Registered No. 02691137

HCL Safety Limited

Annual Report and Financial Statements

For the year ended

31 December 2022

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

Registered No. 02691137

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2022.

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.

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 remained in line with 2021 (1% movement), gross margin increased from 33% to 52%. The increase in margin is due to cost-savings initiative of the company through streamline for services and personnel.

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 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
14 December, 2023

Registered No 02691137

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022 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 (2021· £Nil) The directors do not recommend any dividend payments for the year ended 31 December 2022.

Going concern

The directors believe that the preparation of the financial statements on the going concern basis is appropriate The company is well placed to manage its business risks successfully and that it has adequate resources to continue in operational existence for a period of twelve months from when the financial statements are authorised for issue. The company has sufficient cash reserves and holds no interest-bearing liabilities.

Whilst current economic pressures may have an impact on spending throughout 2024, it does not present a going concern risk to the business as pipeline growth and order bookings in subsequent years remain robust The directors have prepared revenue and cash flow forecasts through to the end of December 2024, which show a continuing profitable trading performance.

As a wholly owned subsidiary, the directors expect that the company could rely on the financial support of the ultimate parent company, MSA Safety Inc , if necessary. The company has received a letter of support from its ultimate parent company and assessed and concluded upon the ability of the parent to provide the support

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 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.

HCL will change the office address to Yate from Devizes at the same time as Latchways plc. The process is ongoing and is expected to happen early 2024. There will be no impact on the HCL operations

Directors' report (continued)

Political donations
No political donations were made during the current or preceding year.

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.

Employees
The company also operates an Apprenticeship scheme. We believe that we provide an excellent all-round grounding in engineering, including new product development, and we intend to continue offering additional places each year.

The benefits of keeping our employees fully informed of our progress and of events which directly affect them and their working conditions is well recognised. Information is provided on training and other matters of concern by means of regular briefings and meetings with management.

HCL has a policy of equal opportunities and non-discrimination in all forms of employment. Training is actively encouraged for all employees. Group policy is to give full and fair consideration to employment of disabled persons, having regard to their particular aptitudes and abilities and their training and career development. If employed persons become disabled, all possible assistance is given to them to continue in their existing job, or in an alternative position within the group.

By order of the board

J M Daugherty
Director
14 December, 2023

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 2022 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 2022 and of its profit 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 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

Independent auditors' report

to the members of HCL Safety Limited

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, other than the financial statements and our auditor's report thereon The directors are responsible for the other information contained within the annual report

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 this gives rise to 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

Independent auditors' report

to the members of HCL Safety Limited

- 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

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

- 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 the entity

Independent auditors' report

to the members of HCL Safety Limited

level control environment through discussions, inspections and observations 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 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 also considered performance targets and the potential incentives or opportunities to manage earnings We considered the programmes and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations Our procedures involved making enquiries of key management, reviewing legal expenses and inspecting legal correspondence of non-compliance from the relevant authorities as applicable and reading board meeting minutes 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

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Ernst & Young LLP
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Sarah Pocock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date 14 December, 2023

Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	*2022* *£000*	*2021* *£000*
Revenue	3	5,484	5,563
Cost of sales		(2,650)	(3,749)
Gross profit		2,834	1,814
Administrative expenses		(2,193)	(1,719)
Profit before taxation	4	641	95
Income tax credit	7	(107)	(27)
Profit for the financial year		534	68
Total comprehensive income for the financial year		534	68

All amounts relate to continuing activities

Statement of Financial Position

at 31 December 2022

	Notes	*2022* *£000*	*2021* *£000*
Fixed assets			
Goodwill	8	**155**	155
Property, plant and equipment	9	-	-
Right of use assets	17	**302**	336
		457	491
Current assets			
Inventories	10	**33**	25
Trade and other receivables	11	**1,529**	1,706
Current tax assets		-	94
Deferred taxation	7(c)	**16**	8
Cash and cash equivalents		**1,154**	615
		2,732	2,448
Creditors: amounts falling due within one year			
Trade and other payables	12	**(983)**	(1,246)
Current tax liabilities		**(13)**	-
Lease liabilities	16	**(119)**	(117)
		(1,115)	(1,363)
Net current assets		**1,617**	1,085
Total assets less current liabilities		**2,074**	1,576
Creditors: amounts falling due after one year			
Lease liabilities	16	**(183)**	(219)
Net assets		**1,891**	1,357
Capital and reserves			
Share capital	13	-	-
Profit and loss account		**1,891**	1,357
Total shareholders' funds		**1,891**	1,357

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

James M Daugherty

Director

14 December, 2023

Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital	*Profit and loss account*	*Total equity*
	£000	*£000*	*£000*
At 1 January 2021	-	1,289	1,289
Profit for the year attributable to owners, being total comprehensive profit	-	68	68
At 1 January 2022	-	1,357	1,357
Profit for the year attributable to owners, being total comprehensive profit	-	534	534
At 31 December 2022	-	1,891	1,891

Notes to the Financial Statements

at 31 December 2022

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 2022 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 James M Daugherty. 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 and the Companies Act 2006

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 2022.

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,

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.

Going concern

The directors believe that the preparation of the financial statements on the going concern basis is appropriate. The company is well placed to manage its business risks successfully and that it has adequate resources to continue in operational existence for a period of twelve months from when the financial statements are authorised for issue The company has sufficient cash reserves and holds no interest-bearing liabilities.

Whilst current economic pressures may have an impact on spending throughout 2024, it does not present a going concern risk to the business as pipeline growth and order bookings in subsequent years remain robust The directors have prepared revenue and cash flow forecasts through to the end of December 2024, which show a continuing profitable trading performance

As a wholly owned subsidiary, the directors expect that the company could rely on the financial support of the ultimate parent company, MSA Safety Inc , if necessary. The company has received a letter of support from its ultimate parent company and assessed and concluded upon the ability of the parent to provide the support.

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

2. Accounting policies (continued)

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	–	10%
Fixtures and fittings	–	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 non 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 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

Leases with initial terms lasting less than twelve months, but with purchase options that are reasonably certain to be exercised are not exempt from capitalization.

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 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.

Contract Assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables

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

Trade and other payables
Trade payables are recognised initially at fair value and, if of a long-term nature, subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when that reimbursement is virtually certain The company does not discount provisions except where the effects of discounting would be material, as in the case of deferred consideration. Where provisions are discounted, the provision is measured at the present value of expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and specific risks of the obligation

The deferred consideration provision is reviewed at least annually Changes in the underlying estimate of likely consideration are recognised as an adjustment to the cost of the investment and the provision.

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.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the

transaction. Except for foreign exchange gains and losses on the amount due to group undertakings which is included in interest payable and similar charges all other

exchange differences are taken into account in arriving at the operating result on ordinary activities before interest and taxation

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

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 FRS 101, 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. However, there are no critical estimates or judgments.

3. Revenue

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.

4. Profit before taxation

This is stated after charging

	2022	2021
	£000	£000
Auditors' remuneration – audit services	**19**	14
Tax services fees	**6**	7
Depreciation of property, plant and equipment	**-**	-
Provision for trade receivables	**31**	144
Cost of inventories recognised as an expense (in cost of sales)	**722**	1,277

5. Directors' remuneration

	2022	2021
	£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

All the Directors are remunerated by other group undertakings It is considered that the level of their qualifying services to the company is negligible compared to their main roles There are no management charges from these group undertakings for their services Consequently, they determine that given the level of the services required, that the proportion of their salary relating to their services provided to this company is insignificant. Therefore a £nil apportionment is made (2021· £nil)

6. Staff costs

	2022	2021
	£000	£000
Wages and salaries	**1,697**	1,689
Social security costs	**185**	177
Other pension costs	**114**	118
	1,996	1,984

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

	2022	2021
	No.	No.
Administration and selling	**51**	49

7. Income tax

(a) Income tax on profit on ordinary activities

Income tax charge in the income statement

	2022 £000	2021 £000
Current tax:		
UK corporation tax on the profit for the year	122	19
Adjustments in respect of prior periods	(10)	-
Total current tax	112	19
Deferred tax:		
Deferred tax charge/(credit) for the current year	(5)	8
Adjustments in respect of prior periods	-	-
Total deferred tax	(5)	8
Tax on profit on ordinary activities	107	27

(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% (2021 19%). The differences are explained below.

	2022 £000	2021 £000
Accounting profit before taxation	641	95
Accounting profit before taxation multiplied by standard rate of corporation tax in the UK	122	19
Adjustments to tax charge in respect of previous periods	(10)	-
Expenses not deductible for tax purposes	2	
Effect of changes in tax rates	(1)	
Other permanent differences	(6)	8
Income tax (credit) in the income statement	107	27

(c) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rate of 25% (2021. 25%) Deferred tax provided relates to accelerated capital allowances.

The movement on the deferred tax asset is as follows·

	2022 £000	2021 £000
At 1 January	11	17
Credit/(Debit) to the income statement	5	(6)
At 31 December	16	11

7. Income tax (continued)

Factors that may affect future tax charges

On 24 May 2021, the main rate of corporation tax was increased to 25% with effect from 1 April 2023 Deferred tax has (where not expected to reverse prior to 1 April 2023) been calculated at a rate of 25% (2021· 25%) based on future increase in the corporation tax rate as of 1 April 2023

There were no other factors that may affect future tax charges

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.

	2022	*2021*
	£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.

9. Property, plant and equipment

	Plant and machinery	*Fixtures and fittings*	*Total*
	£000	*£000*	*£000*
Cost			
At 1 January 2022	122	114	236
Additions	-	-	-
Disposals	-	-	-
At 31 December 2022	122	114	236
Accumulated depreciation			
At 1 January 2022	122	114	236
Charge for the year	-	-	-
Depreciation on disposal	-	-	-
At 31 December 2022	122	114	236
Net book value·			
At 31 December 2022	-	-	-
At 1 January 2022	-	-	-

10. Inventories

	2022	2021
	£000	£000
Finished goods	**33**	25

11. Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year		
Trade receivables	**1,097**	1,239
Construction contract work not yet billed (contract assets)	**229**	266
Prepayments and accrued income	**58**	59
Retentions	**145**	139
	1,529	1,703

12. Trade and other payables

	2022	2021
	£000	£000
Intercompany loan	**198**	301
Trade payables	**309**	332
Other creditors	**16**	14
Other taxes and social security costs	**46**	40
Amounts owed to group undertakings	**213**	375
VAT liability	**21**	-
Accruals and deferred income	**180**	184
	983	1,246

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

13. Issued share capital

	2022		2021	
Allotted, called up and fully paid	**No.**	**£**	No	£
Ordinary shares of £1 each	**2**	**2**	2	2

14. 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 £114,222 (2021 £118,265) The amount outstanding at year end is £14,963 (2021. £14,522)

15. Other financial commitments

The company leases vehicles under non-cancellable lease agreements

16. 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 2022	**4**	**332**	**336**
Additions	-	110	110
Reclass	(2)	2	-
Depreciation expense	(1)	(143)	(144)
As at 31 December 2022	**1**	**301**	**302**

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

	2022
	£000
As at 1 January 2022	336
Additions	110
Disposals	-
Accretion of interest	5
Payments	(149)
As at 31 December 2022	**302**
Current	119
Non-current	183

The following are the amounts recognised in the profit or loss:

	2022
	£000
Depreciation expense of right-of-use assets	148
Interest expense on lease liabilities	-
Expense relating to short-term leases	-
Expense relating to low-value assets	-
Variable lease payments	184
Total amount recognised in profit or loss	**332**

Notes to the Financial Statements

at 31 December 2022

17. 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 2022. Copies of the MSA Safety Incorporated group financial statements can be obtained from MSA Safety Incorporated's website: www.msasafety.com.

18. Post Balance Sheet Events

HCL will change the office address to Yate from Devizes at the same time as Latchways plc. The process is ongoing and is expected to happen early 2024. There will be no impact on the HCL operations.