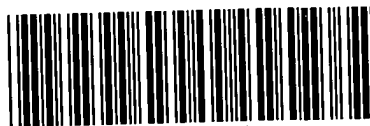


**STERLING SAFETY SYSTEMS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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<b>STERLING SAFETY SYSTEMS LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	G Jones S Brown P Simmons G van der Pant S A Bowles (appointed 1 July 2019) C Lombard (appointed 12 August 2019)
<b>Company secretary</b>	H Batchelor
<b>Registered number</b>	06393298
<b>Registered office</b>	B12A Holly Farm Business Park Honiley Kenilworth Warwickshire CV8 1NP
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 54 Clarendon Road Watford United Kingdom WD17 1DU

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**STERLING SAFETY SYSTEMS LIMITED**

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## STERLING SAFETY SYSTEMS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Introduction

The Directors present their Strategic Report for the year ended 31 March 2019 as follows:

#### Business review

The company's revenue decreased by 7% during the year to £5,080,921 (2018: £5,474,684), and profit before taxation increased by 1% to £1,097,416 (2018: £1,087,810). A significant part of the company's sales are project based and the decrease in revenue results from the net position of the increase in projects and the conclusion of a significant order from the Middle East in 2018.

The company finished the year with net assets of £2,276,880 (2018: £1,377,973) and a positive cash balance.

The Directors expect the current level and type of activity will continue for the foreseeable future.

#### Going concern

The company has net assets and a positive cash balance as set out in the balance sheet. The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £550m revolving credit facility held with a core group of well-established banks, of which £476m was undrawn at 31 March 2019. The directors have a high level of confidence that despite the current economic uncertainty the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

#### Principal risks and uncertainties

##### Competitive pressure

Competitive pressure in all the company's markets is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by maintaining strong relationships with customers and by offering fast response times not only in supplying products but in handling all customer queries. The company's sister company, Argus, invests in research and development in order to supply a differentiated product range with clear end user advantages

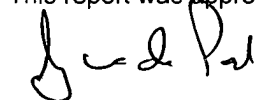
#### Financial key performance indicators

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### Financial risk management

Details of the financial risk management objectives and policies, as well as details of exposure to foreign currency risk, interest rate risk, credit risk, and liquidity risk, can be found in Note 27 to the Halma plc group financial statements. These can be obtained as disclosed in Note 27.

This report was approved by the board on **28 November 2019** and signed on its behalf.



**G van der Pant**  
Director

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## STERLING SAFETY SYSTEMS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 to 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Results and dividends

The profit for the year, after taxation, amounted to £898,907 (2018 - £865,034).

No interim dividend (2018 - £nil) was paid on ordinary shares during the year. The directors do not propose the payment of a final dividend (2018 - £nil).

#### Directors

The directors who served during the year, and to the date of this report, were:

G Jones  
S Brown  
P Simmons  
G van der Pant  
S A Bowles (appointed 1 July 2019)  
C Lombard (appointed 12 August 2019)

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**Environmental matters**

The Halma plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

**Employee involvement**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event any member of staff became disabled, every effort would be made to ensure that their employment with the company continues and appropriate training would be arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Matters covered in the strategic report**

The directors' statement on going concern, future developments, and financial risk management, are included in the strategic report.

**Disclosure of information to auditors**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Post balance sheet events**

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

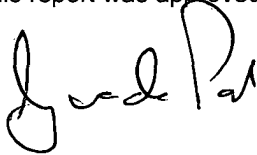
**Auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**STERLING SAFETY SYSTEMS LIMITED**

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

This report was approved by the board on 28 November 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'G van der Pant', written in a cursive style.

**G van der Pant**  
Director

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## STERLING SAFETY SYSTEMS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING SAFETY SYSTEMS LIMITED

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## Report on the audit of the financial statements

### Opinion

In our opinion, Sterling Safety Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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" Section 1A, 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 March 2019, the statement of comprehensive income and the statement of changes in equity for year then ended; 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 remained 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of 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.



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## STERLING SAFETY SYSTEMS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING SAFETY SYSTEMS LIMITED

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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 also to 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 March 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 2, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *Auditors' responsibilities for the audit of the financial statements*

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

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

##### *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.

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**STERLING SAFETY SYSTEMS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING SAFETY SYSTEMS LIMITED**

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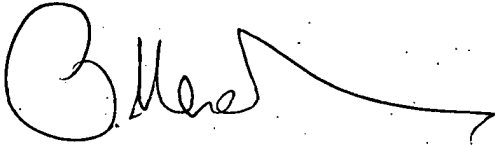
**Other required reporting**

**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 require for our audit; or  
adequate accounting records have not 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.



Owen Mackney (Senior Statutory Auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Watford

Date: 28/11/19

**STERLING SAFETY SYSTEMS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Revenue	4	5,080,921	5,474,684
Cost of sales		(3,359,534)	(3,677,003)
<b>Gross profit</b>		<b>1,721,387</b>	<b>1,797,681</b>
Administrative expenses		(613,505)	(747,052)
Other operating income	5	-	75,306
<b>Operating profit</b>	6	<b>1,107,882</b>	<b>1,125,935</b>
Interest receivable and similar income	10	44	15
Interest payable and expenses	11	-	(37,455)
Other finance income		(10,510)	(685)
<b>Profit before tax</b>		<b>1,097,416</b>	<b>1,087,810</b>
Tax on profit	12	(198,509)	(222,776)
<b>Profit and total comprehensive income for the financial year</b>		<b>898,907</b>	<b>865,034</b>

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

The notes on pages 12 to 29 form part of these financial statements.

All amounts relate to continuing operations.

**STERLING SAFETY SYSTEMS LIMITED**  
**REGISTERED NUMBER: 06393298**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	96,407	20,765
Investments	14	958,770	958,770
		<u>1,055,177</u>	<u>979,535</u>
<b>Current assets</b>			
Stocks	15	603,839	132,175
Debtors: amounts falling due within one year	16	1,107,164	780,170
Cash at bank and in hand	17	441,688	626,433
		<u>2,152,691</u>	<u>1,538,778</u>
Creditors: amounts falling due within one year	18	(900,988)	(1,108,045)
<b>Net current assets</b>		<u>1,251,703</u>	<u>430,733</u>
<b>Total assets less current liabilities</b>		<u>2,306,880</u>	<u>1,410,268</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	-	(2,295)
Other provisions	21	(30,000)	(30,000)
		<u>(30,000)</u>	<u>(32,295)</u>
<b>Net assets</b>		<u><u>2,276,880</u></u>	<u><u>1,377,973</u></u>

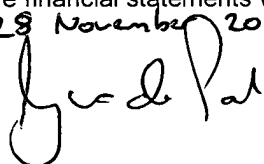
**STERLING SAFETY SYSTEMS LIMITED**  
**REGISTERED NUMBER: 06393298**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Capital and reserves</b>			
Called up share capital	22	90	90
Capital redemption reserve	23	10	10
Profit and loss account	23	2,276,780	1,377,873
<b>Shareholders' funds</b>		<u>2,276,880</u>	<u>1,377,973</u>

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

28 November 2019.



**G van der Pant**  
Director

The notes on pages 12 to 29 form part of these financial statements.

**STERLING SAFETY SYSTEMS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	90	10	1,377,873	1,377,973
Profit for the year	-	-	898,907	898,907
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>898,907</b>	<b>898,907</b>
<b>At 31 March 2019</b>	<b>90</b>	<b>10</b>	<b>2,276,780</b>	<b>2,276,880</b>

The notes on pages 12 to 29 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	90	10	512,839	512,939
Profit for the year	-	-	865,034	865,034
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>865,034</b>	<b>865,034</b>
<b>At 31 March 2018</b>	<b>90</b>	<b>10</b>	<b>1,377,873</b>	<b>1,377,973</b>

The notes on pages 12 to 29 form part of these financial statements.

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**1. General information**

Sterling Safety Systems Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006.

**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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the following exemptions in its individual financial statements:

1.12(b) i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

1.12(c) ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;

1.12(d)(ii) iii. from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;

1.12(e) iv. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

**2.2 Going concern**

The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £550m revolving credit facility, running to November 2023, held with a core group of well-established banks, of which £476m was undrawn at 31 March 2019. The directors have a high level of confidence that, despite the current economic uncertainty, the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**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 the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.



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**STERLING SAFETY SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.4 Revenue**

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

**Sale of goods**

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

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

**Rendering of services**

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

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

**2.5 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.6 Interest income**

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

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.7 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.

**2.8 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 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 balance sheet date in the countries where the Company operates and generates income.

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

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

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

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)****2.10 Development costs**

Research expenditure is written off in the financial year in which it is incurred.

Development expenditure is written off in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure is recognised as an intangible asset in the balance sheet, initially at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure assets are considered to have a finite useful life of three years.

**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, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20-50% on costs per annum
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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.

**2.12 Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.

**2.13 Stocks**

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

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

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<b>STERLING SAFETY SYSTEMS LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.14 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.

**2.15 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.

**2.16 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.

**2.17 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 Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

**2.18 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 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 the 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.18 Financial instruments (continued)**

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 balance sheet date.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

## STERLING SAFETY SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the company's accounting policies**

The director does not consider that there are critical judgements that have been made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

##### **Key sources of estimation uncertainty**

The key assumption concerning the future, and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Recoverability of trade receivables**

In determining the recoverability of trade receivables the Company makes an estimation of the expected future cash flows that will be received. Such estimates are based on the current knowledge and prior experience in relation to each customer along with the outcome of the Company credit assessment procedures. Despite this unforeseen events could result in the ultimate outcome differing from the Company's assessment and could result in a material adjustment to the financial statements.

#### 4. Revenue

The whole of the revenue is attributable to the supply of Fire and Safety Equipment.

Analysis of revenue by country of destination:

	2019 £	2018 £
United Kingdom	4,736,848	4,095,924
Rest of Europe	325,795	179,259
Rest of the world	18,278	1,199,501
	<u>5,080,921</u>	<u>5,474,684</u>

Revenue derived from the rendering of services was £6,100 (2018: £29,086).

**STERLING SAFETY SYSTEMS LIMITED**

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

**5. Other operating income**

	2019 £	2018 £
Commissions receivable	-	75,306

The company received commission from its sister company Argus Security for sales made.

**6. Operating profit**

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

	2019 £	2018 £
Research & development charged as an expense	-	35,434
Depreciation of tangible fixed assets	27,752	14,603
Exchange differences	12,747	(26,486)
Staff costs	1,128,102	1,044,805
Cost of stocks recognised as an expense	2,521,956	2,840,099
Including:		
- write-down stocks to net realisable value	2,577	-
- reversals of impairments in stock	-	(2,063)
Operating lease rentals	103,962	115,667

**7. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	5,408	5,250

# STERLING SAFETY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 8. Employees

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

	2019 £	2018 £
Wages and salaries	985,000	903,441
Social security costs	110,449	114,176
Cost of defined contribution scheme	32,653	27,188
	<u>1,128,102</u>	<u>1,044,805</u>

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

	2019 No.	2018 No.
Sales	9	9
Admin	8	8
	<u>17</u>	<u>17</u>

### 9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	122,472	193,666
Company contributions to defined contribution pension schemes	10,015	9,881
Compensation for loss of office	-	10,000
	<u>132,487</u>	<u>213,547</u>

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

Three (2018: three) other directors were remunerated by other group companies. The amount relating to their services to the company was £nil (2018: £nil).



**STERLING SAFETY SYSTEMS LIMITED**

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

**10. Interest receivable and similar income**

	2019 £	2018 £
Bank interest receivable	44	15

**11. Interest payable and similar expenses**

	2019 £	2018 £
Loan interest payable	-	37,455

**12. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	209,787	224,561
Adjustments in respect of previous periods	(7,627)	-
<b>Total current tax</b>	<b>202,160</b>	<b>224,561</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,485)	(2,590)
Changes to tax rates	(166)	(84)
Adjustments in respect of previous periods	-	889
<b>Total deferred tax</b>	<b>(3,651)</b>	<b>(1,785)</b>
<b>Taxation on profit on ordinary activities</b>	<b>198,509</b>	<b>222,776</b>

**STERLING SAFETY SYSTEMS LIMITED**

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

**12. Taxation (continued)**

**Factors affecting tax charge for the year**

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,097,416</u>	<u>1,087,810</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% ( <i>2018 - 19%</i> )	<b>208,509</b>	<b>206,684</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	15,287
Adjustments to tax charge in respect of previous periods	(7,627)	889
Other differences	(2,164)	-
Change in tax rates	(166)	(84)
Transfer pricing adjustments	(43)	-
<b>Total tax charge for the year</b>	<u><b>198,509</b></u>	<u><b>222,776</b></u>

**Factors that may affect future tax charges**

The UK Corporation tax rate reduction to 17%, effective from 1 April 2020 has been substantively enacted.

**STERLING SAFETY SYSTEMS LIMITED**

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

**13. Tangible fixed assets**

	Plant and machinery £
<b>Cost</b>	
At 1 April 2018	118,903
Additions	103,394
At 31 March 2019	<u>222,297</u>
<b>Depreciation</b>	
At 1 April 2018	98,138
Charge for the year on owned assets	27,752
At 31 March 2019	<u>125,890</u>
<b>Net book value</b>	
At 31 March 2019	<u><u>96,407</u></u>
At 31 March 2018	<u><u>20,765</u></u>

**14. Investments**

	Investments in associates £
<b>Cost</b>	
At 1 April 2018	958,770
At 31 March 2019	<u><u>958,770</u></u>

**STERLING SAFETY SYSTEMS LIMITED**

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

**14. Investments (continued)**

**Associate**

The following was an associate of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Argus Security S.R.L	Via Maurizio Gonzaga no.7, Milan, 20123, Italy	Quotas	28.8%

**15. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Work in progress	<b>2,400</b>	<b>278</b>
Finished goods and goods for resale	<b>601,439</b>	<b>131,897</b>
	<b>603,839</b>	<b>132,175</b>

Stock is stated after provision for impairment of £13,777 (2018: £11,200).

**Replacement costs of stock**

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**16. Debtors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>964,776</b>	<b>682,719</b>
Amounts owed by group undertakings	<b>87,771</b>	<b>39,816</b>
Other debtors	<b>2,577</b>	<b>2</b>
Prepayments and accrued income	<b>50,684</b>	<b>57,633</b>
Deferred taxation	<b>1,356</b>	<b>-</b>
	<b>1,107,164</b>	<b>780,170</b>

Trade debtors are stated after provision for impairment of £Nil (£123).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**STERLING SAFETY SYSTEMS LIMITED**

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

**17. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>441,688</u>	<u>626,433</u>

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

	2019 £	2018 £
Trade creditors	56,788	63,768
Amounts owed to group undertakings	375,660	396,741
Corporation tax	107,141	224,561
Other taxation and social security	235,236	251,581
Other creditors	22,125	14,760
Accruals and deferred income	92,843	155,949
Financial instruments	11,195	685
	<u>900,988</u>	<u>1,108,045</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**STERLING SAFETY SYSTEMS LIMITED**

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

**19. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,496,812</u>	<u>1,348,970</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	(11,195)	(685)
Financial liabilities measured at amortised cost	<u>(547,416)</u>	<u>(631,218)</u>
	<u>(558,611)</u>	<u>(631,903)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at fair value through profit or loss comprise derivative financial instruments.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals, and bank borrowings in the prior year.

**STERLING SAFETY SYSTEMS LIMITED**

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

**20. Deferred tax**

	Accelerated capital allowances £	Other timing differences £	Total £
At 1 April 2018	(2,421)	126	(2,295)
Credited to profit and loss	1,874	1,777	3,651
<b>At 31 March 2019</b>	<b>(547)</b>	<b>1,903</b>	<b>1,356</b>

	Accelerated capital allowances £	Other timing differences £	Total £
At 1 April 2017	(4,969)	889	(4,080)
Credited/(charged) to profit and loss	2,548	(763)	1,785
<b>At 31 March 2018</b>	<b>(2,421)</b>	<b>126</b>	<b>(2,295)</b>

**21. Other provisions**

	Dilapidations £
At 1 April 2018	30,000
<b>At 31 March 2019</b>	<b>30,000</b>

The dilapidations provision is held to recognise the future cost of returning the rented premises in a suitable condition at the end of the lease term. The expenditure related to these obligations is expected to be incurred in 2023.

**22. Called up share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
180 (2018 - 180) (2017: 180) Ordinary shares of £0.50 each	90	90

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**STERLING SAFETY SYSTEMS LIMITED**

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

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**23. Reserves****Capital redemption reserve**

The capital redemption reserve was created when the company bought its own shares and reduced its share capital.

**24. Pension commitments**

The company operates the Sterling pension plan a defined contribution plan. The assets of the plans are held separately from those of the Company in funds under the control of trustees.

The cost charged to income of £32,653 (2018 - £27,188) in respect of the pension plan represents contributions payable to the scheme by the Company at rates specified in the rules of the plans. As at 31 March 2019 there were no contributions in respect of the current year that had not been paid over to the schemes (2018 - £nil).

**25. Commitments under operating leases**

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

	2019 £	2018 £
Not later than 1 year	57,200	62,258
Later than 1 year and not later than 5 years	189,991	44,803
	<u>247,191</u>	<u>107,061</u>

**26. Related party transactions**

The Company was purchased by Halma plc on 22 December 2017 and from this date has taken exemption under the terms of FRS 102 from disclosing related party transactions entered into between two or more members of a group, provided any subsidiary that is party to the transaction is wholly owned by such a member.

**27. Controlling party**

The immediate and ultimate parent company of Sterling Safety Systems Limited and the parent company of the only group for which consolidated financial statements are prepared which include this company is Halma plc, which is incorporated in England and Wales. The financial statements of Halma plc can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Buckinghamshire, HP7 0DE.