

Registered number: 09069589

GENTEX EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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GENTEX EUROPE LIMITED

COMPANY INFORMATION

Directors

H Acker
R Dellar
L Frieder III

Company secretary

Jordan Company Secretaries Limited

Registered number

09069589

Registered office

Suite 1, 3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

GENTEX EUROPE LIMITED

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GENTEX EUROPE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The principal activity of the Group during the year was the design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew, the emergency and law enforcement services, together with respiratory equipment for use in a variety of industrial applications.

Where appropriate the Group provides associated equipment such as radio communication systems, active noise reduction, microphone, earphones and consumables such as filters and battery packs. The Group also undertakes funded research and design engineering as a subcontractor to a number of major international corporations to meet their specific requirements. In other areas research and development is undertaken, either as new initiatives for additional products, or to update and improve existing products.

Business review

During the year the Group comprised two wholly owned operating subsidiaries: -

Helmet Integrated Systems Limited ("HISL") – a company registered in England and Wales and Gentex Investment, with a 49% investment in Gentex-NORBO a Joint Venture company registered in Ankara, Turkey, which was incorporated in May 2017.

The Group's ultimate parent company is Gentex Corporation, a company registered in Delaware, USA.

Turnover for the year showed a 13.6% increase on the previous year. This was principally driven by an increase in the Air business, across all geographic regions.

The operating profit before tax and amortisation of goodwill was £1,471,560, compared to £168,186 for the previous year. The change is principally due to the increase in revenue.

Principal risks and uncertainties

The directors are of the opinion that the budget approved for 2019 is realistic, being based largely on existing certified and approved products (with a number of new products being launched during the first half of the year), with product upgrades and improvements providing the only internal risk area. External risks encompass parts obsolescence and the general political and economic risks and uncertainties.

HISL constantly monitors its supply chain relationships and the potential risks associated with parts obsolescence (mainly, but not limited to, electronic components). Working closely with suppliers, HISL's purchasing departments identify items that are due to be made obsolete, and, if necessary instigate "last time buys" to ensure stock availability while alternatives can be sourced, evaluated and approved.

As a more general point, the worldwide political and economic uncertainties (in particular Brexit) has required the board to carefully balance:

- the need to control inflationary pressures on employee and overhead costs, as well as raw materials;
- capital expenditure, and research and development costs;
- new products and the updating of existing products;
- control of working capital requirements.

GENTEX EUROPE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial key performance indicators

A number of KPIs are used by the company:

- orders by customer and product group are measured against budget on a weekly basis;
- sales by product group and customer are compared to budget on a monthly basis and deliveries to customers are the subject of weekly production meetings to enable any remedial action to be taken;
- cash is closely monitored and revised projections are completed quarterly in parallel with profit forecasts;
- customer satisfaction - a system has now been established to review on a monthly basis and to take remedial action where appropriate;
- departmental overheads are monitored on a monthly basis as part of the management accounting package.

This report was approved by the board on 30 April 2019 and signed on its behalf.


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H. Acker
Director

GENTEX EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 elected to prepare the 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £173,769 (2017 - loss £1,026,092).

The payment of dividends is decided by Gentex. The scenarios outlined in the heading "Future developments" will require, over the ensuing 2 to 3 years, additional working capital to finance higher levels of turnover, stock and work in progress and trade debtors. The board continues to consider that this expansion should be self-financing from within the company, and accordingly no dividends have been declared for the period.

Financial controls

Annual budgets, phased by month are agreed by the board, and, monthly, management accounts are compared with budget to highlight variances enabling remedial action to be taken when necessary. All balance sheet items are reconciled monthly, with the exception of stock which is verified at each year end by physical count and ongoing via perpetual inventory. Quarterly cash flow forecasts are produced and are monitored against the actual cash flows.

Capital expenditure is controlled by requiring all proposals for expenditure to be approved in accordance with the delegated levels of authority. Research and development private venture expenditure is only undertaken after a rigorous cost justification process has been undertaken, and the board is satisfied that a satisfactory return on investment will be achieved.

GENTEX EUROPE LIMITED

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

Financial risk management policies

The board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group's operations historically have primarily been financed from retained earnings and bank borrowings and the company does not use complex or derivative financial instruments for trading purposes other than forward exchange contracts.

The principal financial risks arising from the Group's activities are credit risk and exchange rate risk. These are monitored closely by the board. Credit risk is managed by obtaining credit checks on new commercial customers, using credit insurance wherever available and by monitoring payments against contractual agreements.

The Group's exchange rate exposure arises from transactions with overseas customers denominated in foreign currency, and from its US subsidiary operations. The board will take steps to protect its anticipated foreign exchange cash inflows for the coming year by entering into forward exchange contracts and options with its bankers, as required.

Directors

The directors who served during the year were:

H Acker
R Dellar
L Frieder III

Future developments

During 2017, significant progress was made, developing the range of new Industrial safety products, which are planned to launch towards the back end of 2018. These new product developments are broadly proceeding to schedule, which once launched will provide increased sales opportunities across the global Personal Protection Markets.

A number of Aircrew products finished development during the year, being launched in Q4 of 2017. These new products include a new Search and Rescue (SAR) helmet, aimed specifically at the global helicopter-based rescue teams, such as the national Coast Guards placed around the world's coastlines. A new and updated range of hearing protection products was launched in Q4, with first sales also made in the year.

Much attention is being given to protection against illegal use of laser markers and pens, which can cause both temporary and permanent loss of eyesight to Aircrew if exposed to even short durations. As a leading supplier of above the neck protection we have, in conjunction with the US parent started developing Laser eye protection technologies, specifically for Aircrew. We forecast completion of the first phase in the middle of next year.

Financial instruments

The board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group's operations historically have primarily been financed from retained earnings and bank borrowings and the Group does not use complex or derivative financial instruments for trading purposes other than forward exchange contracts.

Charitable donations

During the year, the Group made charitable donations of £1,703 (2017: £395).

GENTEX EUROPE LIMITED

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

Qualifying third party indemnity provisions

During the period and up to the date of this report, the Group maintained liability insurance and third-party indemnification provisions for its directors, under which the Group has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Group.

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 and the Group'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 and the Group's auditors are aware of that information.

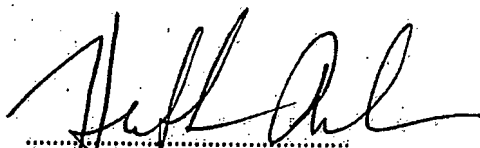
Post balance sheet events

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

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **30 April 2019** and signed on its behalf.


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H Acker
Director

GENTEX EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENTEX EUROPE LIMITED

Opinion

We have audited the financial statements of Gentex Europe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

GENTEX EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENTEX EUROPE LIMITED
(CONTINUED)**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

GENTEX EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENTEX EUROPE LIMITED
(CONTINUED)**

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: **1 May 2019**

GENTEX EUROPE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	15,167,918	13,356,896
Cost of sales		(8,290,437)	(8,273,480)
Gross profit		6,877,481	5,083,416
Distribution costs		(603,222)	(460,866)
Administrative expenses		(4,802,699)	(4,462,515)
Other operating income	5	-	8,151
Operating profit	6	1,471,560	168,186
Amortisation and impairment of intangible assets		(1,372,333)	(1,407,529)
Interest receivable and similar income	10	26,655	834
Interest payable and expenses	11	-	(35,470)
Profit/(loss) before taxation		125,882	(1,273,979)
Tax on profit/(loss)	12	47,887	247,887
Profit/(loss) for the financial year		173,769	(1,026,092)
Exchange rate difference on translation of foreign subsidiaries		126,002	(200,780)
Other comprehensive income for the year		126,002	(200,780)
Total comprehensive Profit/(loss) for the year		299,771	(1,226,872)

The notes on pages 16 to 36 form part of these financial statements.

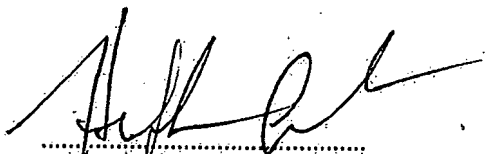
GENTEX EUROPE LIMITED
REGISTERED NUMBER: 09069589

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	4,898,198	5,703,475
Tangible assets	14	1,969,832	1,959,102
Investments	15	138,111	101,433
		<u>7,006,141</u>	<u>7,764,010</u>
Current assets			
Stocks	16	3,700,858	3,244,038
Debtors	17	2,660,739	3,091,654
Cash at bank and in hand		791,562	182,277
		<u>7,153,159</u>	<u>6,517,969</u>
Creditors: amounts falling due within one year	18	(17,506,795)	(17,681,358)
Net current liabilities		<u>(10,353,636)</u>	<u>(11,163,389)</u>
Total assets less current liabilities		<u>(3,347,495)</u>	<u>(3,399,379)</u>
Provisions for liabilities			
Deferred taxation	19	(717,947)	(965,834)
		<u>(717,947)</u>	<u>(965,834)</u>
Net liabilities		<u>(4,065,442)</u>	<u>(4,365,213)</u>
Capital and reserves			
Called up share capital	20	1	1
Foreign exchange reserve	21	766,458	640,456
Profit and loss account	21	(4,831,901)	(5,005,670)
		<u>(4,065,442)</u>	<u>(4,365,213)</u>

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

30 APRIL 2019



H Acker
 Director

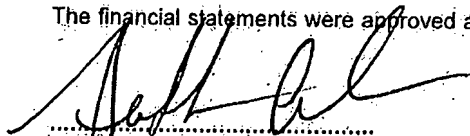
The notes on pages 16 to 36 form part of these financial statements.

GENTEX EUROPE LIMITED
REGISTERED NUMBER: 09069589

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	15	15,000,000	15,000,000
		<u>15,000,000</u>	<u>15,000,000</u>
Current assets			
Debtors	17	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	18	(15,000,000)	(15,000,000)
Net current liabilities		<u>(14,999,999)</u>	<u>(14,999,999)</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	20	1	1
		<u>1</u>	<u>1</u>

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



 H. Acker
 Director

30 APRIL 2019

The notes on pages 16 to 36 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company's profit for the year was nil (2017 -nil).

GENTEX EUROPE LIMITED

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

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1	640,456	(5,005,670)	(4,365,213)
Comprehensive income for the year				
Profit for the year	-	-	173,769	173,769
Currency translation difference	-	126,002	-	126,002
Total comprehensive income for the year	-	126,002	173,769	299,771
At 31 December 2018	1	766,458	(4,831,901)	(4,065,442)

The notes on pages 16 to 36 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	1	841,236	(3,979,578)	(3,138,341)
Comprehensive income for the year				
Loss for the year	-	-	(1,026,092)	(1,026,092)
Currency translation difference	-	(200,780)	-	(200,780)
Total comprehensive income for the year	-	(200,780)	(1,026,092)	(1,226,872)
At 31 December 2017	1	640,456	(5,005,670)	(4,365,213)

The notes on pages 16 to 36 form part of these financial statements.

GENTEX EUROPE LIMITED

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

	Called up share capital	Total equity
	£	£
At 1 January 2018	1	1
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
At 31 December 2018	1	1
	<hr/>	<hr/>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Total equity
	£	£
At 1 January 2017	1	1
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
At 31 December 2017	1	1
	<hr/>	<hr/>

The notes on pages 16 to 36 form part of these financial statements.

GENTEX EUROPE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	173,769	(1,026,092)
Adjustments for:		
Amortisation of intangible assets	1,293,123	1,308,655
Depreciation of tangible assets	211,737	311,996
Impairments of fixed assets	79,210	98,874
Government grants	-	(8,151)
Interest paid	-	35,470
Interest received	(26,655)	(834)
Taxation charge	(47,887)	(247,881)
(Increase)/decrease in stocks	(456,821)	330,046
Decrease in debtors	430,915	248,896
(Decrease)/increase in creditors	(499,004)	950,390
Decrease in amounts owed to groups	324,444	(710,565)
Exchange differences on consolidation	126,000	(200,780)
Corporation tax paid	(200,000)	(94,415)
Net cash generated from operating activities	1,408,831	995,609
Cash flows from investing activities		
Purchase of intangible fixed assets	(487,846)	(849,207)
Purchase of tangible fixed assets	(222,467)	(345,305)
Government grants received for investment in research and development	-	8,151
Purchase of share in joint ventures	(115,888)	(101,433)
Interest received	26,655	834
Net cash spent on investing activities	(799,546)	(1,286,960)

GENTEX EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from financing activities		
Interest paid	-	(35,470)
Net cash used in financing activities	-	(35,470)
Net increase/(decrease) in cash and cash equivalents	609,285	(326,821)
Cash and cash equivalents at beginning of year	182,277	509,098
Cash and cash equivalents at the end of year	791,562	182,277
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	791,562	182,277
	791,562	182,277

The notes on pages 16 to 36 form part of these financial statements.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Gentex Europe Limited is a private company limited by shares, incorporated in England and Wales, registration number 09069589. The registered office is Suite 1, 3rd Floor, 11-12 St James Square, London, SW1Y 4LB.

The principal activity of the Group during the year was the design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew, the emergency and law enforcement services, together with respiratory equipment for use in a variety of industrial applications.

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 amendments made to FRS 102 for accounting periods beginning on or after 1 January 2019 have been applied early, as permitted by FRED 67.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

If the recoverable amount of the joint venture is estimated to be less than its carrying amount, then the joint venture is impaired to its recoverable amount. The impairment is recognised in the Statement of Income and Retained Earnings.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.3 Associates and joint ventures (continued)**

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

Notwithstanding net liabilities of £4,065,442 (2017: £4,365,213) at the balance sheet date, the directors have prepared the financial statements on a going concern basis. The directors have reviewed the Group's cash flow projections for the next 12 months after the date of signing of the financial statements and are confident they will have adequate resources to meet the requirements of the business in the foreseeable future. The directors have obtained a letter of support from Gentex Corporation who will continue to support the Group for the 12 months from the signing of the financial statements. The directors have therefore prepared these financial statements on a going concern basis.

2.5 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated 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.

2.10 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated 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.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.10 Operating leases: the Group as lessee (continued)**

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

2.11 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.13 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer contracts	-	5-10 years
Development expenditure	-	5-10 years
Goodwill	-	10 years
Production backlog	-	1.5 years
Computer software	-	4 years

The amortisation charge for the year is included in a separate line on the face of the statement of comprehensive income.

2.14 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 5 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.15 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.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.15 Tangible fixed assets (continued)**

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:

Freehold property	-	2% (excluding land)
Short-term leasehold property	-	10% p.a.
Plant and machinery	-	10% p.a.
Motor vehicles	-	25% p.a.
Computer equipment	-	25% p.a.

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 Consolidated Statement of Comprehensive Income.

2.16 Impairment of fixed assets and goodwill

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

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.18 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.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.19 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.

2.20 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.

2.21 Financial Instruments

The Group 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.

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 Consolidated 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 Group 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.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.21 Financial instruments (continued)**

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.

2.22 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.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group 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.

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

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where the judgements and estimates have been made include revenue recognition, considering potential impairments within stock and trade debtors and the useful economic life of goodwill, intangible fixed assets and tangible fixed assets.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Manufacturing and distribution of protective headgear and associated equipment	<u>15,167,918</u>	<u>13,356,896</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	6,842,521	5,750,639
Rest of Europe	3,165,998	2,077,895
Rest of the world	5,159,400	5,528,362
	<u>15,167,919</u>	<u>13,356,896</u>

5. Other operating income

	2018 £	2017 £
Government grants receivable	-	8,151

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Research and development expense	(3,372)	158,854
Depreciation of tangible fixed assets	211,737	311,996
Impairment of tangible fixed assets	79,210	-
Amortisation of intangible assets, including goodwill	1,293,123	1,308,655
Impairment of intangible assets	-	98,874
Auditors remuneration	24,000	37,384
Exchange differences	(6,131)	59,404
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	24,000	37,384
	<u> </u>	<u> </u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	22,850	3,500
	<u> </u>	<u> </u>

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employees

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

	Group 2018 £	Group 2017 £
Wages and salaries	4,661,725	4,242,634
Social security costs	491,087	410,637
Cost of defined contribution scheme	162,528	167,562
	<u>5,315,340</u>	<u>4,820,833</u>

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

	2018 No.	2017 No.
Production	83	78
Selling and distribution	17	15
Administration	52	56
	<u>152</u>	<u>149</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	122,376	232,977
Company contributions to defined contribution pension schemes	<u>2,638</u>	<u>15,449</u>

The highest paid director received remuneration of £122,376 (2017 - £232,977).

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

10. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>26,655</u>	<u>834</u>

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Interest payable and similar expenses

	2018 £	2017 £
Other interest payable	-	35,470

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	200,000	-
	200,000	-
Total current tax	200,000	-
Deferred tax		
Origination and reversal of timing differences	(247,887)	(247,887)
Total deferred tax	(247,887)	(247,887)
Taxation on loss on ordinary activities	(47,887)	(247,887)

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	<u>125,882</u>	<u>(1,273,979)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	23,918	(242,056)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(63)	(5,831)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,526	-
Capital allowances for year in excess of depreciation	14,224	-
Adjustment for long accounting periods leading to an increase (decrease) in the tax charge	(20,656)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(66,836)	-
Total tax charge for the year	<u>(47,887)</u>	<u>(247,887)</u>

Factors that may affect future tax charges

Reduction in the UK corporation tax rate from 19% to 17% is effective from 1 April 2020.

This will reduce the company's future tax charge accordingly.

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Intangible assets

Group

	Production backlog £	Development £	Customer contracts £	Computer software £	Goodwill £	Total £
Cost						
At 1 January 2018	2,432,656	1,851,644	9,849,368	379,747	164,896	14,678,311
Additions	-	485,696	-	2,150	-	487,846
At 31 December 2018	2,432,656	2,337,340	9,849,368	381,897	164,896	15,166,157
Amortisation						
At 1 January 2018	2,432,656	563,859	5,576,562	344,047	57,712	8,974,836
Charge for the year	-	18,769	1,239,444	18,422	16,488	1,293,123
At 31 December 2018	2,432,656	582,628	6,816,006	362,469	74,200	10,267,959
Net book value						
At 31 December 2018	-	1,754,712	3,033,362	19,428	90,696	4,898,198
At 31 December 2017	-	1,287,785	4,272,806	35,700	107,184	5,703,475

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2018	744,231	52,017	10,885,927	10,950	11,693,125
Additions	9,670	-	212,797	-	222,467
Disposals	-	-	(9,370)	-	(9,370)
At 31 December 2018	<u>753,901</u>	<u>52,017</u>	<u>11,089,354</u>	<u>10,950</u>	<u>11,906,222</u>
Depreciation					
At 1 January 2018	68,305	47,951	9,612,293	5,474	9,734,023
Charge for the year	13,189	1,164	194,645	2,739	211,737
Disposals	-	-	(9,370)	-	(9,370)
At 31 December 2018	<u>81,494</u>	<u>49,115</u>	<u>9,797,568</u>	<u>8,213</u>	<u>9,936,390</u>
Net book value					
At 31 December 2018	<u>672,407</u>	<u>2,902</u>	<u>1,291,786</u>	<u>2,737</u>	<u>1,969,832</u>
At 31 December 2017	<u>675,926</u>	<u>4,066</u>	<u>1,273,634</u>	<u>5,476</u>	<u>1,959,102</u>

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Fixed asset investments**Group**

	Investment in joint ventures £
At 1 January 2018	101,433
Additions	115,888
At 31 December 2018	<u>217,321</u>
Impairment	
Charge for the period	79,210
At 31 December 2018	<u>79,210</u>
Net book value	
At 31 December 2018	<u>138,111</u>

During 2018, Gentex Investments Ltd, a subsidiary of Gentex Europe Limited invested in a joint venture agreement. The joint venture was loss making therefore no income is recognised in the year to 31 December 2018 (2017: £NIL).

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
MID7 Limited	Ordinary	100 %	Dormant
Helmet Intergrated Systems Limited*	Ordinary	100 %	Design, manufacture, assembly, testing and marketing of protective headgear for military and civilian aircrew.
Interactive Safety Products Inc*	Ordinary	100 %	Dormant
Helmets Limited*	Ordinary	100 %	Dormant
Top Tek International Limited*	Ordinary	100 %	Dormant
Pureflo Safety Limited*	Ordinary	100 %	Dormant
Gentex Investment Ltd	Ordinary	100 %	Supporting company

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Fixed asset investments (continued)

*These subsidiaries are indirectly owned.

The following subsidiaries are all incorporated in the United Kingdom:

The registered office of MID7 Limited, Helmet Integrated Systems Limited, Helmets Limited, Pureflo Safety Limited is Unit 3 Focus 4, Fourth Avenue, Letchworth Garden City, Hertfordshire, SG6 2TU

The registered office of Top Tek International Limited is 3 Commerce Road, Stranraer, Dumfries, DG9 7DX.

The registered office of Gentex Investment Ltd is Suite 1, 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB.

Interactive Safety Products Inc. is incorporated in the United States of America. The registered office is in the state of Delaware.

Gentex Investment Limited has taken advantage of the audit exemption available to subsidiaries in section 479A of the Companies Act 2006 to allow unaudited individual company accounts to be prepared.

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
MID7 Limited	15,000,001
Helmet Intergrated Systems Limited	5,967,897
Interactive Safety Products Inc	2,548,790
Helmets Limited	192,612
Top Tek International Limited	207,887
Pureflo Safety Limited	
Gentex Investment Ltd	
Company	
	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	15,000,000
At 31 December 2018	15,000,000

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Fixed asset investments (continued)**Net book value**

At 31 December 2018	<u>15,000,000</u>
At 31 December 2017	<u>15,000,000</u>

16. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	888,378	1,388,484	-	-
Work in progress (goods to be sold)	1,474,446	665,417	-	-
Finished goods and goods for resale	1,338,034	1,190,137	-	-
	<u>3,700,858</u>	<u>3,244,038</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £4,724,464 (2017 - £4,261,928).

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	2,105,665	2,382,160	-	-
Amounts owed by holding company	1	1	1	1
Other debtors	86,307	109,508	-	-
Prepayments and accrued income	468,766	540,197	-	-
Tax recoverable	-	59,788	-	-
	<u>2,660,739</u>	<u>3,091,654</u>	<u>1</u>	<u>1</u>

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	816,741	1,515,812	-	-
Amounts owed to holding company	15,361,041	15,036,597	15,000,000	15,000,000
Corporation tax	114,893	109,036	-	-
Other taxation and social security	276,176	150,827	-	-
Other creditors	30,844	23,757	-	-
Accruals and deferred income	907,100	845,329	-	-
	17,506,795	17,681,358	15,000,000	15,000,000

19. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(965,834)	(1,213,721)
Credited to profit or loss	247,887	247,887
At end of year	(717,947)	(965,834)

At end of year

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	(717,947)	(111,271)
Deferred tax recognised in respect of intangible assets	-	(854,563)
	(717,947)	(965,834)

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Share capital (continued)

1 Ordinary share of £1

11**21. Reserves****Foreign exchange reserve**

The foreign exchange reserve represents the exchange differences arising from the translation of a subsidiary's accounts into the Group's presentational currency.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £162,528 (2017: £167,562). There were no contributions were outstanding at the reporting date.

23. Commitments under operating leases

At 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	192,418	202,912
Later than 1 year and not later than 5 years	203,650	397,177
Later than 5 years	140,865	-
	<u>536,933</u>	<u>600,089</u>

GENTEX EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

24. Related party transactions

In accordance with the exemption under Financial Reporting Standard No 102, the Company does not disclose transactions with the other wholly-owned companies within the Gentex Europe Group.

During the year the Company purchased and sold goods to Gentex Corporation, the ultimate parent company. Included in the purchases is a management charge which is levied on the Group by Gentex Corporation based on working capital. All transactions were carried out on a normal commercial basis. The following transactions took place during the year:

	2017 £
Purchase of goods and services	761,629
Sale of goods	1,624,263
Amounts payable to Gentex Corporation at 31 December 2018	<u>15,036,597</u>

Key management personnel

The total amount paid to the Group's key management personnel in the year to 31 December 2018 was £532,490 (2017: £520,198).

25. Ultimate parent and Controlling party

At 31 December 2018, the Company's immediate and ultimate parent Company was Gentex Corporation (2017 - Gentex Corporation), a company incorporated in the United States of America.

The largest group of which the Company is a member and for which financial statements are drawn up is headed by Gentex Corporation, a company incorporated in the United States of America in the state of Delaware.