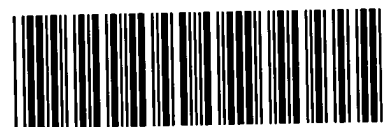


**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

**Registered number: 2838541**

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**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

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**Company Information**

**Directors**

DA Waters  
MR Turner (resigned 15 September 2020)  
W Butler (resigned 14 September 2020)  
P Reid (resigned 25 March 2019)  
RG Graham (resigned 29 July 2020)  
Sheener Ooi (appointed 21 September 2020)

**Registered number**

2838541

**Registered office**

29 Queen Anne's Gate  
London  
SW1H 9BU

**Trading Address**

Valiant Way  
Wolverhampton  
West Midlands  
WV9 5GB

**Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

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## **Strategic Report**

### **Introduction**

The directors present the Strategic Report of the company for the year ended 31 December 2019.

ERA Home Security Limited is a private limited company, incorporated and domiciled in England and Wales.

### **Business review and future developments**

The results of the business are included in the Directors' Report for the year ended 31 December 2019.

The company's key financial and performance indicators were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	72,188	74,360
Operating profit	6,336	7,241
Profit for the financial year	4,484	6,901
Net assets	51,050	54,563
Average number of employees	293	301

The UK market for doors and windows contracted further in 2019 as the uncertainty surrounding Brexit continued. FENSA data for door and window installations estimates the market was down 2% against 2018. The impact of the weaker market on hardware sales into the OEM channel was exacerbated by some customer specific issues in their operations, and consequently LFL revenue declined 5%. Despite the market conditions, a more focused channel strategy has driven growth in sales into the distribution channel of 6% on a LFL basis. Smartware sales declined in the period as a result of the decision to exit a third-party distribution agreement in late 2018. As a result, overall revenue declined by 2.9%.

On 18 February 2019, the company completed the acquisition of Y-Cam Solutions Limited, a cloud-based smart security platform that enables the provision of value-added services such as security monitoring. The launch of the ERA Protect range of second generation smartware products using the Y-Cam platform commenced at the end of 2019. On 30 April 2019, as part of a reorganisation of the smartware division within ERA Home Security Limited, the employees, assets and trade of Y-Cam Solutions Limited have been transferred into ERA Home Security Limited.

As part of an ongoing reorganisation of recently acquired businesses, ERA Home Security Limited acquired Zoo Hardware Limited from its parent company, Tyman plc on 31 December 2019 and on the same date the employees, assets and trade of Zoo Hardware Limited have been transferred into ERA Home Security Limited. The business reorganisation resulted in a net increase in investments in subsidiaries of £7.9m and creation of a merger reserve of £5.4m (refer to note 22).

The company also performed a review of the carrying value of investments and intercompany receivables and recorded an impairment charge of £0.1m and £0.9m respectively (refer to note 4), which has impacted on the reported operating profit. Further, administrative expenses include a goodwill impairment charge of £0.4m (refer to note 4).

Underlying operating profit remained strong and grew from 9.7% in 2018 to 10.1% despite the drop in turnover as gross margins improved.

With greater certainty around Brexit, the UK residential RMI market was expected to improve in 2020 but clearly the impact of the Covid-19 pandemic is now much more significant and there is now even more uncertainty. However, ERA Home Security Limited is well placed to be able to meet these challenges.

### **Strategic report (continued)**

The strategic focus continues to be on driving new product introductions including building momentum with new smartware offer, and further optimising the cost base through the strengthening of continuous improvement capabilities and leveraging the economies of scale afforded by the site on the i54 business park in Wolverhampton. The strategic initiatives will continue to be underpinned by a determination to continue to provide customers with the highest quality products for the relevant price point on a consistent basis together with industry leading standards of service.

### **Risk management**

The company considers risk management to be crucial to the company's success and to ensuring that adequate systems are in place to evaluate and limit risk exposure.

Management are responsible for the identification and evaluation of significant risks, together with the design and operation of suitable internal controls. The key risks are discussed below in principal risks and uncertainties. Risks are assessed on a continual basis, and may be associated with a variety of internal or external factors including financial and operational risks.

The board reviews the risks and the system of control necessary to manage such risks, to ensure the effectiveness of the company's procedure in managing risks.

### **Principal risks and uncertainties**

The company's principal risks and uncertainties are:

#### *Overall demand for products*

The overall demand for products is influenced by the general economic climate in the UK and its impact on the level of customer confidence generally.

#### *Reliance on a limited number of suppliers*

The company is dependent on a limited number of third party suppliers predominantly based in the Far East. A major failure at one of these suppliers could adversely impact the supply of products for the company to sell which in turn could reduce turnover, profits and cash flow. Additionally such failure could affect the company's reputation and brand values.

#### *Exposure to increase in the cost of commodities*

The raw materials used to manufacture the company's products include zinc, steel, aluminium and brass. These commodities experience price volatility caused by changes in supply and demand, market fluctuations and government attitudes. An inability to pass on commodity increases into higher selling prices could reduce profits and cash generation.

#### *Foreign currencies*

The company purchases products from the Far East, the price of which are denominated in foreign currency. The company enters into forward exchange contracts to minimise fluctuations in the sterling cost associated with changes in exchange rates.

#### *Financial risk management*

The financial risk management objectives, policies and risks of the Company are consistent with that of its parent Tyman plc. These are disclosed in note 18 of the Tyman plc Annual report and accounts 2018.

#### *Major pandemic*

COVID-19 has evolved rapidly into a global crisis and has resulted in heightened risk to the health, safety and wellbeing of the employees as well as reduced demand for the products, particularly during the second quarter of 2020. The Company was able to respond rapidly to safeguard the employees, protect the operations, reduce costs and preserve cash. The Company mitigation actions are consistent with that of its parent Tyman plc.

**Strategic report (continued)**

**Research and development**

The company incurs expenditure on research and development of new and existing products to maintain a competitive advantage, to reduce manufacturing costs or to meet industry or legislative standards. All costs are taken to profit or loss when incurred.

**Safety, health and the environment**

The board recognises that the highest standards in health, safety and environmental issues are an essential part of sound business practice. The Board is committed to improving the impact on the environment from all of its operations and to incorporating the principles of sustainable development.

**Employee involvement**

The company recognises that the success of the business relies on the skill and education of its employees and encourages two-way communication. The company encourages consultation at local level and performance and development reviews reinforce the link between business goals, an employee's contribution and their remuneration. An employee newsletter is circulated electronically and includes information on key events, charity and community involvement, and employee achievements.

This report was approved by the board and signed on its behalf by:



DA Waters  
Director

Date:

28/9/20

**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

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**Directors' Report**

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

**Principal activities**

All turnover is attributable to one class of business, being the design, manufacture and sale of doors and window hardware and related products and services.

**Results and dividends**

The profit for the year, amounted to £4,484,000 (2018 profit - £6,901,000 ).

A dividend of £2,500,000 was made in the year (2018 - £7,500,000). The directors do not recommend a further payment of a dividend.

During the 2019 financial year the following activities impacted the statement of financial position of the company.

- The acquisition of Y-Cam Solutions Limited and Zoo Hardware Limited;
- Transfer of the trade and assets of Y-Cam Solutions Limited and Zoo Hardware Limited

The business reorganisation resulted in a net increase in investments in subsidiaries of £7.9m and creation of a merger reserve of £5.4m (refer to note 22). The company also performed a review of the carrying value of investments and intercompany receivables and recorded an impairment charge of £0.1m and £0.9 respectively (refer to note 4). Further, administrative expenses include a goodwill impairment charge of £0.4m (refer to note 4). Underlying operating profit remained strong and grew from 9.7% of sales in 2018 to 10.1%.

**Going concern**

The company is part of Tyman group and financial support is available to the company from its ultimate parent Tyman plc. The Group has conducted ongoing scenario planning as the Covid-19 situation has evolved and has taken a number of actions to reduce costs and preserve cash. The Group also has potential access to an uncommitted accordion facility of £70 million and has obtained eligibility to draw up to £100 million under the Bank of England's Covid Corporate Financing Facility (CCFF). For more details refer to Tyman plc 2020 Interim results. Having reviewed the various scenario models, available liquidity and taking into account current trading, the Directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the financial statements have been prepared on a going concern basis.

**Directors**

The directors who served during the year were:

DA Waters  
MR Turner (resigned 15 September 2020)  
W Butler (resigned 14 September 2020)  
P Reid (resigned 25 March 2019)  
RG Graham (resigned 29 July 2020)

**Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.


**Directors' Report (continued)**

**Directors' indemnity insurance**

The company maintains liability insurance for its directors and officers, with a cover limit for each claim or series of claims against them in that capacity. The directors have also granted a qualifying third party indemnity provision under Section 234 of the Companies Act 2006. Neither the company's indemnity nor the insurance provides cover in the event of a director being proved to have acted fraudulently or dishonestly. Directors' indemnity provisions were in place during the financial year and up to the date of approval of the financial statements.

Commentary on Research and development, Safety, health and the environment and Employee involvement are included in the Strategic report.

This report was approved by the board and signed on its behalf by:



DA Waters  
Director

Date:

28/9/20



**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the and to enable them to ensure that the financial statements comply with the Companies Act 2006.

**Statement of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



DA Waters

Date: 28/9/20

**Independent Auditors' Report to the Members of ERA Home Security Limited**

**Report on the audit of the financial statements**

**Our opinion**

In our opinion, ERA Home Security Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income for the year ended 31 December 2019; the Statement of changes in equity for the year ended 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

**Independence**

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

**Conclusions relating to going concern**

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

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

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

**Reporting on other information**

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

**Independent Auditors' Report to the Members of ERA Home Security Limited**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

***Strategic report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

***Auditors' responsibilities for the audit of 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**ERA Home Security Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2019**

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**Independent Auditors' Report to the Members of ERA Home Security Limited**

*Use of this report*

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

**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.



Richard Porter (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date : 28/09/2020

**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

**Statement of comprehensive income**  
**For the year ended 31 December 2019**

	Note	2019 £000	2018 £000
Turnover	3	72,188	74,360
Cost of sales		(47,754)	(50,559)
<b>Gross profit</b>		<b>24,434</b>	<b>23,801</b>
Administrative expenses		(16,701)	(16,560)
Other operating expenses	4	(1,397)	-
<b>Operating profit</b>	5	<b>6,336</b>	<b>7,241</b>
Income from other fixed asset investment		-	1,000
Interest receivable and similar income	8	-	218
Interest payable and similar expenses	9	(658)	-
<b>Profit before tax</b>		<b>5,678</b>	<b>8,459</b>
Tax on profit	10	(1,194)	(1,558)
<b>Profit for the financial year</b>		<b>4,484</b>	<b>6,901</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

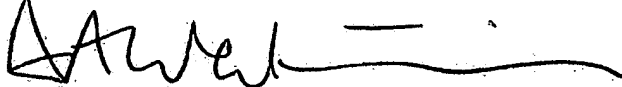
The notes on pages 13 to 29 form part of these financial statements.

**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

**Balance sheet**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	311	1,127
Tangible assets	13	6,067	6,833
Investments	14	38,274	30,303
		<u>44,652</u>	<u>38,263</u>
<b>Current assets</b>			
Stocks	15	18,847	12,772
Debtors	16	29,124	36,287
Cash at bank and in hand		9,872	4,948
		<u>57,843</u>	<u>54,007</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(16,708)	(11,699)
<b>Net current assets</b>		<u>41,135</u>	<u>42,308</u>
<b>Total assets less current liabilities</b>		<u>85,787</u>	<u>80,571</u>
Creditors: amounts falling due after more than one year	18	(31,705)	(23,030)
Provisions for liabilities	20	(3,032)	(2,978)
<b>Net assets</b>		<u>51,050</u>	<u>54,563</u>
<b>Capital and reserves</b>			
Called up share capital	21	11,566	11,566
Capital contribution		1,010	1,082
Merger reserve		(5,425)	-
Profit and loss account		43,899	41,915
<b>Total shareholders' funds</b>		<u>51,050</u>	<u>54,563</u>

The financial statements on pages 10 to 29 were approved and authorised for issue by the board and were signed on its behalf on



**DA Waters**  
**Director**

The notes on pages 13 to 29 form part of these financial statements.

**ERA Home Security Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**

**Statement of changes in equity**  
**For the year ended 31 December 2019**

	Called up share capital £000	Capital contribution £000	Merger reserve £000	Profit and loss account £000	Total shareholders' funds £000
<b>At 1 January 2018</b>	11,566	888	-	42,514	54,968
<b>Comprehensive income for the year</b>					
Profit for the financial year	-	-	-	6,901	6,901
<b>Total comprehensive income for the year</b>	-	-	-	6,901	6,901
<b>Transactions with owners</b>					
Dividends: Equity capital	-	-	-	(7,500)	(7,500)
Share-based payments	-	194	-	-	194
<b>Total transactions with owners</b>	-	194	-	(7,500)	(7,306)
<b>At 31 December 2018</b>	11,566	1,082	-	41,915	54,563
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	4,484	4,484
<b>Total comprehensive expense for the year</b>	-	-	-	4,484	4,484
<b>Transactions with owners</b>					
Dividends: Equity capital	-	-	-	(2,500)	(2,500)
Share-based payments	-	(72)	-	-	(72)
Business reorganisation (note 22)	-	-	(5,425)	-	(5,425)
<b>Total transactions with owners</b>	-	(72)	(5,425)	(2,500)	(7,997)
<b>At 31 December 2019</b>	11,566	1,010	(5,425)	43,899	51,050

The notes on pages 13 to 29 form part of these financial statements.

**Notes to the financial statements**

**1. Accounting policies**

**1.1 Statement of compliance**

The financial statements of ERA Home Security Limited have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with 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 judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**1.3 FRS 102 - Exemptions for qualifying entities**

The company has taken advantage of the following exemptions under FRS 102, on the basis that it is a qualifying entity and its ultimate parent company, Tyman plc, includes these items in its own consolidated financial statements:

- A reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv).
- The preparation of a statement of cash flows as required by Section 7 of FRS 102 and paragraph 3.17(d).
- Financial instrument disclosures required by paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 of FRS 102.
- Certain disclosure requirements of Section 26 in respect of share-based payments.
- The disclosure of key management personnel compensation as required by FRS 102 paragraph 33.7.

**1.4 Cash flow**

The company has taken advantage of the exemption in FRS 102 not to prepare a cash flow statement on the basis that it is a qualifying entity and its ultimate parent company includes this item in its own financial statements:

**1.5 Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate of the transaction covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to profit or loss.

**1.6 Revenue**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed, and value added taxes.



**Notes to the financial statements**

**1. Accounting policies (continued)**

**1.7 Research and development**

All expenditure on research and development are charged against the profit for the year in which it is incurred.

**1.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

**1.9 Dividends**

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

**1.10 Operating leases**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**1.11 Defined contribution pension plan**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.12 Intangible assets**

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

**1.13 Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

The estimated useful lives range as follows:

Freehold buildings	50 years
Leasehold buildings	15 years or lease term if less
Plant and machinery	3 to 10 years

**Notes to the financial statements**

**1. Accounting policies (continued)**

**1.14 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**1.15 Stocks**

Stocks are stated at the lower of cost or estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined in accordance with the first-in, first-out method. Cost includes the purchase price and other directly attributable costs incurred to bring the inventory to its present condition and location. Where necessary, a provision is made to reduce cost to no more than the estimated selling price less costs to sell having regard to the nature and condition of inventory as well as its anticipated saleability.

**1.16 Exemption under Companies Act 2006**

The Company is an intermediate parent undertaking whose results are included in the consolidated financial statements of Tyman plc and as such is exempt from the requirement to prepare group financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its group.

**1.17 Investment in subsidiaries**

Investment in subsidiaries are measured at cost less accumulated impairment losses.

**1.18 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.

**1.19 Provisions for liabilities**

These comprise liabilities of uncertain timing or amount. Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where the time value of money is material.

**1.20 Financial instruments**

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument and are generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**Notes to the financial statements**

**1. Accounting policies (continued)**

**1.20 Financial instruments (continued)**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Changes in the fair value of derivatives are recognised in the profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to exercise judgement in applying its accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The areas representing the critical judgement by management are:

**Carrying value of investments**

A review for impairment of investments is carried out if events or changes in circumstance indicate that the carrying amount may not be recoverable. The calculation of the value in use involves judgement in determining the appropriate assumptions to use in the calculations, including forecasted cashflows and appropriate discount rates.

**Carrying value of stock**

Stock is stated with due allowance for excess, obsolete or slow-moving items. Management exercises judgement in assessing net realisable value. Provisions for slow-moving and obsolete stock are based on an assessment of the nature and condition of the stock, including assumptions around future demand, market condition and new product development initiatives.

**Carrying value of trade debtors**

Provision against trade debtors is made when there is objective evidence that the company will not be able to collect all amounts due to it. The amount of the write down is determined as the difference between the carrying amount and present values of future cash flows. Management exercises judgement in assessing the amount of any write downs required which is based on current assessments of the creditworthiness of current customers, the ageing profile of debtors and historical experience.

**Carrying value of provisions**

Provisions, by their nature are uncertain and highly judgemental. Provisions are measured at managements' best estimate of the expenditure required to settle the obligation at the balance sheet date based on the nature of the provisions, the potential outcomes, any developments relating to specific claims and previous experience.

**Notes to the financial statements**

**3. Turnover**

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	70,512	72,622
Rest of Europe	1,495	1,232
Rest of the World	181	506
	<u>72,188</u>	<u>74,360</u>

All turnover is attributable to one class of business, being the design, manufacture and sale of doors and window hardware and related products and services.

**4. Other operating expenses**

	2019 £000	2018 £000
Impairment of investments	88	-
Impairment of intercompany loan	894	-
Impairment of goodwill	415	-
	<u>1,397</u>	<u>-</u>

The company performed a review of the carrying value of the investments, intercompany receivables and goodwill in subsidiaries and recorded an impairment charge of £0.1, £0.9 and £0.4 respectively.

**5. Operating profit**

The operating profit is stated after charging:

	2019 £000	2018 £000
Amortisation of intangible assets, including goodwill	418	448
Goodwill impairment	415	-
Depreciation of tangible fixed assets	858	832
Auditors' remuneration	67	64
Operating lease rentals - land & building	857	855
Operating lease payment - plant & machinery	373	220

**Notes to the financial statements**

**6. Employees**

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

	2019 £000	2018 £000
Wages and salaries	9,537	8,910
Social security costs	878	907
Other pension cost	411	371
Share-based payments	(72)	194
	<u>10,754</u>	<u>10,382</u>

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

	2019 No.	2018 No.
Manufacturing	153	155
Distribution	76	78
Administration	64	68
	<u>293</u>	<u>301</u>

**7. Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	826	843
Company contributions to defined contribution pension schemes	40	41
	<u>866</u>	<u>884</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £294,000 (2018 - £301,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

Four of the directors are participant in Tyman group's LTIP scheme (2018 - 5), the credit in the year for this scheme is £72,000 (2018 charge - £194,000).

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**8. Interest receivable and similar income**

	2019 £000	2018 £000
Gain on revaluation of forward foreign currency contract	-	218
	<u>-</u>	<u>218</u>

**9. Interest payable and similar expenses**

	2019 £000	2018 £000
Loss on revaluation of forward foreign currency contract	658	-
	<u>658</u>	<u>-</u>

**10. Tax on profit**

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,038	1,431
<b>Total current tax</b>	<u>1,038</u>	<u>1,431</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	170	127
Adjustments in respect of prior periods	(14)	-
<b>Total deferred tax</b>	<u>156</u>	<u>127</u>
<b>Tax on profit</b>	<u>1,194</u>	<u>1,558</u>

**Notes to the financial statements**

**10. Tax on profit (continued)**

**Factors affecting tax charge for the year**

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

	2019 £000	2018 £000
Profit before tax	5,678	8,459
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,079	1,607
<b>Effects of:</b>		
Disallowed expenses and non-taxable income	121	85
Short term timing difference	(14)	67
Dividends	-	(190)
Other differences leading to an increase/(decrease) in the tax charge	8	(11)
<b>Total tax charge for the year</b>	<b>1,194</b>	<b>1,558</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Dividends**

	2019 £000	2018 £000
Interim dividend of 2.16156 per share (2018 - 6.484669p)	2,500	7,500
	<b>2,500</b>	<b>7,500</b>

Notes to the financial statements

12. Intangible assets

	Computer software £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2019	854	3,957	4,811
Additions	9	-	9
Acquisition of operations	8	-	8
At 31 December 2019	871	3,957	4,828
<b>Accumulated amortisation</b>			
At 1 January 2019	402	3,282	3,684
Charge for the year	158	260	418
Impairment charge	-	415	415
At 31 December 2019	560	3,957	4,517
<b>Net book value</b>			
At 31 December 2019	311	-	311
At 31 December 2018	452	675	1,127



Notes to the financial statements

13. Tangible assets

	Freehold buildings £000	Leasehold improvement £000	Plant and machinery £000	Total £000
<b>Cost</b>				
At 1 January 2019	400	3,692	8,797	12,889
Additions	-	-	581	581
Acquisition of operations	-	-	171	171
Disposals	(400)	(81)	(1,693)	(2,174)
At 31 December 2019	-	3,611	7,856	11,467
<b>Accumulated depreciation</b>				
At 1 January 2019	129	257	5,670	6,056
Charge for the year	-	223	635	858
Disposals	(129)	-	(1,385)	(1,514)
At 31 December 2019	-	480	4,920	5,400
<b>Net book value</b>				
At 31 December 2019	-	3,131	2,936	6,067
At 31 December 2018	271	3,435	3,127	6,833

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**14. Investments**

	£000
<b>Cost</b>	
At 1 January 2019	73,809
Additions	13,484
Transfer to merger reserve (note 22)	(5,425)
At 31 December 2019	81,868
<b>Impairment</b>	
At 1 January 2019	43,506
Impairment of investments	88
At 31 December 2019	43,594
<b>Net book value</b>	
At 31 December 2019	38,274
At 31 December 2018	30,303

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**14. Investments (continued)**

<b>Registered name and address</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>
<i>29 Queen Anne's Gate, London, SW1H 9BU</i>		
Balance UK Limited	United Kingdom	Dormant
Bilco Access Solutions Limited	United Kingdom	Building products
Crompton Limited*	United Kingdom	Dormant
ERA Products Limited	United Kingdom	Dormant
ERA Security Hardware Limited	United Kingdom	Dormant
Grouphomesafe Limited	United Kingdom	Dormant
Howe Green Limited*	United Kingdom	Building products
Profab Access Limited*	United Kingdom	Building products
Response Alarms Limited	United Kingdom	Dormant
Response Electronics Limited	United Kingdom	Dormant
Ventrolla Limited	United Kingdom	Dormant
Window Fabrication & Fixing Supplies Limited	United Kingdom	Dormant
Zoo Hardware Limited	United Kingdom	Building products
Y-Cam Solutions Limited	United Kingdom	Dormant
<i>2nd Floor of E-Union Centre, 1515 of Juxian Road, Hi-Tech District, Ningbo City, Zhejiang</i>		
TSA Hardware (Ningbo) Co Ltd	China	Building products
<i>303-6 of International Development Building, Ningbo Free - Trade Zone, Ningbo City, Zhejiang</i>		
LSS Trading (Ningbo) Limited*	China	Building products

\*held by a subsidiary

**15. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	889	323
Work in progress	208	192
Finished goods and goods for resale	17,750	12,257
	<b>18,847</b>	<b>12,772</b>

There is no material difference between purchase price or production cost of stock and its replacement cost.

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**16. Debtors**

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	13,419	22,578
Deferred tax asset (Note 19)	859	976
	<u>14,278</u>	<u>23,554</u>
<b>Due within one year</b>		
Trade debtors	12,131	9,898
Amounts owed by group undertakings	69	10
Other debtors	1,100	1,100
Financial instruments		270
Prepayments and accrued income	1,546	1,455
	<u>29,124</u>	<u>36,287</u>

**17. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	9,419	8,555
Amounts owed to group undertakings	220	301
Corporation tax	1,672	1,409
Other taxation and social security	346	285
Obligations under finance lease and hire purchase contracts	-	12
Other creditors	2,600	274
Accruals and deferred income	1,942	863
Financial instruments	509	-
	<u>16,708</u>	<u>11,699</u>

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**18. Creditors: Amounts falling due after more than one year**

	2019 £000	2018 £000
Amounts owed to group undertakings	29,133	19,262
Other creditors	2,572	3,768
	<u>31,705</u>	<u>23,030</u>

Amounts owed to group undertaking are unsecured and interest free.

**19. Deferred taxation**

	2019 £000
At beginning of year	976
Acquired	39
Utilised in year	(156)
<b>At end of year</b>	<u><u>859</u></u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	353	456
Other timing differences	506	520
	<u>859</u>	<u>976</u>

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**20. Provisions for liabilities**

	Property related £000	Other £000	Total £000
At 1 January 2019	2,315	663	2,978
Provided during the year		125	125
Utilised in the year	(68)	(3)	(71)
<b>At 31 December 2019</b>	<b>2,247</b>	<b>785</b>	<b>3,032</b>

The property related provisions represent the estimated net present value of future lease rental, dilapidations and other property costs for facilities that are surplus to business requirements and where the company has a legal obligation. The leases have terms of up to 25 years to expiry. Other provisions mainly comprise product liability provisions.

**21. Called up Share capital**

	2019 £000	2018 £000
<b>Shares classified as equity</b>		
<b>Authorised</b>		
140,000,000 (2018 - 140,000,000) Ordinary shares of £0.10 (2018 - £0.10) each	14,000	14,000
<b>Allotted, called up and fully paid</b>		
115,657,411 (2018 - 115,657,411) Ordinary shares of £0.10 (2018 - £0.10) each	11,566	11,566

**22. Business reorganisation**

On 30 April 2019, the employees, assets and trade of Y-Cam Solutions Limited were transferred to ERA Home Security Limited for a net consideration of £262,000. This was settled via an intercompany loan which is unsecured and interest free.

On 31 December 2019, the employees, assets and trade of Zoo Hardware Limited were transferred to ERA Home Security Limited for a net consideration of £9,134,000. This was settled via an intercompany loan which is unsecured and interest free. The transfer of the net assets was conducted at book value, with the remaining carrying value of net assets of Zoo Hardware Limited being below the carrying value of the investment in subsidiary. As this is a group reorganisation that does not result in a loss of value, the difference between the carrying value of the investment in subsidiary and the remaining net assets of Zoo Hardware Limited has been recorded as merger reserve in equity.

**Notes to the financial statements**

**22. Business reorganisation (continued)**

	Zoo Hardware Limited £000	Y-Cam Solutions Limited £000	Book value £000
<b>Fixed assets</b>			
Tangible	171	-	171
Intangible	8	-	8
<b>Total fixed assets</b>	<b>179</b>	<b>-</b>	<b>179</b>
<b>Current assets</b>			
Stocks	5,697	75	5,772
Debtors	3,916	128	4,044
Cash at bank and in hand	1,984	147	2,131
<b>Total assets</b>	<b>11,776</b>	<b>350</b>	<b>12,126</b>
<b>Creditors</b>			
Due within one year	(2,517)	(88)	(2,605)
Provisions	(125)	-	(125)
<b>Fair value of net assets</b>	<b>9,134</b>	<b>262</b>	<b>9,396</b>
<b>Total purchase consideration</b>			<b>9,396</b>
<b>Consideration</b>			
Intercompany loan			9,396

**23. Contingent liabilities**

The company is party to a cross guarantee in respect of the groups borrowings. At the 31 December 2019 these amounted to £75,839,000 (2018 - £78,520,000) in respect of the senior notes of Tyman plc and £137,661,000 (2018 - £183,797,000) in respect of the bank borrowings of Jasper Acquisition Holdings Limited and Amesbury Industries Inc.

**24. Pension commitments**

The total pension cost for the year amounted to £411,000 (2018 - £371,000) which represents contributions payable by the company to the funds. Outstanding contributions payable to the fund at the year end included in accruals were £84,000 (2018 - £54,000).

**Notes to the financial statements**

**25. Commitments under operating leases**

At 31 December, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2019 £000	Other 2019 £000	Land and buildings 2018 £000	Other 2018 £000
Within one year	868	313	822	239
After one year and before five years	3,524	454	3,537	336
After five years	14,415	2	14,119	-
	<u>18,807</u>	<u>769</u>	<u>18,478</u>	<u>575</u>

**26. Related party transactions**

The Company has taken advantage of the exemption in accordance with FRS102 not to disclose details of related party transactions in accordance with IAS24, 'Related party disclosure' required by this standard.

**27. Controlling party**

The ultimate parent company and controlling party at the balance sheet date was Tyman plc, a company incorporated and registered in England and Wales. Copies of the financial statements of Tyman plc can be obtained from the registered office at:

Tyman plc  
 29 Queen Anne's Gate  
 London  
 SW1H 9BU

The company's immediate holding company is Jasper Acquisition Holdings Limited.

The largest and smallest group for which financial statements have been prepared is that headed by Tyman plc.