

SAFETY TECHNOLOGY INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	4	1,880,983	1,708,839
Investments	5	1	1
Investment property	6	206,822	206,822
		<u>2,087,806</u>	<u>1,915,662</u>
CURRENT ASSETS			
Stocks		701,002	675,927
Debtors: amounts falling due within one year	7	619,592	659,638
Cash at bank and in hand		166,811	22,499
		<u>1,487,405</u>	<u>1,358,064</u>
Creditors: amounts falling due within one year	8	(742,278)	(755,730)
NET CURRENT ASSETS		<u>745,127</u>	<u>602,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,832,933</u>	<u>2,517,996</u>
Creditors: amounts falling due after more than one year	9	(664,447)	(700,745)
PROVISIONS FOR LIABILITIES			
Deferred tax		(39,770)	(25,146)
		<u>(39,770)</u>	<u>(25,146)</u>
NET ASSETS		<u>2,128,716</u>	<u>1,792,105</u>
CAPITAL AND RESERVES			
Called up share capital	12	280,557	280,557
Revaluation reserve	13	382,485	382,485
Profit and loss account	13	1,465,674	1,129,063
		<u>2,128,716</u>	<u>1,792,105</u>

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: 22 December 2020

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

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

1. GENERAL INFORMATION

Safety Technology International Limited is a private company limited by shares incorporated in the UK and registered in England and Wales. The address of the registered office is Taylor House, 34 Sherwood Road, Bromsgrove, Worcestershire, B60 3DR.

These financial statements cover the individual entity only and do not consolidate any other entities. They have been rounded to the nearest £1.

The principal activity of the company is to manufacture fire, safety and security products.

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.

2.2 GOING CONCERN

The directors have reviewed budgets and forecasts for a period of 12 months from 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 financial statements.

The directors have also considered the impact of COVID-19 of future trading performance and do not foresee any impact on the going concern and the business is in a strong position to continue trading for the foreseeable future.

2.3 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 profit or loss

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

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised on dispatch 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.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss 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.

2.6 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.7 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.8 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 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 profit or loss 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.

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

2. ACCOUNTING POLICIES (continued)

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.11 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 straight line or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	no depreciation, held at valuation
Plant and machinery	-	20% reducing balance
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% reducing balance
Computer equipment	-	33% straight line

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 profit or loss.

2. ACCOUNTING POLICIES (continued)

2.12 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold 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.

2.13 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.14 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.15 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.

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

2. ACCOUNTING POLICIES (continued)

2.16 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.

2.17 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.

2.18 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.

2.19 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.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 27 (2018: 27).

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

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Computer equipment £	Other fixed assets £	Total £
COST OR VALUATION					
At 1 January 2019	1,631,239	66,970	79,083	19,586	1,796,878
Additions	110,694	73,019	19,963	6,221	209,897
At 31 December 2019	<u>1,741,933</u>	<u>139,989</u>	<u>99,046</u>	<u>25,807</u>	<u>2,006,775</u>
DEPRECIATION					
At 1 January 2019	-	22,148	61,217	4,674	88,039
Charge for the year on owned assets	-	20,719	12,188	4,846	37,753
At 31 December 2019	<u>-</u>	<u>42,867</u>	<u>73,405</u>	<u>9,520</u>	<u>125,792</u>
NET BOOK VALUE					
At 31 December 2019	<u>1,741,933</u>	<u>97,122</u>	<u>25,641</u>	<u>16,287</u>	<u>1,880,983</u>
At 31 December 2018	<u>1,631,239</u>	<u>44,822</u>	<u>17,866</u>	<u>14,912</u>	<u>1,708,839</u>

Cost or valuation at 31 December 2019 is as follows:

	Land and buildings £
AT COST	-
AT VALUATION:	
Property held at valuation	<u>1,741,933</u>
	<u>1,741,933</u>

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

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:

	2019	2018
	£	£
Cost	1,359,448	992,515
Accumulated depreciation	(101,275)	(75,193)
NET BOOK VALUE	<u>1,258,173</u>	<u>917,322</u>

The valuation of the property held at the beginning of the reporting period 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 was valued at £1.35m as of 8 January 2019. The valuation at 31 December 2019 is not considered to be materially different to 8 January 2019.

5. FIXED ASSET INVESTMENTS

	Trade investments
	£
At 1 January 2019	<u><u>1</u></u>

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

6. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 January 2019	206,822
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AT 31 DECEMBER 2019	206,822
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The 2019 valuations were made by the directors, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	206,882	206,882
Accumulated depreciation and impairments	(8,276)	(4,138)
	<hr/>	<hr/>
	198,606	202,744
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7. DEBTORS

	2019 £	2018 £
Trade debtors	363,689	510,148
Amounts owed by group undertakings	102,880	-
Other debtors	43,905	67,971
Prepayments and accrued income	109,118	81,519
	<hr/>	<hr/>
	619,592	659,638
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank overdrafts	57,863	138,301
Bank loans	60,975	47,884
Other loans	58,026	92,282
Trade creditors	133,419	157,407
Amounts owed to group undertakings	127,200	86,181
Corporation tax	49,408	96,677
Other taxation and social security	34,915	42,688
Other creditors	-	3,750
Accruals and deferred income	220,472	90,560
	<u>742,278</u>	<u>755,730</u>

Included within bank overdrafts are proceeds to be received from the invoice discount agreement amounting to £57,863 (2018: £138,301).

Included within bank loans is £60,975 (2018: £47,884) secured against the freehold property owned by the company.

Included within other loans is £58,026 (2018: £92,282) secured against the assets of the company.

There are first legal charges dated 20 March 2017 and 19 May 2015 over the freehold property.

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

	2019 £	2018 £
Bank loans	595,440	572,084
Other loans	69,007	128,661
	<u>664,447</u>	<u>700,745</u>

Included within bank loans is £595,440 (2018: £572,084) secured against the freehold property owned by the company.

Included within other loans is £69,007 (2018: £128,661) secured against the assets of the company.

There are first legal charges dated 20 March 2017 and 19 May 2015 over the freehold property.

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

10. LOANS

Analysis of the maturity of loans is given below:

	2019 £	2018 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	60,975	47,884
Other loans	58,026	92,282
	<u>119,001</u>	<u>140,166</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	62,853	87,669
Other loans	69,007	58,895
	<u>131,860</u>	<u>146,564</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	200,136	257,725
Other loans	-	69,766
	<u>200,136</u>	<u>327,491</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	332,451	226,690
	<u>332,451</u>	<u>226,690</u>
	<u><u>783,448</u></u>	<u><u>840,911</u></u>

11. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	<u>166,811</u>	<u>22,499</u>

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

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

12. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
280,557 (2018: 280,557) Ordinary shares shares of £1.00 each	<u>280,557</u>	<u>280,557</u>

13. RESERVES**Revaluation reserve**

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

Profit and loss account

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

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the pension scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £70,299 (2018: £46,936). As at the year end £8,490 (2018: £7,072) was owed to the fund, and is included within creditors due within one year.

15. 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	2,530	420
Later than 1 year and not later than 5 years	3,876	315
	<u>6,406</u>	<u>735</u>

16. 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 33.1A.

17. 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 F Taylor by virtue of his shareholding in the parent company.

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

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 on the 22/12/2020.

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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.