

Registered number: 02766754

HELMET INTEGRATED SYSTEMS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



HELMET INTEGRATED SYSTEMS LIMITED

COMPANY INFORMATION

Directors	H Acker R Dellar L Frieder III
Registered number	02766754
Registered office	Unit 3 Focus 4 Fourth Avenue Letchworth SG6 2TU
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Abbey Place 24-28 Easton Street High Wycombe Buckinghamshire HP11 1NT

HELMET INTEGRATED SYSTEMS LIMITED

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HELMET INTEGRATED SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The principal activity of the Company ("HISL") during the year was the design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew, the emergency and law enforcement services, together with respiratory equipment for use in a variety of industrial applications.

Where appropriate HISL provides associated equipment such as radio communication systems, active noise reduction, microphones (including bone conductive), earphones and consumables such as filters and battery packs. HISL also undertakes funded research and design engineering as a subcontractor to a number of major international corporations to meet their specific requirements. In other areas research and development is undertaken, either as new initiatives for additional products, or to update and improve existing products.

Business review

Turnover for the year showed a 9.3% increase on the previous year, primarily due to an increase in the Air business. The Operating loss before tax was £(36,769) compared to an operating profit in 2018 of £1,381,815 with an after tax loss of £(47,493) compared to an after tax profit in 2018 of £1,181,815.

Principal risks and uncertainties

The directors are of the opinion that the budget approved for 2020 is realistic, being based largely on existing certified and approved products (with a number of new Industrial products being launched during the first quarter of the year), with product upgrades and improvements providing the only internal risk area.

External risks encompass the impact of Covid-19 to;

- Customer demand
- Supply chain interruption
- Impacts to our workforce

As this report is being written, extensive work has and continues to be undertaken to protect our workforce, local communities and customers alike. Planning for Brexit continues, albeit contingency planning for the pandemic has taken tactical priority.

Financial key performance indicators

A number of KPIs are used by the company:

- orders by customer and product group are measured against budget on a weekly basis;
- sales by product group and customer are compared to budget on a monthly basis and deliveries to customers are the subject of weekly production meetings to enable any remedial action to be taken;
- cash is closely monitored and revised projections are completed quarterly in parallel with profit forecasts;
- customer satisfaction - a system has now been established to review on a monthly basis and to take remedial action where appropriate;
- departmental overheads are monitored on a monthly basis as part of the management accounting package.

This report was approved by the board on April 29, 2020 and signed on its behalf.



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H Acker
Director

HELMET INTEGRATED SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

HELMET INTEGRATED SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Results and dividends

The loss for the year, after taxation, amounted to £47,493 (2018 - profit £1,181,815).

The statement of comprehensive income is set out on page 8 and shows the company's profit for the period.

The payment of dividends is decided by Gentex Corporation. The scenarios outlined in the heading "Future developments" will require, over the ensuing 2 to 3 years, additional working capital to finance higher levels of turnover, stock and work in progress and trade debtors. The board continues to consider that this expansion should be self-financing from within the company, and accordingly no dividends have been declared for the period.

Financial controls

Annual budgets, phased by month are agreed by the board, and, monthly, management accounts are compared with budget to highlight variances enabling remedial action to be taken when necessary. All balance sheet items are reconciled monthly, with the exception of stock which is verified at each year end by physical count and ongoing via perpetual inventory. Quarterly cash flow forecasts are produced and are monitored against the actual cash flows.

Capital expenditure is controlled by requiring all proposals for expenditure to be approved by the board. Research and development private venture expenditure is only undertaken after a rigorous cost justification process has been undertaken, and the board is satisfied that a satisfactory return on investment will be achieved.

Financial risk management policies

The board regularly reviews the financial requirements of the Group and the risks associated therewith. HISL's operations historically have primarily been financed from retained earnings and bank borrowings and does not use complex or derivative financial instruments for trading purposes other than forward exchange contracts. The principal financial risks arising from HISL's activities are credit risk and exchange rate risk. These are monitored closely by the board. Credit risk is managed by obtaining credit checks on new commercial customers, using credit insurance wherever available and by monitoring payments against contractual agreements.

HISL's exchange rate exposure arises from transactions with overseas customers denominated in foreign currency. The board will take steps to protect its anticipated foreign exchange cash inflows for the coming year by entering into forward exchange contracts and options with its bankers, as required.

Directors

The directors who served during the year were:

H Acker
R Dellar
L Frieder III

Future developments

The directors are of the opinion that the budget approved for 2020 is realistic and is based on a mix of existing certified and approved products and new products, being introduced during the first half of the year. External risks encompass parts obsolescence and the general political and economic risks and uncertainties.

HELMET INTEGRATED SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial instruments

The board regularly reviews the financial requirements of the company and the risks associated therewith. HISL's operations historically have primarily been financed from retained earnings and bank borrowings and the company does not use complex or derivative financial instruments for trading purposes other than forward foreign exchange contracts.

Charitable donations

During the year, the Group made charitable donations of £314 (2018: 1,703).

Qualifying third party indemnity provisions

During the period and up to the date of this report, the Group maintained liability insurance and third-party indemnification provisions for its directors, under which the Group has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Group.

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on April 29, 2020 and signed on its behalf.



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H Acker
Director

HELMET INTEGRATED SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELMET INTEGRATED SYSTEMS LIMITED

Opinion

We have audited the financial statements of Helmet Integrated Systems Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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

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

Other information

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

HELMET INTEGRATED SYSTEMS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELMET INTEGRATED SYSTEMS LIMITED
(CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the 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 the 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 on page 2, 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.

HELMET INTEGRATED SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELMET INTEGRATED SYSTEMS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

KATHARINE ARNOTT FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 30 April 2020

HELMET INTEGRATED SYSTEMS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	16,573,290	15,167,918
Cost of sales		(11,556,786)	(8,290,437)
Gross profit		5,016,504	6,877,481
Distribution costs		(270,789)	(603,222)
Administrative expenses		(4,782,533)	(4,919,099)
Operating (loss)/profit	5	(36,818)	1,355,160
Interest receivable and similar income	9	49	26,655
(Loss)/profit before tax		(36,769)	1,381,815
Tax on (loss)/profit	10	(10,724)	(200,000)
(Loss)/profit after tax		(47,493)	1,181,815
Retained earnings at the beginning of the year		5,567,397	4,385,582
		5,567,397	4,385,582
(Loss)/profit for the year		(47,493)	1,181,815
Retained earnings at the end of the year		5,519,904	5,567,397

The notes on pages 10 to 26 form part of these financial statements.

HELMET INTEGRATED SYSTEMS LIMITED
REGISTERED NUMBER: 02766754

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	2,038,240	1,774,140
Tangible assets	12	1,829,067	1,969,832
Investments	13	400,500	400,500
		<u>4,267,807</u>	<u>4,144,472</u>
Current assets			
Stocks	14	3,542,991	3,700,855
Debtors: amounts falling due within one year	15	2,658,076	2,998,852
Cash at bank and in hand		490,365	791,562
		<u>6,691,432</u>	<u>7,491,269</u>
Creditors: amounts falling due within one year	16	(4,859,594)	(5,556,520)
Net current assets		<u>1,831,838</u>	<u>1,934,749</u>
Total assets less current liabilities		<u>6,099,645</u>	<u>6,079,221</u>
Provisions for liabilities			
Deferred tax	17	(179,241)	(111,324)
		<u>(179,241)</u>	<u>(111,324)</u>
Net assets		<u>5,920,404</u>	<u>5,967,897</u>
Capital and reserves			
Called up share capital	18	400,500	400,500
Profit and loss account		5,519,904	5,567,397
		<u>5,920,404</u>	<u>5,967,897</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on April 29, 2020



H Acker
Director

The notes on pages 10 to 26 form part of these financial statements.

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Helmet Integrated Systems Limited is a private company listed by shares, incorporated in England and Wales, registration number 02766754. The address of its principle place of business is Unit 3 Focus 4, Fourth Avenue, Letchworth, SG6 2TU.

The company's principle activity is the manufacture and sale of protective headgear.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements are for the single entity, Helmet Integrated Systems Limited. Consolidated financial statements have not been prepared for Helmet Integrated Systems Limited as the numbers are consolidated in Gentex Europe Limited.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gentex Europe Limited as at 31 December 2019 and these financial statements may be obtained from Suite 1, 3rd Floor, 11-12 St James's Square, London, SW17 4LB..

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development costs	-	5 - 10 years
Computer software	-	4 years

Amortisation of intangible fixed assets is included in administrative expenses.

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	-	2% p.a. on buildings
Short-term leasehold property	-	10% p.a.
Plant and machinery	-	10% p.a.
Motor vehicles	-	25% p.a.
Computer equipment	-	25% p.a.

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

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

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

All foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'administrative expenses'.

2.14 Operating leases: the Company as lessee

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Pensions

Defined contribution pension plan

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

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

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.18 Current and deferred taxation

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where the judgments and estimates have been made include revenue recognition, considering potential impairments within stock and trade debtors and the useful economic life of goodwill, intangible fixed assets and tangible fixed assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Manufacturing, distribution and maintenance of protective headgear and associated equipment	16,573,290	15,167,918
	<u>16,573,290</u>	<u>15,167,918</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	5,991,924	6,842,521
Rest of Europe	4,804,778	3,165,998
Rest of the world	5,776,588	5,159,400
	<u>16,573,290</u>	<u>15,167,919</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating (loss)/profit

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

	2019 £	2018 £
Research & development charged as an expense	60,129	(3,372)
Exchange differences	148,811	(6,131)
Other operating lease rentals	176,042	176,042
Depreciation on tangible fixed assets	264,501	211,737
Amortisation of intangible assets	43,055	37,191
	<u>43,055</u>	<u>37,191</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25,000	27,000
	<u>25,000</u>	<u>27,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

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

	2019 £	2018 £
Wages and salaries	5,131,177	4,664,373
Social security costs	467,915	491,087
Cost of defined contribution scheme	255,985	162,528
	<u>5,855,077</u>	<u>5,317,988</u>

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

	2019 No.	2018 No.
Production	75	83
Selling and distribution	14	17
Administration	64	52
	<u>153</u>	<u>152</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	158,236	122,376
Company contributions to defined contribution pension schemes	9,171	2,638
	<u>167,407</u>	<u>125,014</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2019 £	2018 £
Other interest receivable	49	26,655
	<u>49</u>	<u>26,655</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	(57,193)	200,000
	<u>(57,193)</u>	<u>200,000</u>
Total current tax	<u>(57,193)</u>	<u>200,000</u>
Deferred tax		
Origination and reversal of timing differences	67,917	-
Total deferred tax	<u>67,917</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>10,724</u>	<u>200,000</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(36,769)</u>	<u>1,381,815</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(6,986)	262,545
Effects of:		
Other differences leading to an increase (decrease) in the tax charge	17,710	(62,545)
Total tax charge for the year	<u>10,724</u>	<u>200,000</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Intangible assets

	Development costs £	Computer software £	Total £
Cost			
At 1 January 2019	2,337,340	381,897	2,719,237
Additions	290,655	16,500	307,155
At 31 December 2019	<u>2,627,995</u>	<u>398,397</u>	<u>3,026,392</u>
Amortisation			
At 1 January 2019	582,628	362,469	945,097
Charge for the year on owned assets	31,580	11,475	43,055
At 31 December 2019	<u>614,208</u>	<u>373,944</u>	<u>988,152</u>
Net book value			
At 31 December 2019	<u>2,013,787</u>	<u>24,453</u>	<u>2,038,240</u>
At 31 December 2018	<u>1,754,712</u>	<u>19,428</u>	<u>1,774,140</u>

HELMET INTEGRATED SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £
Cost or valuation					
At 1 January 2019	753,901	52,017	10,410,542	10,950	678,812
Additions	18,578	-	80,613	-	25,001
Disposals	-	-	-	(10,950)	-
At 31 December 2019	<u>772,479</u>	<u>52,017</u>	<u>10,491,155</u>	<u>-</u>	<u>703,813</u>
Depreciation					
At 1 January 2019	81,494	49,115	9,159,011	8,213	638,557
Charge for the year on owned assets	13,159	1,164	226,782	2,281	21,115
Disposals	-	-	-	(10,494)	-
At 31 December 2019	<u>94,653</u>	<u>50,279</u>	<u>9,385,793</u>	<u>-</u>	<u>659,672</u>
Net book value					
At 31 December 2019	<u>677,826</u>	<u>1,738</u>	<u>1,105,362</u>	<u>-</u>	<u>44,141</u>
At 31 December 2018	<u>672,407</u>	<u>2,902</u>	<u>1,251,531</u>	<u>2,737</u>	<u>40,255</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2019	11,906,222
Additions	124,192
Disposals	(10,950)
At 31 December 2019	<u>12,019,464</u>
Depreciation	
At 1 January 2019	9,936,390
Charge for the year on owned assets	264,501
Disposals	(10,494)
At 31 December 2019	<u>10,190,397</u>
Net book value	
At 31 December 2019	<u><u>1,829,067</u></u>
At 31 December 2018	<u><u>1,969,832</u></u>

Included within the freehold property is land of £90,000 (2018 - £90,000), which is not depreciated.

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	5,092,955
At 31 December 2019	5,092,955
Impairment	
At 1 January 2019	4,692,455
At 31 December 2019	4,692,455
Net book value	
At 31 December 2019	400,500
At 31 December 2018	400,500

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Top Tek International Limited	Scotland	Dormant	Ordinary	100%
Interactive Safety Products Inc	United States of America	Dormant	Ordinary	100%
Helmets Limited	England and Wales	Dormant	Ordinary	100%
Pureflo Safety Limited	England and Wales	Dormant	Ordinary	100%

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Top Tek International Limited	207,887	-
Interactive Safety Products Inc	2,548,790	-
Helmets Limited	192,612	-
Pureflo Safety Limited	-	-

14. Stocks

	2019 £	2018 £
Raw materials and consumables	1,300,198	888,375
Work in progress	930,803	1,474,446
Finished goods and goods for resale	1,311,990	1,338,034
	<u>3,542,991</u>	<u>3,700,855</u>

Stock recognised in cost of sales during the year as an expense was £7,193,334 (2018 - £4,724,464).

15. Debtors

	2019 £	2018 £
Trade debtors	1,754,900	2,105,667
Amounts owed by group undertakings	389,490	218,329
Other debtors	229,999	1,089
Prepayments and accrued income	245,187	468,767
Tax recoverable	38,500	205,000
	<u>2,658,076</u>	<u>2,998,852</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	980,076	816,741
Amounts owed to group undertakings	2,777,297	3,325,659
Corporation tax	-	200,000
Other taxation and social security	145,867	276,176
Other creditors	39,718	30,844
Accruals and deferred income	916,636	907,100
	<u>4,859,594</u>	<u>5,556,520</u>

17. Deferred taxation

	2019 £
At beginning of year	(111,324)
Charged to profit or loss	(67,917)
At end of year	<u>(179,241)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(188,430)	(113,140)
Other timing differences	9,189	1,816
	<u>(179,241)</u>	<u>(111,324)</u>

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
400,500 (2018 - 400,500) Ordinary Shares shares of £1 each	<u>400,500</u>	<u>400,500</u>

HELMET INTEGRATED SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	175,128	192,418
Later than 1 year and not later than 5 years	117,104	203,650
Later than 5 years	32,849	140,865
	<u>325,081</u>	<u>536,933</u>

20. Related party transactions

In accordance with the exemption under FRS102, the Company does not disclose transactions with other wholly-owned companies within the Gentex Group.

21. Controlling party

In the opinion of the directors, the immediate parent company is Mid7 Limited. The intermediate parent company is Gentex Europe Limited and the ultimate parent undertaking and controlling party is Gentex Corporation, a company incorporated in the United States of America. Gentex Corporation is the parent undertaking of the largest group of which the company is a member.

Gentex Europe Limited prepares consolidated accounts which are available from Companies House.