Registered number: 06393298

STERLING SAFETY SYSTEMS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY INFORMATION

Directors	G Jones S Brown (appointed 20 December 2017) P Simmons (appointed 20 December 2017) G Van der pant (appointed 20 December 2017) J Bartlett (resigned 20 December 2017) M Harding (resigned 20 December 2017)
Company secretary	H Batchelor
Registered number	06393298
Registered office	B12A Holly Farm Business Park Honiley Kenilworth Warwickshire CV8 1NP
Independent auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans United Kingdom AL1 3JX

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Directors present their Strategic Report for the year ended 31 March 2018 as follows:

Business review

The company increased revenue by 81% during the year to £5,474,684 *(2017: £3,025,391)*, and profit before taxation increased by 642% to £1,087,810 *(2017: £146,697)*. A significant part of sales relate to projects and the increase in revenue was partly attributable to winning a significant order in the Middle East.

On 22 December 2017 the company was acquired by the Halma plc group.

Since the year end the company has signed for an additional 5 year lease term at £47,000 per annum.

The company finished the year with net assets of £1,377,973 *(2017: £512,939)* 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 the £550m five-year revolving credit facility held with a core group of well-established banks, of which £437m was undrawn at 31 March 2018. 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 26 to the Halma plc group financial statements. These can be obtained as disclosed in Note 28.

This report was approved by the board on 28th September 2018 and signed on its behalf.

G Van der pant
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year, after taxation, amounted to £865,034 *(2017 - £113,129)*.

No interim dividend (2017 - £nil) was paid on ordinary shares during the year. The directors do not propose the payment of a final dividend (2017 - £nil).

Directors

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

G Jones
S Brown (appointed 20 December 2017)
P Simmons (appointed 20 December 2017)
G Van der pant (appointed 20 December 2017)
J Bartlett (resigned 20 December 2017)
M Harding (resigned 20 December 2017)

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, R&D, and financial risk management, are included in the strategic report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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

PricewaterhouseCoopers LLP were appointed as the Company's auditors during the year.

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28th September 2018 and signed on its behalf.

G Van der pant
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 2018 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 Standard, comprising FRS 102 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 2018, the statement of comprehensive income and the statement of changes in equity for the 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

We have nothing to report in respect of the following matters in relation to which 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.

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

Reporting on other information

The other information comprises all 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.

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.

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

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 2018 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 5, 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 intend 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. 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.

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.

Wendy Russell

Wendy Russell (Senior statutory auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
Date: 28th September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	*2017* *£*
Revenue	4	**5,474,684**	*3,025,391*
Cost of sales		**(3,677,003)**	*(1,956,447)*
Gross profit		**1,797,681**	*1,068,944*
Administrative expenses		**(747,052)**	*(884,355)*
Other operating income	5	**75,306**	*40,684*
Operating profit	6	**1,125,935**	*225,273*
Interest receivable and similar income	10	**15**	*17*
Interest payable and similar expenses	11	**(37,455)**	*(78,593)*
Change in fair value of derivative financial instruments		**(685)**	-
Profit on ordinary activities before taxation		**1,087,810**	*146,697*
Taxation on profit on ordinary activites	12	**(222,776)**	*(33,568)*
Profit and total comprehensive income for the year		**865,034**	*113,129*

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 12 to 30 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	13		**20,765**		*27,739*
Investments	14		**958,770**		*958,770*
			979,535		*986,509*
Current assets					
Stocks	15	**132,175**		*144,570*	
Debtors: amounts falling due within one year	16	**780,170**		*746,342*	
Cash at bank and in hand	17	**626,433**		*278,801*	
		1,538,778		*1,169,713*	
Creditors: amounts falling due within one year	18	**(1,108,045)**		*(953,539)*	
Net current assets			**430,733**		*216,174*
Total assets less current liabilities			**1,410,268**		*1,202,683*
Creditors: amounts falling due after more than one year	19		**-**		*(685,664)*
			1,410,268		*517,019*
Provisions for liabilities					
Deferred taxation	21	**(2,295)**		*(4,080)*	
Other provisions	22	**(30,000)**		-	
			(32,295)		*(4,080)*
Net assets			**1,377,973**		*512,939*

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	23	**90**	*90*
Capital redemption reserve	24	**10**	*10*
Profit and loss account		**1,377,873**	*512,839*
Shareholders' funds		**1,377,973**	*512,939*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28th September 2018

G Van der pant

G Van der pant
Director
The notes on pages 12 to 30 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
Comprehensive income for the year				
Profit for the year	-	-	865,034	865,034
Total comprehensive income for the year	-	-	865,034	865,034
At 31 March 2018	90	10	1,377,873	1,377,973

The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	90	10	399,710	399,810
Comprehensive income for the year				
Profit for the year	-	-	113,129	113,129
Total comprehensive income for the year	-	-	113,129	113,129
At 31 March 2017	90	10	512,839	512,939

The notes on pages 12 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Sterling Safety Systems Limited is a private company limited by shares incorporated 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 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Going concern

The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including the £550m 5-year revolving credit facility, running to November 2022, held with a core group of well-established banks, of which £437m was undrawn at 31 March 2018. 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.

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, net of discounts and rebates, excluding 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 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

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. Accounting policies (continued)

2.6 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.

2.7 Stocks

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

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

2.8 Debtors

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

2.9 Cash and cash equivalents

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

2.10 Financial instruments

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

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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

- 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.

2.11 Creditors

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

2. Accounting policies (continued)

2.12 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'.

2.13 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.

2.14 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 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of 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.

2.16 Interest income

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

2.17 Borrowing costs

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

2.18 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. *Accounting policies (continued)*

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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 turnover is attributable to the supply of Fire and Safety Equipment.

Analysis of turnover by country of destination:

	2018	*2017*
	£	*£*
United Kingdom	**4,095,924**	*2,945,126*
Rest of Europe	**179,259**	*73,221*
Rest of the world	**1,199,501**	*7,044*
	5,474,684	*3,025,391*

Revenue derived from the rendering of services was £29,086 *(2017: £81,796).*

5. Other operating income

	2018	2017
	£	£
Commissions receivable	75,306	40,684

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

6. Operating profit

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

	2018	2017
	£	£
Research & development charged as an expense	35,434	-
Depreciation of tangible fixed assets (note 13)	14,603	16,368
Exchange differences	(26,486)	64,532
Staff costs (note 8)	1,044,805	886,974
Cost of stocks recognised as an expense	2,840,099	1,368,360
Reversals of impairments in stock	2,063	-
Operating lease payments		
operating lease rentals - property	47,000	56,216
operating lease rentals - other	68,667	72,015

7. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,250	4,750

8. Employees

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

	2018 £	*2017 £*
Wages and salaries	**903,441**	*774,001*
Social security costs	**114,176**	*92,404*
Cost of defined contribution scheme	**27,188**	*20,569*
	1,044,805	*886,974*

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

	2018 No.	*2017 No.*
Sales	**9**	*12*
Admin	**8**	*9*
	17	*21*

9. Directors' remuneration

	2018 £	*2017 £*
Directors' emoluments	**193,666**	*117,340*
Company contributions to defined contribution pension schemes	**9,881**	*7,533*
Compensation for loss of office	**10,000**	*-*
	213,547	*124,873*

During the year retirement benefits were accruing to 1 director *(2017 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,866 *(2017 - £105,640).*

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,881 *(2017 - £7,200).*

Three (2017: No) other directors were remunerated by other group companies. The amount relating to their services to the company was £nil (2017: £nil).

10. Interest receivable and similar income

	2018 £	*2017 £*
Bank interest receivable	**15**	*17*

11. Interest payable and similar expenses

	2018 £	*2017 £*
Loan interest payable	**37,455**	*78,593*

12. Taxation

	2018 £	*2017 £*
Corporation tax		
Current tax on profits for the year	**224,561**	*36,037*
Total current tax	**224,561**	*36,037*
Deferred tax		
Origination and reversal of timing differences	**(2,590)**	*(2,469)*
Changes to tax rates	**(84)**	-
Adjustments in respect of previous periods	**889**	-
Total deferred tax	**(1,785)**	*(2,469)*
Taxation on profit on ordinary activities	**222,776**	*33,568*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 20%)*. The differences are explained below:

	2018 £	*2017* *£*
Profit on ordinary activities before tax	**1,087,810**	*146,697*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**206,684**	*29,339*
Effects of:		
Expenses not deductible for tax purposes	**15,287**	*4,229*
Adjustments to tax charge in respect of previous periods	**889**	-
Change in tax rates	**(84)**	-
Total tax charge for the year	**222,776**	*33,568*

Factors that may affect future tax charges

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

13. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 April 2017	111,274
Additions	7,629
At 31 March 2018	118,903
Depreciation	
At 1 April 2017	83,535
Charge for the year	14,603
At 31 March 2018	98,138
Net book value	
At 31 March 2018	20,765
At 31 March 2017	*27,739*

14. Investments

	Investments in associates £
Cost	
At 1 April 2017	958,770
At 31 March 2018	958,770
Net book value	
At 31 March 2018	958,770
At 31 March 2017	*958,770*

14. Investments (continued)

Participating interests

Associates

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

15. Stocks

	2018 £	2017 £
Finished goods and goods for resale	**131,897**	*144,570*
Work in progress	**278**	-
	132,175	*144,570*

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

	2018 £	2017 £
Trade debtors	**682,719**	*683,289*
Amounts owed by group undertakings	**39,816**	-
Other debtors	**2**	*2,928*
Prepayments and accrued income	**57,633**	*60,125*
	780,170	*746,342*

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	**626,433**	*278,801*

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	-	342,857
Trade creditors	63,768	356,914
Amounts owed to group undertakings	396,741	-
Corporation tax	224,561	33,567
Other taxation and social security	251,581	149,597
Other creditors	14,760	18,754
Accruals and deferred income	155,949	51,850
Financial instruments	685	-
	1,108,045	953,539

19. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	-	685,664

The following liabilities were secured:

	2018 £	2017 £
Bank loans and overdrafts	-	1,028,521

Details of security provided:

In the prior year the registered security consisted of a fixed and floating charge over the assets of the company. The loan was settled in full as part of the Company's acquisition by Halma plc.

20. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	**626,433**	*278,801*
Financial assets that are debt instruments measured at amortised cost	**722,537**	*686,217*
	1,348,970	*965,018*
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	**(685)**	-
Financial liabilities measured at amortised cost	**(631,218)**	*(1,456,039)*
	(631,903)	*(1,456,039)*

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Derivative financial liabilities measured at fair value through profit or loss comprise forward foreign exchange contracts

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.

21. Deferred tax

	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
At 31 March 2018	**(2,421)**	**126**	**(2,295)**

	Accelerated capital allowances £	*Other timing differences £*	*Total £*
At 1 April 2016	*(7,438)*	*889*	*(6,549)*
Credited to profit and loss	*2,469*	*-*	*2,469*
At 31 March 2017	*(4,969)*	*889*	*(4,080)*

22. Other provisions

	Dilapidations £
At 1 April 2017	-
Charged to profit or loss	30,000
At 31 March 2018	**30,000**

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 more than 5 years.

23. Called up share capital

	2018 £	*2017 £*
Allotted, called up and fully paid		
180 (2017: 180) Ordinary shares of £0.50 each	90	*90*

24. Reserves

Capital redemption reserve

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

25. Pension commitments

The company operates the Sterling pension 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 £27,188 *(2017 - £20,569)* 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 2018 there were no contributions in respect of the current reporting period that had not been paid over to the schemes *(2017 - £nil)*.

26. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017* £
Not later than 1 year	**11,750**	*47,000*
Later than 1 year and not later than 5 years	**-**	*11,750*
Land & Buildings	**11,750**	*58,750*

Since the year end the company has signed for an additional 5 year lease term at £47,000 per annum.

	2018 £	*2017* £
Not later than 1 year	**50,508**	*38,830*
Later than 1 year and not later than 5 years	**44,803**	*15,906*
Other	**95,311**	*54,736*

27. Related party transactions

All transactions with directors and other related parties have been conducted under normal market conditions, apart from a settlement in the prior year with Argus Security S.r.l, a company in which Sterling Safety Systems Limited owned 28.8% of the issued share capital, which amounted to £55,140.

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 of more members of a group, provided any subsidiary that is party to the transaction is wholly owned by such a member.

28. 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.