Registered No 02691137

HCL Safety Limited

Annual Report and Financial Statements

For the year ended

31 December 2020

Company Information

Directors

J M Daugherty
R W Roda

Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers
HSBC Bank plc
Level 4
3 Temple Quay
Bristol BS1 6ER

Registered Office
HCL Safety Limited
c/o Latchways plc
Hopton Park
Devizes
Wiltshire SN10 2JP

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Registered No 02691137

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2020

Principal activity and review of the business

The principal activity of the company is the installation and maintenance of fall protection systems and other equipment

The results for the year are set out in the Statement of Comprehensive Income These financial statements have been prepared under Financial Reporting Standard 101 "Reduced Disclosure Framework" For further information, please refer to note 2 to the financial statements

The directors expect to generate future business growth through continuing to invest in the existing activities of the company.

The Covid-19 pandemic had some impact on the business so far The directors, however, monitor closely the current situation Brexit will not affect company performance drastically as the major activities are performed within the UK but once again, it is closely monitored.

Key performance indicators ("KPIs")

The company uses KPIs to monitor its performance against a range of criteria KPIs in relation to sales, gross and operating margins are used by management to monitor progress The revenue decreased by 28 % from 2019, due to adverse effect of Covid-19 global pandemic, gross margins however increased from 26 5% to 28 % Net margins decreased from (0 3)% in 2019 to (10)% in 2020.

Principal risks and uncertainties

The directors of the parent undertaking, Latchways plc, manage the group's risks at a group level, rather than at an individual business unit level For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business The principal risks and uncertainties, including current COVID-19 pandemic impact, of Latchways plc, which include those of HCL Safety Limited, are discussed in the Strategic Report of the Latchways plc Report and Financial Statements, which do not form part of this report

Financial risk management

The directors of the parent undertaking, Latchways plc, manage financial risks at a group level, rather than at an individual business unit level For this reason, the company's directors believe that a discussion of the company's financial risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business The financial risks of Latchways plc, which include those of HCL Safety Limited, are discussed in the Strategic Report of the Latchways plc Report and Financial Statements, which do not form part of this report

By order of the board

J M Daugherty
Director

28.09.2021

Registered No 02691137

Directors' report

The directors present their report and financial statements for the year ended 31 December 2020 These financial statements have been prepared under Financial Reporting Standard 101 "Reduced Disclosure Framework"

Dividends and transfers to reserves

No dividends were paid during the year (2019 – £Nil) The directors do not recommend any dividend payments for the year ended 31 December 2020

Going concern

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organisation Whilst we have not seen a significant impact on our business to date, the outbreak could interfere with general activity levels within the wider MSA Group, *including our subsidiary undertakings*, the economy and the activities of the wider MSA Group customers Mine Safety Incorporated, the Company's ultimate parent undertaking, has provided a formal letter of support indicating its willingness to provide financial support to assist the Company in meeting its liabilities as and when they fall due, to the extent that money is not otherwise available to meet such liabilities

The directors, having assessed the responses of the management of HCL to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern On the basis of their assessment of the Company's financial position and relevant enquiries, the directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of 12 months from the date of approval until 30 September 2022 Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who served the company during the year and in the period to the approval of the accounts and the strategic report and the directors' report were as follows

J J Behling (resigned July 1st, 2020)
J M Daugherty
R W Roda

Insurance

During the year the company maintained an insurance policy which indemnifies the company and directors and officers of the company in respect of losses arising from claims made against them in connection with the performance of their duties

Future developments

The company's focus for the future is revenue and profitability growth of its core business, the installation and maintenance of *fall protection systems The focus is to identify and secure new* business opportunities to facilitate revenue growth throughout the United Kingdom

Given we are now more than 8 months through 2021 it can be confirmed that we had not seen a significant impact of Covid-19 on our business to date, however, any further economic downturn, including any further impact of the Covid-19 pandemic, particularly in our more developed markets, would naturally have an impact on the performance of our business

Political donations

No political donations were made during the current or preceding year

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors

By order of the board

J M Daugherty
Director

28.09.2021

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 responsible for keeping proper 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 They 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

Independent auditors' report

to the members of HCL Safety Limited

Opinion

We have audited the financial statements of HCL Safety Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

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

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 12 months from when the financial statements are authorised for issue

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

Other information

The other information comprises the information included in the annual report set out on pages 3 to 6, other than the financial statements and our auditor's report thereon The directors are responsible for the other information contained within the annual report

Independent auditors' report

to the members of HCL Safety Limited

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon

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 course of the audit or otherwise appears to be materially misstated If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit·

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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

Independent auditors' report

to the members of HCL Safety Limited

Auditor's 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 auditor's 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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud 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 The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management

Our approach was as follows

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR
- We understood how HCL Safety Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas We evaluated management procedures through discussions, inspections and observations in the control environment to understand procedures implemented by management to reduce the opportunities for fraudulent transactions We performed procedures, including reading minutes of the board meetings and making enquiries with the management for any correspondence of non-compliance with the tax authorities, and noted no significant issues We performed journal entry testing to ensure that there are no unusual legal or penalty expenses incurred during the year and to ensure that the management is in compliance with the applicable framework
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by inquiring with management and performing a walkthrough of the financial statement closing process We determined revenue recognition to be a fraud risk due to management override of controls, therefore we tested manual journal entries posted to revenue, focusing on journals around the year end, and also performed year end cut off procedures Further, we performed overall analytical procedures to assess the fairness of the overall financial performance and the position as at and for the year ended In relation to management override we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, to investigate to gain an understanding and agree to source documentation
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations Our procedures included ensuring that material transactions are recorded in compliance with FRS 101 and where appropriate Companies Act 2006.

Independent auditors' report

to the members of HCL Safety Limited

Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https.//www frc.org uk/auditorsresponsibilities This description forms part of our auditor's report

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

John Howarth (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

HCL Safety

Date September 29, 2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	*2020* *£000*	*2019* *£000*
Revenue	3	**5,610**	7,754
Cost of sales		**(4,055)**	(5,699)
Gross profit		**1,555**	2,055
Administrative expenses		**(2,097)**	(2,071)
Loss before taxation	4	**(542)**	(16)
Income tax credit	7	**102**	2
Loss attributable to the owners and total comprehensive loss		**(440)**	(14)

All amounts relate to continuing activities

Statement of Financial Position

at 31 December 2020

	Notes	*2020* *£000*	*2019* *£000*
Fixed assets			
Goodwill	8	**155**	155
Property, plant and equipment	9	**-**	3
Right of use assets	17	**201**	82
		356	240
Current assets			
Inventories	10	**26**	25
Trade and other receivables	11	**2,006**	2,086
Current tax assets	13	**105**	11
Deferred taxation	7(c)	**17**	10
Cash and cash equivalents		**401**	136
		2,555	2,268
Creditors: amounts falling due within one year			
Trade and other payables	12	**(1,425)**	(702)
Lease liabilities	17	**(93)**	(74)
		(1,518)	(776)
Net current assets		**1,037**	1,492
Total assets less current liabilities		**1,393**	1,732
Creditors: amounts falling due after one year			
Lease liabilities	17	**(104)**	(3)
Net assets		**1,289**	1,729
Capital and reserves			
Share capital	14	**-**	–
Profit and loss account		**1,289**	1,729
Total shareholders' funds		**1,289**	1,729

The financial statements were approved by the board of directors and authorised for signature on their behalf by

James M Daugherty
Director

28.09.2021

Statement of Changes in Equity

for the year ended 31 December 2020

	Note	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019		–	1,743	1,743
Loss for the year attributable to owners, being total comprehensive loss		-	(14)	(14)
At 1 January 2020		-	1,729	1,729
Loss for the year attributable to owners, being total comprehensive loss		-	(440)	(440)
At 31 December 2020		-	1,289	1,289

Notes to the Financial Statements

at 31 December 2020

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of HCL Safety Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the board of directors on the date shown on the balance sheet, which was signed on the board's behalf by Joerdis J Behling. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost convention and in accordance with applicable accounting standards

HCL Safety Limited is a private company and incorporated and domiciled in England and Wales, with its registered office located at Latchways plc, Hopton Park, Devizes, Wiltshire SN10 2JP The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated The Company has used a true and fair view override in respect of the non-amortisation of goodwill

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

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

a The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations

b the requirements of IFRS 7 Financial Instruments Disclosures,

c the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

d the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of.

(i) paragraph 79(a)(iv) of IAS 1,

(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment, and

(iii) paragraph 118(e) of IAS 38 Intangible Assets

e the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements,

f the requirements of IAS 7 Statement of Cash Flows,

g the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

h the requirements of paragraph 17 of IAS 24 Related Party Disclosures,

i 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;

j 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,

k 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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,

Notes to the Financial Statements

at 31 December 2020

l The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases, and

m The requirements of paragraph 58 of IFRS 16 The disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total

2. Accounting policies (continued)

Going concern

Subsequent to 31 December 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organisation Whilst we have not seen a significant impact on our business to date, the outbreak could interfere with general activity levels within the wider MSA Group, including our subsidiary undertakings, the economy and the activities of the wider MSA Group customers Mine Safety Incorporated, the Company's ultimate parent undertaking, has provided a formal letter of support indicating its willingness to provide financial support to assist the Company in meeting its liabilities as and when they fall due, to the extent that money is not otherwise available to meet such liabilities

The directors, having assessed the responses of the management of the Company to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. On the basis of their assessment of the Company's financial position and relevant enquiries, the directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of 12 months from the date of approval until 30 September 2022 Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Dividends

Dividend distributions to the parent undertaking are recognised as a liability in the financial statements in the period in which the distribution is authorised This is normally the same time as the dividend is paid in cash

Property, plant and equipment

Property, plant and equipment are stated at cost, including incidental costs of acquisition Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight-line basis over the expected useful economic lives of the assets concerned, as follows.

Plant and machinery	–	20%-50%
Fixtures and fittings	–	15%-50%
Short leasehold land and buildings	–	10%

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to its recoverable amount

Software licences

Acquired computer software licences which do not form part of the operating software acquired with a piece of hardware are capitalised based on all costs incurred in bringing them into use These costs are amortised over a maximum of three years

Impairment of financial assets

At each reporting date the company considers whether there is any indication that non-current assets are impaired If there is such an indication, the company carries out an impairment test by measuring the asset's recoverable amount, which is the higher of the asset's fair value less costs

Notes to the Financial Statements

at 31 December 2020

to sell and its value in use If the recoverable amount is less than the carrying amount, an impairment loss is recognised and the asset is written down to its recoverable amount

IFRS 16 Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i e , the date the underlying asset is available for use) Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i e , below £5,000) Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Company has the option, under some of its leases to lease the assets for additional terms The Company applies judgement in evaluating whether it is reasonably certain to exercise the

Notes to the Financial Statements

at 31 December 2020

option to renew That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e g , a change in business strategy)

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items Cost includes all direct expenditure

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate The amount of the provision is recognised in the statement of comprehensive income

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and short-term deposits

Income taxes

Income tax on the loss for the year may comprise current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years

As required by IAS12 (Revised) the company provides deferred income tax using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred tax asset or liability is realised or settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised Deferred income tax balances are not discounted

Pensions

The company participates in a defined contribution pension scheme The cost to the company of contributions to the scheme is charged to the statement of comprehensive income in the period to which they relate.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities Revenue is shown net of value added tax, returns, rebates and discounts

Notes to the Financial Statements

at 31 December 2020

The company enters into contracts to install and supply fall protection systems and industrial safety products As required by IFRS 15 Revenue from Contracts with Customers, revenue is recognised on the transfer of control over goods or services to a customer For HCL Safety Ltd revenue is recognised to the extent to which performance has taken place at the balance sheet date in accordance with the percentage completion method. Following an assessment of the impact of IFRS 15 the only change is that the percentage completion method has been replaced with the transfer of control Revenue is now recognised when control passes to a customer, which for projects may be at a point in time or over time, depending on the contract terms

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising in respect of acquisitions is capitalised. The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life However, under IFRS 3 Business Combinations goodwill is not amortised Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act Had the Company amortised goodwill a period of 10 years would have been chosen as the useful life for goodwill The profit before tax for the year would have been £15,500 lower had goodwill been amortised in the year

Critical estimates and judgements

To be able to prepare the financial statements according to FRS101, management and the board of directors must make estimates and assumptions that affect the amounts recorded for asset and liability items and revenue and expenses in the financial statements as well as other information, such as that provided on contingent liabilities These estimates are based on historical experience and various other assumptions that management and the board believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates under different assumptions or conditions

Areas comprising critical judgement that may significantly impact earnings and the financial position are the valuation and useful economic lives of intangible assets, the valuation of goodwill, the impairment of investments, provisions for inventory obsolescence and bad debts, the estimate of stage of completion of contract work relating to the sale of safety services, income taxes, and litigation and contingent liabilities, all of which are discussed in the respective notes The calculation of fair values for assets and liabilities such as goodwill and intangible assets, as well as the assessment of any impairment to fair values generally, involve estimations of likely future cash flows deriving from or accruing to those assets and liabilities Judgement is also involved in selecting appropriate discount rates for determining the present value of those future cash flows

3. Segment information

The company operates solely in the United Kingdom There is only one business segment which carries out the installation and maintenance of industrial safety products and other equipment as determined by the operating decision maker, namely the board of directors

Notes to the Financial Statements

at 31 December 2020

4. Loss before taxation

This is stated after charging/(crediting)

	2020	*2019*
	£000	*£000*
Auditors' remuneration – audit services	**27**	15
All taxation advisory services	**7**	6
Depreciation of property, plant and equipment	**3**	16
Impairment of trade receivables	**122**	27
Cost of inventories recognised as an expense (in cost of sales)	**1,494**	2,973
Movement in inventory provision	**-**	(22)

5. Directors' remuneration

	2020	*2019*
	£000	*£000*
Aggregate remuneration	**-**	-
Pensions	**-**	-
	-	-

No individuals are deemed, by the directors of the company, to be key management of the company and accordingly no further disclosure of key management remuneration is required.

6. Staff costs

	2020	*2019*
	£000	*£000*
Wages and salaries	**1,958**	1,939
Social security costs	**220**	164
Other pension costs	**121**	101
	2,299	2,204

The average monthly number of employees (including executive directors) during the year was made up as follows.

	2020	*2019*
	No.	*No*
Administration and selling	**55**	68
	55	68

Notes to the Financial Statements

at 31 December 2020

7. Income tax

(a) Income tax on (loss) on ordinary activities

Income tax credit in the income statement

	2020 £000	2019 £000
Current tax:		
UK corporation tax on the (loss) for the year	(95)	(1)
Total current tax	(95)	(1)
Deferred tax:		
Deferred tax (credit) for the current year	(7)	(1)
Total deferred tax	(7)	(1)
Tax on profit on ordinary activities	(102)	(2)

(b) Reconciliation of the total income tax charge

The total tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%) The differences are explained below

	2020 £000	2019 £000
Accounting loss before taxation	(542)	(16)
Accounting loss before taxation multiplied by standard rate of corporation tax in the UK	(103)	(2)
Adjustment – not recognised/not tax deductible	1	
Income tax (credit) in the income statement	(102)	(2)

Notes to the Financial Statements

at 31 December 2020

7. Income tax (continued)

(c) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rate of 19% (2019 –19%) Deferred tax provided relates to accelerated capital allowances

The movement on the deferred tax asset is as follows

	2020	*2019*
	£000	*£000*
At 1 January	**10**	9
Credit to the income statement	**7**	1
At 31 December	**17**	10

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017 Accordingly, the Company's loss for this accounting period are taxed at an effective rate of 19% The standard rate was due to reduce to 17% with effect from 1 April 2020, however, in the March 2020 budget the Chancellor cancelled the reduction and the rate remains at 19%

8. Goodwill

The goodwill carried in HCL Safety Limited represents goodwill acquired on the acquisition of the Safety Anchor business in October 2008 which represents one cash generating unit

	2020	*2019*
	£000	*£000*
Goodwill	**155**	155

The recoverable amounts have been assessed based on value in use

Management is confident that no impairment of goodwill exists at the balance sheet date Future performance would need to deteriorate markedly for the value in use to fall below the carrying value

Notes to the Financial Statements

at 31 December 2020

9. Property, plant and equipment

	Plant and machinery £000	*Fixtures and fittings £000*	*Total £000*
Cost			
At 1 January 2020	122	114	236
Additions	-	-	-
At 31 December 2020	122	114	236
Accumulated depreciation			
At 1 January 2020	119	114	233
Charge for the year	3	-	3
At 31 December 2020	122	114	236
Net book value			
At 31 December 2020	-	-	-
At 1 January 2020	3	-	3

10. Inventories

	2020 £000	*2019 £000*
Finished goods	**26**	25

11. Trade and other receivables

	2020 £000	*2019 £000*
Amounts falling due within one year		
Trade receivables	**1,702**	1,782
Construction contract work not yet billed	**103**	124
Prepayments and accrued income	**51**	82
Retentions	**150**	98
	2,006	2,086

Notes to the Financial Statements

at 31 December 2020

12. Trade and other payables

	2020	*2019*
	£000	*£000*
Intercompany loan	**303**	-
Trade payables	**166**	114
Other creditors	**16**	18
Other taxes and social security costs	**226**	148
Amounts owed to group undertakings	**532**	192
Accruals and deferred income	**182**	230
	1,425	702

Amount owed to group undertakings are repayable on demand and do not bear interest

13. Current tax asset

	2020	*2019*
	£000	*£000*
Current corporation tax asset	**105**	11

14. Issued share capital

		2020		*2019*
Allotted, called up and fully paid	*No.*	*£*	*No*	*£*
Ordinary shares of £1 each	**2**	**2**	2	2

15. Pensions

With effect from April 1995 a Group Personal Pension (defined contribution) scheme was established with Aviva for the provision of future pension benefits

The total pension cost in the year for the company amounted to £ 121,050 (2019 – £101,228)

16. Other financial commitments

The company leases vehicles under non-cancellable lease agreements

Notes to the Financial Statements

at 31 December 2020

17. Leases

The company has lease contracts for various items of plant, machinery, vehicles, buildings and other equipment used in its operations Leases generally have a lease term between 3 and 5 years

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

	Buildings	Motor vehicles	Total
	£000	*£000*	*£000*
As at 1 January 2020	**24**	**58**	**82**
Additions	93	169	262
Depreciation expense	(39)	(104)	(143)
As at 31 December 2020	**78**	**123**	**201**

Set out below are the carrying amounts of lease liabilities and the movement during the period·

	2020
	£000
As at 1 January 2020	**77**
Additions	262
Accretion of interest	4
Payments	(146)
As at 31 December 2020	**197**
Current	93
Non-current	104

The following are the amounts recognised in the profit or loss

	2020
	£000
Depreciation expense of right-of-use assets	147
Interest expense on lease liabilities	-
Expense relating to short-term leases	-
Expense relating to low-value assets	-
Variable lease payments	121
Total amount recognised in profit or loss	**268**

Notes to the Financial Statements

at 31 December 2020

18. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Latchways plc, a company registered in England and Wales

The ultimate parent undertaking and controlling party of the company is MSA Safety Incorporated, a company registered in the United States of America

MSA Safety Incorporated is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2020 Copies of the MSA Safety Incorporated group financial statements can be obtained from MSA Safety Incorporated's website www msasafety com