Registered number: 01483208

# APOLLO FIRE DETECTORS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

**APOLLO FIRE DETECTORS LIMITED**

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | F L Medeiros De Almeida (appointed 31 October 2022)<br>R E Pugh (appointed 17 April 2023)<br>C Lombard<br>I Cruse (appointed 1 April 2022)<br>N Duke<br>W Osborne<br>D H Robbins (appointed 1 April 2022) |
| **Registered number** | 01483208 |
| **Registered office** | 36 Brookside Road<br>Havant<br>Hampshire<br>PO9 1JR |
| **Independent auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH |
| **Bankers** | Barclays Bank Plc<br>1 Churchill Place<br>London<br>E14 5HP |

## APOLLO FIRE DETECTORS LIMITED

## CONTENTS

# STRATEGIC REPORT
# FOR THE YEAR ENDED 31 MARCH 2023

## Introduction

The Directors present their Strategic Report for the year ended 31 March 2023 as follows:

## Business review and future developments

The Company is principally engaged in the design, manufacture and sale of commercial fire and smoke detectors.

As shown in the Company's statement of comprehensive income, the Company's revenue has increased by 5.6% to £110,662,000 (2022: £104,817,000) over the prior period and profit before tax has increased by 12.2% to £30,253,000 (2022: £26,877,000). During the year, the Company has experienced inflationary increases in the cost of components, labour and energy. These costs have been passed on where possible.

The Company's balance sheet shows that the Company's financial position at the year end, has remained strong with net assets up 18.1% to £66,741,000 (2022: £56,422,000). The new financial year has started strongly, and the Company's directors have confidence this trend will continue.

The Company continues to invest in R&D which is considered important for the future growth of the business.

The Company has recorded an actuarial gain in the current year (2022: gain), primarily arising from changes in financial assumptions.

## 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 2023 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 December 2024, and these forecasts show that the Company is expected to remain profitable and even in a severe but plausible downside scenarios the Company is still able to meet its debts as they fall due.

The Directors have a high level of confidence that despite the current economic uncertainty 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 even in the event of the severe but plausible downside scenarios. Thus, the Directors believe there is no material uncertainty in the use of the going concern assumption.

## Principal risks and uncertainties

### Global competitive pressure

Global competitive pressure is a continuing risk for the Company, which could result in the loss of sales to key competitors. The Company manages this risk by investing in research and development in order to supply a differentiated product range with clear end user advantages, by maintaining strong relationships with customers and providing added value services to them and by offering fast response times not only in supplying products but in handling all customer queries.

### Foreign exchange

The Company transacts sales and purchases in a number of currencies and is particularly exposed to movement in the Euro and US Dollar exchange rates. Another group company takes out forward exchange contracts to manage this risk on behalf of the company.

### Interest rate exposure

The Company is self-funded by internally generated funds and has no third party debt. The Company therefore has no interest rate exposure.

### Financial key performance indicators

Revenue and profit before tax are key performance indicators for the company and the Company's directors believe that further key performance indicators for the Company, other than those discussed in the business review, are not necessary or appropriate for an understanding of the development, performance or position of the business.

### Financial risk management

During the year, the company has experienced inflationary increases in the cost of components, labour and energy. These costs have been passed on where possible. The Company assessed the inflation risk and wherever possible implemented mitigating measures. Further 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 29.

**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, customers and others.
- 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 fellow Halma group subsidiary undertakings and business partners. Disclosures in respect of Streamlined Energy and Carbon (SECR) are made in the consolidated financial statements of the ultimate parent company. These statements can be obtained as disclosed in note 29 below.

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 an employee communication app, regular meetings and an annual engagement survey.

**Customers**

Our customers play an essential role in ensuring the sustainability of the Group. 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.

This report was approved by the board on 5 October 2023 and signed on its behalf.

**C Lombard**
Director

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

***Statement of directors' responsibilities in respect of the financial statements***

The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare audited 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, 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 also 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 £26,880,000 *(2022 - £26,240,000).*

An interim dividend of £19,000,000 (*2022* - £18,000,000) on ordinary shares was paid during the year. The. Directors do not propose the payment of a final dividend (*2022 - £nil*).

**Directors**

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

F L Medeiros De Almeida (appointed 31 October 2022)
C Lombard
J L Rudder (resigned 31 August 2022)
I Cruse (appointed 1 April 2022)
N Duke
W Osborne
D R Bulley (resigned 30 June 2023)
D H Robbins (appointed 1 April 2022)
R E Pugh (appointed 17 April 2023)

**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. These statements can be obtained as disclosed in note 28 below. 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.

**Qualifying third party indemnity provisions**

The company has qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

**Matters covered in the strategic report**

The Directors' 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 auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board on 5 October 2023 and signed on its behalf.

R E Pugh
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FIRE DETECTORS LIMITED

## Report on the audit of the financial statements

### Opinion

In our opinion, Apollo Fire Detectors Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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, including 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 2023; the statement of comprehensive income, 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### 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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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 Statement of directors' responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FIRE DETECTORS LIMITED

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries, designed to manipulate the financial performance and/or position of the company and management bias in accounting estimates and critical judgements. Audit procedures performed by the engagement team included:

- Inquiry with management in respect of potential non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation;
- Testing journal entries meeting specific risk criteria, testing accounting estimates for indications of management bias;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their key sources of estimation uncertainty and critical judgements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

## 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 obtained 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.

CRichmond

Christopher Richmond (Senior Statutory Auditor)

for and on behalf of
**PricewaterhouseCoopers LLP**
Chartered Accountants and Statutory Auditors
London

5 October 2023

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023<br>£000 | *2022*<br>*£000* |
|---|---|---|---|
| Revenue | 4 | **110,662** | *104,817* |
| Cost of sales | | **(72,315)** | *(69,995)* |
| **Gross profit** | | **38,347** | *34,822* |
| Distribution costs | | **(1,512)** | *(1,421)* |
| Administrative expenses | | **(7,095)** | *(6,546)* |
| Other operating income | 5 | **241** | *155* |
| **Operating profit** | 6 | **29,981** | *27,010* |
| Interest receivable and similar income | 10 | **354** | *186* |
| Interest payable and similar expenses | | **(1)** | *(1)* |
| Other finance costs | 11 | **(81)** | *(318)* |
| **Profit before tax** | | **30,253** | *26,877* |
| Tax on profit | 12 | **(1,068)** | *(637)* |
| **Profit for the financial year** | | **29,185** | *26,240* |
| **Other comprehensive income:** | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | |
| Actuarial gain on defined benefit schemes | 26 | **544** | *12,569* |
| Tax relating to components of other comprehensive income | | **(409)** | *(3,165)* |
| | | **135** | *9,404* |
| **Total comprehensive income for the year** | | **29,320** | *35,644* |

The notes on pages 15 to 45 form part of these financial statements.

All amounts relate to continuing operations.

# BALANCE SHEET
## AS AT 31 MARCH 2023

| | Note | | 2023 £000 | | 2022 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 14 | | **3,580** | | *3,379* |
| Tangible assets | 15 | | **8,274** | | *8,558* |
| | | | **11,854** | | *11,937* |
| **Current assets** | | | | | |
| Stocks | 16 | **17,010** | | *12,570* | |
| Debtors: amounts falling due after more than one year | 17 | **-** | | *13,468* | |
| Debtors | 17 | **43,584** | | *25,965* | |
| Cash at bank and in hand | 18 | **569** | | *1,968* | |
| | | **61,163** | | *53,971* | |
| Creditors: amounts falling due within one year | 19 | **(11,962)** | | *(11,064)* | |
| **Net current assets** | | | **49,201** | | *42,907* |
| **Total assets less current liabilities** | | | **61,055** | | *54,844* |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 22 | **(3,519)** | | *(2,148)* | |
| Other provisions | 23 | **(474)** | | *(675)* | |
| **Net assets excluding pensions** | | | **(3,993)** | | *(2,823)* |
| Pension asset | 26 | | **9,679** | | *4,400* |
| **Net assets** | | | **66,741** | | *56,421* |

## BALANCE SHEET (CONTINUED)
## AS AT 31 MARCH 2023

| | Note | 2023<br>£000 | *2022*<br>*£000* |
|---|---|---|---|
| **Capital and reserves** | | | |
| Called up share capital | 24 | **83** | *83* |
| Profit and loss account | | **66,658** | *56,338* |
| **Total equity** | | **66,741** | *56,421* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 October 2023.

**C Lombard**
Director

**R E Pugh**
Director

The notes on pages 15 to 45 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2023

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £000 | £000 | £000 |
| At 1 April 2022 | 83 | 56,338 | 56,421 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 29,185 | 29,185 |
| Actuarial gain on pension scheme | - | 544 | 544 |
| Deferred tax movements | - | (1,273) | (1,273) |
| Current tax movements | - | 864 | 864 |
| **Other comprehensive income for the year** | - | 135 | 135 |
| **Total comprehensive income for the year** | - | 29,320 | 29,320 |
| Dividends paid | - | (19,000) | (19,000) |
| **At 31 March 2023** | 83 | 66,658 | 66,741 |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2022

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £000 | £000 | £000 |
| At 1 April 2021 | 83 | 38,694 | 38,777 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 26,240 | 26,240 |
| Actuarial gains on pension scheme | - | 12,569 | 12,569 |
| Deferred tax movements | - | (3,998) | (3,998) |
| Current tax movements | - | 833 | 833 |
| **Other comprehensive income for the year** | - | 9,404 | 9,404 |
| **Total comprehensive income for the year** | - | 35,644 | 35,644 |
| Dividends paid | - | (18,000) | (18,000) |
| **At 31 March 2022** | 83 | 56,338 | 56,421 |

The notes on pages 15 to 45 form part of these financial statements.

## 1. General information

Apollo Fire Detectors Limited is a private company limited by shares, incorporated and domiciled in England, 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 pages 183 of the consolidated financial statements of the ultimate parent. New standards applied for the first time are disclosed on page 183 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 29 below.

There was no material impact from new standards in these financial statements.

The following principal accounting policies have been applied:

## 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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.

## 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 2023 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 December 2024, and these forecasts show that the Company is expected to remain profitable and even in a severe but plausible downside scenarios the Company is still able to meet its debts as they fall due.

The Directors have a high level of confidence that despite the current economic uncertainty 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 even in the event of the severe but plausible downside scenarios. Thus, the Directors believe there is no material uncertainty in the use of the going concern assumption.

### 2.4 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.

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.

## 2. Accounting policies (continued)

### 2.5 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:

**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.

The company applies the practical expedient in IFRS 15 (paragraph 63) and does not adjust the promised amount of consideration for the effects of a significant financing component if the company expects, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The company applies the practical expedient in IFRS 15 (paragraph 94) and recognises incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the company would otherwise have recognised is one year or less.

### 2.6 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.

## 2. Accounting policies (continued)

### 2.6 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.

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 'Tangible Fixed Assets' 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 2.14.

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.

### 2.7 Interest income

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

### 2.8 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. Accounting policies (continued)

### 2.9 Share based payments

Where share options are awarded in the parent entity, Halma plc, 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.

## 2. Accounting policies (continued)

### 2.10 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 payments obligations.

The contributions are recognised as an expense in the Profit and loss account 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.

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**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. Accounting policies (continued)

### 2.11 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.

### 2.12 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.

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.

Annual amortisation is provided on the following bases:

| | | |
|---|---|---|
| Computer software | - | 20 % to 33 % straight line per annum |
| Development expenditure | - | 33 % straight line per annum |

## 2. Accounting policies (continued)

### 2.13 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.

### 2.14 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.

Annual depreciation is provided on the following basis:

| | |
|---|---|
| Freehold property | - 2% straight line per annum |
| Plant, equipment, motor vehicles and short life tooling | - 8% to 33% straight line per annum |
| Right of use assets | - Over the period of the lease |

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.

## 2. Accounting policies (continued)

### 2.15 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.

### 2.16 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.

### 2.17 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.

### 2.18 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.

### 2.19 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.

## 2. Accounting policies (continued)

### 2.20 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**

The Company's financial assets other than those which meet the criteria to be measured at amortised cost are 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.

**Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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.

## 2. Accounting policies (continued)

### *2.20 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.

### 2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**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 and estimates in applying the company's accounting policies**

The following are the critical judgements 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 estimation 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.The Company needs to monitor project success and impair capitalised development costs when necessary.

**Valuation of pension obligation** (Note 26)

Determining the value of the future defined benefit pension liability requires judgement in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. Management makes these judgements in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit pension liability are disclosed in note 26.

**Key sources of estimation uncertainty**

The directors do not consider that there is any significant estimation uncertainty in the preparation of financial statements.

## 4. Revenue

The whole of the revenue is attributable to the design, manufacture and sale of commercial fire and smoke detectors.

Analysis of turnover by country of destination:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| United Kingdom | 61,615 | 55,766 |
| Rest of Europe | 30,771 | 30,405 |
| Rest of the world | 18,276 | 18,646 |
| | 110,662 | 104,817 |

## 5. Other operating income

| | 2023 £000 | 2022 £000 |
|---|---|---|
| R&D expenditure credits | 241 | 155 |

## 6. Operating profit

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

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Research & development charged as an expense | 5,524 | 5,902 |
| Depreciation of tangible fixed assets (note 15) | 1,334 | 1,592 |
| (Gain)/loss on disposal of tangible fixed assets | (40) | 33 |
| Amortisation of intangible assets (note 14) | 917 | 813 |
| Impairment of intangible assets (note 14) | 110 | - |
| Exchange differences | (443) | (325) |
| Customisation and configuration costs in respect of software as a service | 1,559 | - |
| Staff costs (note 8) | 17,796 | 16,836 |
| Cost of stocks recognised as an expense | 43,426 | 39,581 |
| Including: | | |
| - write-up stocks to net realisable value | - | (2) |

## 7. Auditors' remuneration

| | **2023** **£000** | *2022* *£000* |
|---|---|---|
| Fees for the audit of the Company | **122** | *35* |

## 8. Employees

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

| | **2023** **£000** | *2022* *£000* |
|---|---|---|
| Wages and salaries | **15,174** | *14,503* |
| Social security costs | **1,604** | *1,515* |
| Pension costs | **1,018** | *818* |
| | **17,796** | *16,836* |

In addition to the wages and salaries there are £189,000 redundancy costs (2022: £118,000) incurred during the year.

In addition to the defined contribution scheme costs and past service costs included in the table above, the Company incurred costs of £23,335 (2022: £16,407) during the period in relation to the Halma group's deficit reduction payments for the group's defined benefit pension scheme. Further details are included in note 26.

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

| | **2023** **No.** | *2022* *No.* |
|---|---|---|
| Full time | **338** | *337* |
| Part time | **29** | *29* |
| | **367** | *366* |

## 9. Directors' remuneration

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Directors' emoluments | **1,453** | *1,293* |
| Amounts receivable under long-term incentive schemes | **84** | *103* |
| Company contributions to defined contribution pension schemes | **52** | *53* |
| Compensation for loss of office | **57** | *28* |
| | **1,646** | *1,477* |

During the year retirement benefits were accruing to 6 directors *(2022 - 6)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £409,536 *(2022 - £357,000)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2022 - £NIL)*.

During the period, share awards over shares in Halma plc, the ultimate parent company, vested to 2 directors *(2022:* 2) and 1 former director (2022: 1). Share awards represent remuneration for qualifying services to the Company.

No *(2022: Nil)* share awards vested to the highest paid director.

1 (*2022:* 2) other director(s) were remunerated by other group companies. The amount relating to their services to the Company was £nil (*2022: £nil*).

## 10. Interest receivable and similar income

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Interest receivable from group companies | **354** | *186* |

## 11. Other finance costs

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Interest income on pension scheme assets | **(2,043)** | *(1,310)* |
| Interest expense on pension scheme liabilities | **1,856** | *1,508* |
| Change in fair value of derivative financial instruments | **268** | *120* |
| | **81** | *318* |

## 12. Taxation

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | 864 | 833 |
| Adjustments in respect of previous periods | 105 | 87 |
| **Total current tax** | **969** | 920 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 103 | (324) |
| Adjustments in respect of previous periods | (4) | 41 |
| **Total deferred tax** | **99** | (283) |
| **Taxation on profit on ordinary activities** | **1,068** | 637 |

### Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2022 - lower than)* the standard rate of corporation tax in the UK of 19% *(2022 - 19%)*. The differences are explained below:

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| Profit on ordinary activities before tax | **30,253** | *26,877* |
| *Profit on ordinary activities multiplied by standard rate of corporation tax in* the UK of 19% (2022 - 19%) | **5,748** | *5,107* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | (23) | 3 |
| Adjustments to tax charge in respect of previous periods | 101 | 128 |
| Effect of changes to tax rates | - | (261) |
| Other differences | (338) | (238) |
| Group relief | (4,946) | (5,057) |
| Transfer pricing adjustments | 526 | 955 |
| **Total tax charge for the year** | **1,068** | 637 |

## 12. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 13. Dividends

| | **2023** | *2022* |
|---|---|---|
| | **£000** | *£000* |
| Ordinary shares | **9,500** | *9,000* |
| Deferred shares | **9,500** | *9,000* |
| | **19,000** | *18,000* |

Of the dividend of £19,000,000 (2022: £18,000,000) declared for the year, £9,500,000 (2022: £9,000,000) was attributable to holders of the deferred shares.

The dividend paid for the year represents a payment of £126.25 per ordinary share (2022: £119.60 per ordinary share) and £126.25 per deferred share (2022: £119.60 per deferred share).

## 14. Intangible assets

| | Computer software £000 | Capitalised development costs £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2022 | 904 | 7,902 | 8,806 |
| Additions - external | - | 1,137 | 1,137 |
| Intra-group transfers | (7) | - | (7) |
| Disposals | (1) | - | (1) |
| At 31 March 2023 | 896 | 9,039 | 9,935 |
| **Amortisation** | | | |
| At 1 April 2022 | 841 | 4,586 | 5,427 |
| Charge for the year on owned assets | 82 | 835 | 917 |
| On disposals | (1) | - | (1) |
| Impairment charge | - | 110 | 110 |
| On revalued assets | (98) | - | (98) |
| At 31 March 2023 | 824 | 5,531 | 6,355 |
| **Net book value** | | | |
| At 31 March 2023 | 72 | 3,508 | 3,580 |
| *At 31 March 2022* | *63* | *3,316* | *3,379* |

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. Projects are at various stages of completion and the related costs will be written off over three years once commercial sales have commenced.

Amortisation expense is included within Cost of sales in the Statement of comprehensive income.

During the year, the Company performed a review of all the projects where development costs have been capitalised to compare net book value, future potential revenues and cash flow. This review identified that two projects were no longer commercially viable and an impairment charge processed.

## 15. Tangible assets

| | Freehold property £000 | Plant, equipment, motor vehicles and short life tooling £000 | Right of use assets £000 | Total £000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2022 | 7,652 | 21,363 | 46 | 29,061 |
| Additions | - | 917 | 228 | 1,145 |
| Disposals | - | (465) | - | (465) |
| Transfers between classes | - | 7 | - | 7 |
| At 31 March 2023 | 7,652 | 21,822 | 274 | 29,748 |
| **Depreciation** | | | | |
| At 1 April 2022 | 2,812 | 17,657 | 34 | 20,503 |
| Charge for the year on owned assets | 111 | 1,209 | - | 1,320 |
| Charge for the year on right-of-use assets | - | - | 14 | 14 |
| Disposals | - | (461) | - | (461) |
| Transfers between classes | - | 98 | - | 98 |
| At 31 March 2023 | 2,923 | 18,503 | 48 | 21,474 |
| **Net book value** | | | | |
| At 31 March 2023 | 4,729 | 3,319 | 226 | 8,274 |
| *At 31 March 2022* | *4,840* | *3,706* | *12* | *8,558* |

Right of use assets comprise of property.

## 16. Stocks

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Raw materials and consumables | **11,059** | *7,657* |
| Work in progress | **321** | *302* |
| Finished goods and goods for resale | **5,630** | *4,611* |
| | **17,010** | *12,570* |

Stock is stated after provisions of impairment of £1,157,000 (2022: £430,000)

**Replacement costs of stock**

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

## 17. Debtors

| | 2023 £000 | *2022 £000* |
|---|---|---|
| **Due after more than one year** | | |
| Amounts owed by group undertakings | - | *13,468* |
| | - | *13,468* |

| | 2023 £000 | *2022 £000* |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | **18,102** | *15,465* |
| Amounts owed by group undertakings | **11,915** | *3,120* |
| Other debtors | **13,140** | *6,917* |
| Prepayments and accrued income | **427** | *304* |
| Financial Instruments - intercompany derivatives (Note 21) | - | *159* |
| | **43,584** | *25,965* |

Included in other debtors is corporation tax recoverable of £13,139,582 (2022: £6,712,169).

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 £13,000 (2022: £27,000).

## 18. Cash and cash equivalents

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Cash at bank and in hand | **569** | *1,968* |

## 19. Creditors: Amounts falling due within one year

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Trade creditors | **6,169** | *4,977* |
| Amounts owed to group undertakings | **1,755** | *2,489* |
| Other taxation and social security | **344** | *45* |
| Lease liabilities | **223** | *9* |
| Accruals and deferred income | **2,845** | *2,920* |
| Financial Instruments - intercompany derivatives (Note 21) | **164** | *55* |
| Contract liabilities | **462** | *569* |
| | **11,962** | *11,064* |

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

Revenue recognised that was included in the contract liability balance at the beginning of the period was £569,000 (2022: £1,046,000)

## 20. Leases

### Company as a lessee

During the year the Company entered into lease agreements for 6 cars.

Lease liabilities are due as follows:

| | 2023 £000 | *2022 £000* |
|---|---|---|
| Not later than one year | **223** | *9* |

The total cash outflow for leases amounted to £14,000 (2022: £12,000).

## 21. Financial instruments

| | 2023 £000 | *2022 £000* |
|---|---|---|
| ***Financial assets*** | | |
| Financial assets measured at fair value through profit or loss | - | *159* |
| Financial assets measured at amortised cost | **30,586** | *40,938* |
| | **30,586** | *41,097* |
| **Financial liabilities** | | |
| Financial liabilities measured at fair value through profit or loss | **(164)** | *(55)* |
| Financial liabilities measured at amortised cost | **(11,454)** | *(10,964)* |
| | **(11,618)** | *(11,019)* |

Financial assets measured at fair value through profit or loss comprise intercompany derivative financial instruments.

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

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

Financial liabilities measured at fair value through profit or loss comprise intercompany derivative financial instruments.

**Derivatives**

Another group company enters into derivative financial instruments to manage the Company's exposure to foreign exchange rate risk. It is the policy of the Halma group companies to enter into back to back forward foreign exchange contracts to cover foreign currency payments and receipts on behalf of other group companies.

The fair values of intercompany derivative financial instruments are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the derivatives.

## 22. Deferred tax

| | Accelerated capital allowances £000 | Pension deficit £000 | Other timing differences £000 | Total £000 |
|---|---|---|---|---|
| At 1 April 2022 | **(304)** | **(1,101)** | **(743)** | **(2,148)** |
| Charged to profit and loss | **(44)** | **(46)** | **(9)** | **(99)** |
| Charged to other comprehensive income | **-** | **(1,273)** | **1** | **(1,272)** |
| **At 31 March 2023** | **(348)** | **(2,420)** | **(751)** | **(3,519)** |

| | *Accelerated capital allowances £000* | *Pension deficit £000* | *Other timing differences £000* | *Total £000* |
|---|---|---|---|---|
| At 1 April 2021 | *(226)* | *2,348* | *(556)* | *1,566* |
| (Charged)/credited to profit and loss | *(78)* | *549* | *(187)* | *284* |
| Credited to other comprehensive income | *-* | *(3,998)* | *-* | *(3,998)* |
| **At 31 March 2022** | *(304)* | *(1,101)* | *(743)* | *(2,148)* |

## 23. Other provisions

| | Warranty £000 |
|---|---|
| At 1 April 2022 | **675** |
| Charged to profit or loss | **203** |
| Utilised in year | **(404)** |
| **At 31 March 2023** | **474** |

The warranty provision relates to expected returns of goods sold under the Company's warranty scheme.

## 24. Called up share capital

| | 2023 | *2022* |
|---|---|---|
| | £000 | *£000* |
| **Allotted, called up and fully paid** | | |
| 75,250 *(2022: 75,250)* Ordinary shares of £0.10 each | 8 | *8* |
| 75,250 *(2022: 75,250)* Deferred shares of £1.00 each | 75 | *75* |
| | 83 | *83* |

The deferred shares carry no voting rights or rights to participation in shareholders' funds in excess of their nominal value in the event of the company being wound up. The deferred shares ranked pari passu for dividend purposes from 1 January 2000.

In accordance with IAS 39, the deferred shares have been classified as equity.

## 25. Capital commitments

At 31 March 2023 and 31 March 2022 the Company had capital commitments as follows:

| | 2023 | *2022* |
|---|---|---|
| | £000 | *£000* |
| Contracted for but not provided for in these financial statements | 1,033 | *226* |

## 26. Pension asset

The Company participates in two pension schemes, the Apollo Pension and Life Assurance Plan and the Halma Group Pension Plan.

The Company operates a defined benefit pension scheme, the Apollo Pension and Life Assurance Plan.

The Apollo Pension and Life Assurance Plan is funded and provides defined benefits. The assets of the scheme are held in a separate trustee administered fund. The most recent actuarial valuation, using the Projected Unit method, was carried out by qualified actuaries as at 1 April 2021. The estimate of the solvency liability was £44.1 million as at 1 April 2021 for the Apollo Pension and Life Assurance Plan.

The market value of the scheme assets as at 31 March 2023 was £58.5 million (*2022 - £71.3 million*).

With effect from 31 December 2002, the Plan closed to new entrants, and to future accrual from 1 December 2014. From that date members transferred to the existing defined contribution section within the Halma Group Pension Plan.

The defined benefit pension schemes exposes the Company to actuarial risks such as longer than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

The UK pensions environment is regulated by The Pensions Regulator whose statutory objectives are set out in legislation and include promoting and improving understanding of the good administration of work-based pensions, protecting member benefits and regulating occupational defined benefit and contribution schemes. The Pensions Regulator is a non-departmental public body established under the Pensions Act 2004 and sponsored by the Department for Work and Pensions, operating within a legal regulatory framework set by the UK Parliament. The Pensions Regulator's statutory objectives and regulatory powers are described on its website at thepensionsregulator.gov.uk.

All defined benefit schemes are UK registered as an occupational pension plan with HMRC and are subject to UK legislation and oversight from The Pensions Regulator. UK legislation requires that pension schemes are funded prudently and that valuations are undertaken at least every three years.

Reconciliation of present value of plan liabilities:

| | **£000** | *£000* |
|---|---|---|
| **Reconciliation of present value of plan (assets)/liabilities** | | |
| At 1 April 2022 and 1 April 2021 | **(4,400)** | *12,356* |
| Net interest (income)/expense | **(187)** | *198* |
| Actuarial gain | **(544)** | *(12,569)* |
| Contributions | **(4,548)** | *(4,385)* |
| **At 31 March 2023 and 31 March 2022** | **(9,679)** | *(4,400)* |

## 26. Pension asset (continued)

Composition of plan assets:

| | 2023 % | 2022 % |
|---|---|---|
| Equities | 10 | 48 |
| Bonds | 76 | 41 |
| Cash | 6 | 6 |
| Property | 8 | 5 |
| **Total plan assets** | 100 | 100 |

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Fair value of plan assets | 58,473 | 71,303 |
| Present value of plan liabilities | (48,794) | (66,903) |
| **Net pension scheme asset** | 9,679 | 4,400 |

The amounts recognised in profit or loss are as follows:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Interest on obligation | (1,856) | (1,508) |
| Interest income on plan assets | 2,043 | 1,310 |
| **Total** | 187 | (198) |

## 26. Pension asset (continued)

Reconciliation of present value of plan liabilities were as follow:

| | £000 | £000 |
|---|---|---|
| At 1 April 2022 and 1 April 2021 | 66,903 | 78,886 |
| Interest cost | 1,856 | 1,508 |
| Actuarial gains | (18,719) | (10,436) |
| Benefits paid | (1,246) | (3,055) |
| **At 31 March 2023 and 31 March 2022** | 48,794 | 66,903 |

Reconciliation of fair value of plan assets were as follows:

| | £000 | £000 |
|---|---|---|
| At 1 April 2022 and 1 April 2021 | 71,303 | 66,530 |
| Interest income on plan assets | 2,043 | 1,310 |
| Contributions by employer | 4,548 | 4,385 |
| Actuarial (losses)/gains excluding interest income | (18,175) | 2,133 |
| Benefits paid | (1,246) | (3,055) |
| **At 31 March 2023 and 31 March 2022** | 58,473 | 71,303 |

The Company expects to contribute £3,6 million to its defined benefit pension scheme, the Apollo Pension and Life Assurance Plan in 2024.

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| **Analysis of actuarial gains and losses** | | |
| Actuarial gains from changes in financial assumptions | 21,228 | 11,430 |
| Actuarial losses arising from experience adjustment | (2,509) | (994) |
| | 18,719 | 10,436 |

## 26. Pension asset (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | **2023** | *2022* |
|---|---|---|
| | **%** | *%* |
| Discount rate at beginning of period | **2.80 %** | *1.95 %* |
| Expected return on scheme assets | **4.75 %** | *2.80 %* |
| Future pension increases | **3.15 %** | *3.35 %* |
| Inflation - RPI | **3.30 %** | *3.60 %* |
| Inflation - CPI | **2.50 %** | *2.60 %* |
| Mortality - Retiring today: | | |
| Males | **22.3** | *22.4* |
| Females | **24.7** | *24.8* |
| Mortality - Retiring in 20 years: | | |
| Males | **23.8** | *23.9* |
| Females | **26.2** | *26.2* |

Amounts for the current and previous period are as follows:

| | **2023** | *2022* |
|---|---|---|
| | **£000** | *£000* |
| Experience adjustments on scheme liabilities | **(18,719)** | *(10,436)* |
| Experience adjustments on scheme assets | **(18,175)** | *2,133* |

An increase by 0.5% in the discount rate or rate of inflation would impact on plan liabilities by 7.7% and 3.6% respectively (2022: an increase of 0.25% would impact by 5.0% and 2.4% respectively). A decrease by 0.5% in the discount rate or rate of inflation would impact on plan liabilities by 8.7% and 3.6% respectively (2022: a decrease of 0.25% would impact by 5.3% and 2.3% respectively). An increase in the rate of mortality by one year would increase plan liabilities by 2.4% (2022: 3.2%).

The Company has considered the requirements of IFRIC 14 with respect to the plan and in particular the need to recognise an additional liability in respect of any minimum funding requirements. The Company has determined that it has an unconditional right to a refund under the plan and hence no additional liability is required.

**26. Pension asset (continued)**

**Expected Maturity Analysis**

| | Less than one year £000 | Between one and two years £000 | Between two and five years £000 | Between five and ten years £000 | Total £000 |
|---|---|---|---|---|---|
| Undiscounted Pension Obligation | 1,300 | 1,300 | 4,200 | 8,000 | 14,800 |

The Company also 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 £1,017,696 (2022: £818,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2023 there were no contributions in respect of the current reporting period that had not been paid over to the schemes (2022 - £nil).

**Defined benefit scheme**

During the period ended 29 March 2014 the Halma 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 period, which in the year ended 31 March 2023 was £23,335 (2022: £16,407).

Further details of the Group defined benefit scheme are disclosed on note 29 of the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 29 below.

## 27. Share-based payments

The total cost recognised in profit and loss in respect of share-based payment schemes was £546,677 *(2022: £385,172)*.

### Share incentive plan

Halma plc shares 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 Halma plc group operates the ESP in which Executive directors and certain senior employees participate.

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 29 below.

## 28. Related party transactions

Halma plc charges the Company a supplementary management fee to cost of sales amounting to £2,694,815 (2022: £5,000,000).

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.

## 29. Controlling party

The immediate and ultimate parent company of Apollo Fire Detectors 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.