

**SAFETY TECHNOLOGY INTERNATIONAL LIMITED
(FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL
(EUROPE) LIMITED)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)
REGISTERED NUMBER:05872791

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	1,268,635	1,011,873
		<u>1,268,635</u>	<u>1,011,873</u>
Current assets			
Stocks	5	728,370	725,661
Debtors: amounts falling due within one year	6	574,570	509,899
Cash at bank and in hand		40,760	50,769
		<u>1,343,700</u>	<u>1,286,329</u>
Creditors: amounts falling due within one year	7	(861,297)	(1,107,541)
Net current assets		<u>482,403</u>	<u>178,788</u>
Total assets less current liabilities		<u>1,751,038</u>	<u>1,190,661</u>
Creditors: amounts falling due after more than one year	8	(652,750)	(698,785)
Provisions for liabilities			
Deferred tax		(19,280)	(12,878)
		<u>(19,280)</u>	<u>(12,878)</u>
Net assets		<u>1,079,008</u>	<u>478,998</u>
Capital and reserves			
Called up share capital	11	280,557	25,000
Revaluation reserve	12	242,648	-
Profit and loss account		555,803	453,998
		<u>1,079,008</u>	<u>478,998</u>

**SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY
INTERNATIONAL (EUROPE) LIMITED)
REGISTERED NUMBER:05872791**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr S L Hunt
Director

Date: 14.06.17

The notes on pages 3 to 14 form part of these financial statements.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. GENERAL INFORMATION

Safety Technology International Limited (formerly known as Safety Technology International (Europe) Limited) is a private company limited by shares incorporated in England and Wales within the United Kingdom. The address of the registered office is given on the company information of these financial statements.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

First time adoption of FRS 102

These financial statements are the first financial statements of Safety Technology International Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Safety Technology International Limited for the year ended 31 December 2016 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP').

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Reconciliations to previous UK GAAP for the comparative figures have been included in note 17.

2.2 GOING CONCERN

The directors have reviewed budgets and forecasts for a period of 12 months following the date of approval of the financial statements. Considering this and profits generated by the company as well as adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.4 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- no depreciation
Improvements to property	- 20% straight line basis
Plant and machinery	- 20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 20% reducing balance
Computer equipment	- 33% straight balance

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 comprehensive income.

2.5 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 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 reporting 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.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.7 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.

2.8 CASH AND CASH EQUIVALENTS

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

2.9 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments 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 non-puttable 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 comprehensive income.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

2.10 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.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.11 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 comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

2.14 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 comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 INTEREST INCOME

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (continued)

2.16 BORROWING COSTS

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

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 comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.18 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 reporting 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 Statement of financial position 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 reporting date.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 26 (2015: 27).

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Other fixed assets £	Total £
COST OR VALUATION			
At 1 January 2016	943,637	213,672	1,157,309
Additions	38,055	33,788	71,843
Disposals	(19,040)	(116,230)	(135,270)
Revaluations	242,648	-	242,648
At 31 December 2016	<u>1,205,300</u>	<u>131,230</u>	<u>1,336,530</u>
DEPRECIATION			
At 1 January 2016	16,705	128,731	145,436
Charge for the period on owned assets	966	39,313	40,279
Disposals	(17,438)	(100,382)	(117,820)
At 31 December 2016	<u>233</u>	<u>67,662</u>	<u>67,895</u>
NET BOOK VALUE			
At 31 December 2016	<u>1,205,067</u>	<u>63,568</u>	<u>1,268,635</u>
At 31 December 2015	<u>926,932</u>	<u>84,941</u>	<u>1,011,873</u>

Cost or valuation at 31 December 2016 is as follows:

	Land and buildings £
AT COST	962,652
AT VALUATION:	
Revaluation gain under the revaluation model	242,648
	<u>1,205,300</u>

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. TANGIBLE FIXED ASSETS (CONTINUED)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Cost	962,652	926,932
NET BOOK VALUE	962,652	926,932

The valuation was carried out by John Truslove & Co, a member of the Royal Institute of Chartered Surveyors and is an independent valuer to the Company. The building has been valued at the current market value as of 23 February 2017. The valuation at 31 December 2016 is not considered to be materially different to 23 February 2017.

5. STOCKS

	2016 £	2015 £
Raw materials and consumables	590,453	437,134
Work in progress	121,520	202,233
Goods for resale	16,397	86,294
	728,370	725,661

6. DEBTORS

	2016 £	2015 £
Trade debtors	452,917	426,141
Other debtors	10,064	16,069
Prepayments and accrued income	111,589	67,689
	574,570	509,899

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank overdrafts	52,840	61,826
Bank loans	42,141	41,414
Other loans	48,768	38,984
Trade creditors	195,897	268,030
Amounts owed to group undertakings	252,061	497,270
Corporation tax	26,771	39,914
Taxation and social insurance	25,654	28,536
Accruals and deferred income	217,165	131,567
	<u>861,297</u>	<u>1,107,541</u>

Included within bank overdrafts are proceeds to be received from the invoice discount agreement amounting to £53,840 (2015: £61,826).

Included within bank loans is £42,141 (2015: £41,414) secured against the freehold property owned by the company.

Included within other loans is £48,768 (2015: £38,984) secured against the assets of the company.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Bank loans	526,764	559,091
Other loans	125,986	139,694
	<u>652,750</u>	<u>698,785</u>

Secured loans

Included within bank loans is £526,764 (2015: £559,091) secured against the freehold property owned by the company.

Included within other loans is £125,986 (2015: £139,964) secured against the assets of the company.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. LOANS

Analysis of the maturity of loans is given below:

	2016 £	2015 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	42,141	41,414
Other loans	48,768	38,984
	<u>90,909</u>	<u>80,398</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	42,141	41,414
Other loans	48,769	38,984
	<u>90,910</u>	<u>80,398</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	168,565	124,242
Other loans	77,217	100,710
	<u>245,782</u>	<u>224,952</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	316,058	393,435
	<u>316,058</u>	<u>393,435</u>
	<u><u>743,659</u></u>	<u><u>779,183</u></u>

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	40,760	50,769
Financial assets that are debt instruments measured at amortised cost	492,981	442,210
	<u>533,741</u>	<u>492,979</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(1,461,622)	(1,737,876)
	<u>(1,461,622)</u>	<u>(1,737,876)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Other financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income and intercompany liabilities.

11. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
280,557 (2015: 25,000) Ordinary shares of £1 each	<u>280,557</u>	<u>25,000</u>

On 31 December 2016 255,557 ordinary shares with an aggregate nominal value of £255,557 were issued at par.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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12. RESERVES

Revaluation reserve

This reserve represents the surplus arising on the valuation of the freehold property of the company.

	Revaluation reserve £
At 1 January 2016	-
Revaluation of tangible fixed assets	242,648
At 31 December 2016	<u><u>242,648</u></u>

Profit and loss account

This reserve includes all current and prior periods retained profits and losses.

13. CAPITAL COMMITMENTS

At 31 December 2016 the Company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	180,000	-
	<u><u>180,000</u></u>	<u><u>-</u></u>

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
EXPIRY DATE:		
Not later than 1 year	3,947	37,866
Later than 1 year and not later than 5 years	949	2,365
	<u><u>4,896</u></u>	<u><u>40,231</u></u>

15. RELATED PARTY TRANSACTIONS

The company has taken exemption from disclosure of related party balances with wholly owned group entities under Section 33 of FRS 102, paragraph 33.7.

SAFETY TECHNOLOGY INTERNATIONAL LIMITED (FORMERLY KNOWN AS SAFETY TECHNOLOGY INTERNATIONAL (EUROPE) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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16. CONTROLLING PARTY

Safety Technology International Inc, a company incorporated in the United States of America is the ultimate parent company. The ultimate controlling party is Mr J D Taylor by virtue of his shareholding in the parent company.

17. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

18. AUDITORS' INFORMATION

These financial statements have been audited by Bishop Fleming LLP Chartered Accountants, with Andrew Wood FCCA acting as the senior statutory auditor, with an unqualified opinion being issued with no emphasis of matter.

In accordance with the provisions applicable to companies subject to the small companies' regime and s444 of the Companies Act 2006, the audit report has not been filed.