 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.

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.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,122,048 (2019 - loss £37,624).

No interim dividend on the ordinary shares was paid (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

#### Directors

The directors who served during the year and to the date of this report, were:

J P Ryan  
M Allen (resigned 31 August 2020)  
A Langston  
G Cruger (resigned 1 January 2020)  
C F Baroudel (appointed 1 January 2020)  
H Naude (appointed 31 August 2020)

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## HANOVIA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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#### Environmental matters

The Halma plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

#### Engagement with employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

#### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event any member of staff became disabled, every effort would be made to ensure that their employment with the company continues and appropriate training would be arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Matters covered in the strategic report

The directors's statement on going concern, future developments, financial risk management and compliance with duty to promote the success of the company is included in the Strategic Report.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

#### Independent auditor

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.



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HANOVIA LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020

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This report was approved by the board on 3 February 2021 and signed on its behalf.



H Naude  
Director

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## HANOVIA LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANOVIA LIMITED

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## Report on the audit of the financial statements

### Opinion

In our opinion, Hanovia Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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## HANOVIA LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANOVIA LIMITED

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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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *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 an auditors' 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.

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

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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HANOVIA LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANOVIA LIMITED

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**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Paola Brazier*

Paola Brazier (Senior Statutory Auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Watford

4 February 2021

HANOVIA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Revenue	4	13,951,258	9,728,449
Cost of sales		(10,825,367)	(8,359,435)
<b>Gross profit</b>		<b>3,125,891</b>	<b>1,369,014</b>
Distribution costs		(503,600)	(361,198)
Administrative expenses		(1,256,979)	(1,119,071)
Other operating income	5	77,424	56,405
<b>Operating profit/(loss)</b>	7	<b>1,442,736</b>	<b>(54,850)</b>
Interest receivable and similar income	11	2,492	394
Interest payable and similar expenses	12	(19,463)	(6,743)
<b>Profit/(loss) before tax</b>		<b>1,425,765</b>	<b>(61,199)</b>
Tax on profit/(loss)	13	(303,717)	23,575
<b>Profit/(loss) for the financial year</b>		<b>1,122,048</b>	<b>(37,624)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 14 to 39 form part of these financial statements.

All amounts relate to continuing operations.

HANOVIA LIMITED  
REGISTERED NUMBER: 01473077

BALANCE SHEET  
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	14	1,690,040	1,868,981
Tangible assets	15	1,561,880	1,242,213
		<u>3,251,920</u>	<u>3,111,194</u>
<b>Current assets</b>			
Stocks	16	1,899,789	1,697,517
Debtors	17	3,897,458	3,418,064
Cash at bank and in hand	18	2,663,855	789,086
		<u>8,461,102</u>	<u>5,904,667</u>
Creditors: amounts falling due within one year	19	(7,402,472)	(6,057,550)
<b>Net current assets/(liabilities)</b>		<u>1,058,630</u>	<u>(152,883)</u>
<b>Total assets less current liabilities</b>		<u>4,310,550</u>	<u>2,958,311</u>
Creditors: amounts falling due after more than one year	20	(1,207,188)	(764,971)
		<u>3,103,362</u>	<u>2,193,340</u>
<b>Provisions for liabilities</b>			
Deferred tax	22	(264,634)	(271,991)
Other provisions	23	(172,958)	(145,790)
		<u>(437,592)</u>	<u>(417,781)</u>
<b>Net assets</b>		<u><u>2,665,770</u></u>	<u><u>1,775,559</u></u>

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HANOVIA LIMITED  
REGISTERED NUMBER: 01473077

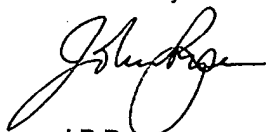
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BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2020

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	Note	2020 £	2019 £
<b>Capital and reserves</b>			
Called up share capital	24	500,000	500,000
Profit and loss account		2,165,770	1,275,559
<b>Shareholder's funds</b>		<u>2,665,770</u>	<u>1,775,559</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 February 2021.



J P Ryan  
Director



H Naude  
Director

The notes on pages 14 to 39 form part of these financial statements.

HANOVIA LIMITED

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	500,000	1,275,559	1,775,559
Impact on change in accounting policy	-	(231,837)	(231,837)
At 1 April 2019 (adjusted balance)	<u>500,000</u>	<u>1,043,722</u>	<u>1,543,722</u>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,122,048	1,122,048
<b>At 31 March 2020</b>	<u><u>500,000</u></u>	<u><u>2,165,770</u></u>	<u><u>2,665,770</u></u>

The notes on pages 14 to 39 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	500,000	1,313,389	1,813,389
Impact of change in accounting policy	-	(206)	(206)
At 1 April 2018 (adjusted balance)	<u>500,000</u>	<u>1,313,183</u>	<u>1,813,183</u>
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(37,624)	(37,624)
<b>At 31 March 2019</b>	<u><u>500,000</u></u>	<u><u>1,275,559</u></u>	<u><u>1,775,559</u></u>

The notes on pages 14 to 39 form part of these financial statements.



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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 1. General information

Hanovia Limited is a private company limited by shares incorporated and domiciled in England, the United Kingdom, under the Companies Act 2006.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

New standards and interpretations not yet applied are disclosed on page 119 of the consolidated financial statements of the ultimate parent. New standards applied for the first time are disclosed in section 2.5 and on pages 118 to 119 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 28 below.

The following principal accounting policies have been applied:

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## 2. Accounting policies (continued)

### 2.3 Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2020 and at the approval date of these financial statements, its cash flows, liquidity position and borrowing facilities. The directors have prepared forecasts up to 31 March 2022, which take into account the resilient performance of the company in dealing with the challenges from COVID-19 to date in the financial year ending 31 March 2021 and these forecasts show that the company is expected to remain profitable.

In addition, the company is part of the Halma plc group of companies which has access to considerable financial resources, including a £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £358.5m was undrawn at 30 September 2020. The ultimate parent company Halma Plc has confirmed that it will provide financing to the company for at least one year from the date of the approval of these financial statements should this be required.

The directors have a high level of confidence that despite the current economic uncertainty and the ongoing COVID-19 pandemic the company has access to the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

### 2.4 Revenue

Revenue 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. Revenue 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:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

#### **Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

HANOVIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.5 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

The following tables summarise the impacts of adopting new reporting standards on the Company's

Balance sheet (extract)

	31 March 2019 As originally presented £	IFRS 16 £	1 April 2019 Adjusted balance £
<b>Fixed assets</b>			
Tangible assets	1,242,213	542,392	1,784,605
	<u>3,111,194</u>	<u>542,392</u>	<u>3,653,586</u>
<b>Current assets</b>			
Debtors	3,418,064	(54,456)	3,363,608
<b>Total current assets</b>	<u>5,904,667</u>	<u>(54,456)</u>	<u>5,850,211</u>
Creditors: amounts falling due within one year	(6,057,550)	(221,685)	(6,279,235)
<b>Total assets less current liabilities</b>	<u>2,958,311</u>	<u>266,251</u>	<u>3,224,562</u>
Creditors: amounts falling due after more than one year	(764,971)	(461,470)	(1,226,441)
Deferred taxation	(271,991)	26,745	(245,246)
Other provisions	(145,790)	(63,363)	(209,153)
<b>Net assets</b>	<u><u>1,775,559</u></u>	<u><u>(231,837)</u></u>	<u><u>1,543,722</u></u>
<b>Capital and reserves</b>			
Profit and loss account	1,275,559	(231,837)	1,043,722
	<u><u>1,775,559</u></u>	<u><u>(231,837)</u></u>	<u><u>1,543,722</u></u>

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## 2. Accounting policies (continued)

### 2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Other intangibles	-	10% to 33% straight line
Development expenditure	-	33% straight line

### 2.7 Development costs

Research expenditure is written off in the financial year in which it is incurred.

Development expenditure is written off in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure is recognised as an intangible asset in the balance sheet, initially at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure assets are considered to have a finite useful life of three years.

### 2.8 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Depreciation is provided on the following basis:

Leasehold improvements	- On a straight line basis over the lease term
Plant, equipment, motor vehicles and short life tooling	- 8% to 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 profit or loss.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## 2. Accounting policies (continued)

### 2.9 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 profit or loss.

### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.11 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

#### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

#### **Fair value through profit or loss**

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

#### **Impairment of financial assets**

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

**Financial liabilities**

**Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**2.13 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.14 Government grants**

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.15 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is 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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 2.16 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.17 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.



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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.18 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.

###### Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

##### 2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

##### 2.20 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## 2. Accounting policies (continued)

### 2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.23 Leases

#### The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.23 Leases (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.8.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the company's accounting policies**

The following is the critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### **Capitalisation of internally generated development costs**

In capitalising internal development costs the Company must make certain judgements about the technical feasibility of a project and also the estimation of the future cash flows that product might generate. These judgements could differ from the ultimate outcome and result in an adjustment that could be material to the financial statements. Details of the companies internally generated development costs are included in note 14.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Recoverability of trade receivables**

In determining the recoverability of trade receivables the Company uses lifetime expected credit losses method based on historical bad debt experience adjusted for future risk; such estimates are based on forward-looking information. Unforeseen events could result in the ultimate outcome differing from the Company's assessment and could result in a material adjustment to the financial statements.

##### **Valuation of stock**

Stock is stated at the lower of cost or net realisable value, and the Company makes an estimation to determine the net realisable value of stock at the end of each reporting period. The net realisable value of stock is mainly determined based on assumptions of future demand within a specific time horizon. These estimates could differ from the ultimate outcome and result in an adjustment that could be material to the financial statements.

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HANOVIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**4. Revenue**

The whole of the revenue is attributable to the sale of ultra violet disinfection equipment and related spares.

Analysis of revenue by country of destination:

	2020 £	2019 £
United Kingdom	2,254,844	2,337,417
Rest of Europe	3,230,096	3,081,112
Rest of the world	8,466,318	4,309,920
	<u>13,951,258</u>	<u>9,728,449</u>

**5. Other operating income**

	2020 £	2019 £
R&D expenditure credits	<u>77,424</u>	<u>56,405</u>

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HANOVIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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6. Leases

Company as a lessee

The company leases its property in Slough which runs to 2022 and in addition a number of smaller leases for office equipment that are treated as low value assets.

Lease liabilities are due as follows:

	2020 £
Not later than one year	221,085
Between one year and five years	242,722
	<u>463,807</u>

Contractual undiscounted cash flows are due as follows:

	2020 £
Not later than one year	235,975
Between one year and five years	242,258
	<u>478,233</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £
Interest expense on lease liabilities	19,463
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>2,126</u>

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 7. Operating profit/(loss)

The operating loss is stated after charging/(crediting):

	2020 £	2019 £
Research & development charged as an expense	1,348,369	1,015,256
Depreciation of tangible fixed assets	419,500	207,039
Amortisation of intangible assets, including goodwill	203,939	396,256
Exchange differences	5,141	(3,985)
Staff costs (note 9)	3,452,113	3,234,489
Cost of stocks recognised as an expense	5,840,546	3,802,499
Including:		
- write-down stocks to net realisable value	166,444	78,257
- reversals of impairments in stock	(57,689)	(53,311)

Write-downs against inventory have been reversed as a result of increased sales in certain markets or where previously written down inventories have been disposed.

#### 8. Auditors' remuneration

	2020 £	2019 £
Fees payable for the audit of the Company's annual financial statements	22,671	21,089

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 9. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	3,034,613	2,855,708
Social security costs	238,595	219,292
Cost of defined contribution scheme	178,905	159,489
	<u>3,452,113</u>	<u>3,234,489</u>

In addition to the defined contribution scheme costs included in the table above, the company incurred costs of £254,256 (2019: £240,131) in relation to the Halma group's deficit reduction payments for the groups defined benefit pension schemes. Further details are included in note 26.

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

	2020 No.	2019 No.
Production	35	28
Sales	7	9
Technical	12	9
Administration	7	7
Other	9	12
	<u>70</u>	<u>65</u>



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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 10. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	528,885	317,953
Amounts receivable under long-term incentive schemes	46,917	46,913
Company contributions to defined contribution pension schemes	30,108	29,706
	<u>605,910</u>	<u>394,572</u>

During the year retirement benefits were accruing to 3 directors (2019 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £265,613 (2019 - £168,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,636 (2019 - £12,293).

During the year, share awards over shares in Halma plc, the ultimate parent company, vested to 2 directors (2019 - 2). Share awards represent remuneration for qualifying services to the company.

2,218 (2019 - 3,077) share awards vested to the highest paid director.

One (2019 - one) other directors were remunerated by another group company. The amount relating to their services to the company was £nil (2019 - £nil).

#### 11. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group companies	1,326	-
Other interest receivable	1,166	394
	<u>1,166</u>	<u>394</u>

#### 12. Interest payable and similar expenses

	2020 £	2019 £
Loans from group undertakings	-	6,743
Interest on lease liabilities	19,463	-
	<u>19,463</u>	<u>6,743</u>

HANOVIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**13. Taxation**

	2020 £	2019 £
Current tax on profits for the period	284,329	-
<b>Total current tax</b>	<b>284,329</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(17,852)	(2,079)
Adjustments in respect of previous periods	37,240	(21,496)
<b>Total deferred tax</b>	<b>19,388</b>	<b>(23,575)</b>
<b>Taxation on profit/(loss)</b>	<b>303,717</b>	<b>(23,575)</b>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit / (Loss) before tax	1,425,765	(61,199)
Profit /(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	270,895	(11,628)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,398	3,678
Adjustments in respect of previous periods	37,240	(21,496)
Other timing differences	11,463	-
Effect of changes to tax rates	-	(85)
Other permanent differences	(6,819)	(3,572)
Group relief	-	23,689
Transfer pricing adjustments	(12,460)	(14,161)
<b>Total tax charge/(credit) for the year</b>	<b>303,717</b>	<b>(23,575)</b>

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**HANOVIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**13. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect the future tax charge.

**14. Intangible assets**

	Other intangibles £	Development Costs £	Total £
<b>Cost</b>			
At 1 April 2019	483,046	3,744,928	4,227,974
Additions - external	24,998	-	24,998
Disposals	(168,141)	-	(168,141)
At 31 March 2020	<u>339,903</u>	<u>3,744,928</u>	<u>4,084,831</u>
<b>Amortisation</b>			
At 1 April 2019	294,221	2,064,772	2,358,993
Charge for the year on owned assets	45,535	158,404	203,939
On disposals	(168,141)	-	(168,141)
At 31 March 2020	<u>171,615</u>	<u>2,223,176</u>	<u>2,394,791</u>
<b>Net book value</b>			
At 31 March 2020	<u>168,288</u>	<u>1,521,752</u>	<u>1,690,040</u>
At 31 March 2019	<u>188,825</u>	<u>1,680,156</u>	<u>1,868,981</u>

Development costs have been capitalised in accordance with the measurement and recognition bases of IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. These costs related to the development of new products. When production commences on the related products the related costs are written off over the estimated Useful Economic Life of the product. Amortisation expense is included within Cost of sales in the Statement of comprehensive income.

HANOVIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets

	Leasehold improvements £	Plant, equipment, motor vehicles and short life tooling £	Right of use assets £	Total £
<b>Cost</b>				
At 1 April 2019	563,293	2,444,587	-	3,007,880
Impact of change in accounting policy	-	-	2,495,186	2,495,186
At 1 April 2019 (adjusted balance)	563,293	2,444,587	2,495,186	5,503,066
Additions	99,572	184,403	-	283,975
Disposals	-	(267,992)	(64,240)	(332,232)
At 31 March 2020	662,865	2,360,998	2,430,946	5,454,809
<b>Depreciation</b>				
At 1 April 2019	424,425	1,341,242	-	1,765,667
Impact of change in accounting policy	-	-	1,952,794	1,952,794
At 1 April 2019 (adjusted balance)	424,425	1,341,242	1,952,794	3,718,461
Charge for the year on owned assets	66,455	203,952	-	270,407
Charge for the year on right-of-use assets	-	-	149,093	149,093
Disposals	-	(245,032)	-	(245,032)
At 31 March 2020	490,880	1,300,162	2,101,887	3,892,929
<b>Net book value</b>				
At 31 March 2020	171,985	1,060,836	329,059	1,561,880
At 31 March 2019	138,868	1,103,345	-	1,242,213

The Right of use asset comprises entirely of property leases. See note 6.

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HANOVIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**16. Stocks**

	2020 £	2019 £
Raw materials and consumables	1,022,163	951,884
Work in progress (goods to be sold)	188,437	118,197
Finished goods and goods for resale	689,189	627,436
	<u>1,899,789</u>	<u>1,697,517</u>

Stock is stated after provisions of impairment of £332,311 (2019: £223,556).

**Replacement costs of stock**

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**17. Debtors**

	2020 £	2019 £
Trade debtors	1,567,538	1,838,656
Amounts owed by group undertakings	1,376,899	806,096
Other debtors	719,029	551,150
Prepayments and accrued income	233,992	222,162
	<u>3,897,458</u>	<u>3,418,064</u>

Included in Other debtors is Corporation tax receivable of £554,749 (2019 - £462,339).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £24,680 (2019: £252).

**18. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>2,663,855</u>	<u>789,086</u>

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HANOVIA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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19. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,188,014	1,060,624
Amounts owed to group undertakings	5,010,098	4,672,552
Other taxation and social security	6,222	6,403
Lease liabilities	221,085	-
Other creditors	612,731	-
Accruals and deferred income	364,322	317,971
	<u>7,402,472</u>	<u>6,057,550</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	242,722	-
Government grants received	964,466	764,971
	<u>1,207,188</u>	<u>764,971</u>

Government grants received greater than one year relates to amounts to be recognised in relation to the EU R&D grant received related to a product development initiative (Mercury Free lamp). The income will be released in line with the amortisation when the product is finished.

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NOTES TO THE FINANCIAL STATEMENTS  
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**21. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>5,786,386</u>	<u>3,522,649</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(7,579,660)</u>	<u>(5,973,723)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, amounts owed by group undertakings, trade and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals, trade and other creditors and lease liabilities.

**22. Deferred tax**

	Accelerated capital allowances £	Other timing differences £	Total £
At 1 April 2019	474	(272,465)	(271,991)
Impact of adoption of new accounting standards: IFRS 16	-	26,745	26,745
Charged to profit and loss	(13,988)	(5,400)	(19,388)
<b>At 31 March 2020</b>	<u>(13,514)</u>	<u>(251,120)</u>	<u>(264,634)</u>
	<i>Accelerated capital allowances £</i>	<i>Other timing differences £</i>	<i>Total £</i>
At 1 April 2018	7,929	(303,495)	(295,566)
(Charged)/credited to profit and loss	(7,455)	31,030	23,575
<b>At 31 March 2019</b>	<u>474</u>	<u>(272,465)</u>	<u>(271,991)</u>

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HANOVIA LIMITED

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23. Provisions

	Warranty £	Dilapidations £	Total £
At 1 April 2019	53,790	92,000	145,790
Impact of changes in accounting policies: IFRS 16 leases	-	63,363	63,363
Credited to profit or loss	-	(61,407)	(61,407)
Charged to profit or loss	25,212	-	25,212
At 31 March 2020	<u>79,002</u>	<u>93,956</u>	<u>172,958</u>

**Product Warranties**

The provision for the product warranties relates to expected warranty claims on products sold in the last year. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

**Dilapidation**

The dilapidations provision is held to recognise the future cost of returning rented premises in a suitable condition at the expiry of the lease term, which is expected to be during 2022. On adoption of IFRS 16 during the year an adjustment arose on the opening balance sheet to increase the dilapidations provision by £63,363. Subsequently the dilapidations amount was remeasured.

24. Called up share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
500,000 (2019 - 500,000) Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>



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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 25. Share based payments

The total cost recognised in profit and loss in respect of share-based payment schemes was £70,588 (2019 - £82,139).

##### Share incentive plan

Halma plc shares are awarded under this Plan are purchased in the market by the Plan's trustees at the time of the award and are held in trust until their transfer to qualifying employees; vesting is conditional upon completion of three years' service. the costs of providing this Plan are recognised in profit and loss over the three-year vesting period.

##### Executive share plan (ESP)

The ESP introduced in FY15/16 in which Executive directors and certain senior employees participate replaced the PSP.

Awards made under this Plan are either performance awards or deferred awards. Performance awards vest after three years based on Earnings Per Share and Return on Total Invested Capital (ROTIC) targets, and after two or three years for deferred share awards based on the continuing service of the employee only. Awards which do not vest, lapse on the second or third anniversary of their grant.

Further details of the Halma plc group's share based payment plans can be found in note 24 of the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 28 below.

#### 26. Pension commitments

The Company participates in the Halma Group Pension Plan, which operates both a defined benefit and defined contribution section. The assets of the plans are held separately from those of the Company in funds under the control of trustees.

##### Defined contribution scheme

Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £178,905 (2019 - £159,489) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2020 there were no contributions in respect of the current reporting period that had not been paid over to the schemes (2019: £nil).

##### Defined benefit scheme

During the period ended 29 March 2014 the defined benefit plan closed to future accrual and all members joined the defined contribution section within the plan.

There is no contractual agreement or stated policy for charging the net defined benefit cost and, therefore, the ultimate parent company, which is the sponsoring employer of the scheme, recognises the whole of the scheme surplus or deficit in its financial statements. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the year, which in the year ended 31 March 2020 was £254,256 (2019 - £240,131).

Further details of the Group defined benefit scheme are disclosed in note 19 of the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 28 below.

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## HANOVIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### **27. Related party transactions**

The company is exempt under the terms of FRS 101 from disclosing related party transactions entered into between two or more members of a group, provided any subsidiary that is party to the transaction is wholly owned by such a member.

#### **28. Controlling party**

The immediate and ultimate parent company of Hanovia Limited and the parent company of the only group for which consolidated financial statements are prepared which include this company is Halma plc, which is incorporated in England and Wales. The financial statements of Halma plc can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Buckinghamshire, HP7 0DE or at [www.halma.com](http://www.halma.com)