
HALMA FINANCING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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HALMA FINANCING LIMITED

COMPANY INFORMATION

Directors	A J Williams M A Ronchetti
Company secretary	M A Jenkins
Registered number	05112079
Registered office	Misbourne Court Rectory Way Amersham Buckinghamshire HP7 0DE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire WD17 1JJ

HALMA FINANCING LIMITED

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HALMA FINANCING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The Directors present their Strategic Report for the year ended 31 March 2021 as follows:

Business review and future developments

The company acts as an intermediate holding company in the Halma group. The activity for the year has been as expected by the Directors. The current level of activity is expected to continue.

During the year the company issued three (2020 - seven) shares to its parent company for consideration of \$143,900,000 (2020 - \$185,129,000).

As a holding company the company has minimal income and expenditure transactions other than dividend income from its subsidiary. The profit for the year increased by 45% to \$153,234,000 (2020: \$105,529,000). The company finished the year with net assets of \$ 1,337,977,000 (2020: \$1,194,080,000) and a positive cash balance.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2021, its cash flows, liquidity position and borrowing facilities.

The company has net current assets and net assets overall as set out in the balance sheet. The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £333.4m was undrawn at 31 March 2021.

The directors have a high level of confidence that despite the ongoing COVID-19 pandemic the company has access to 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. In making this conclusion, the directors have considered the letter of intention to support the company received from Halma plc (the ultimate parent company). Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

Principal risks and uncertainties

Investments

The company acts as a holding company of investments. The risk facing the company is the underlying performance of its investments. The directors address this by ensuring the subsidiaries have sufficient resources from within the Halma group to be able to continue trading.

Financial key performance indicators (KPIs)

The Directors do not use KPIs to monitor the performance of the company and do not feel they are necessary for an understanding of the business. The key KPIs are as discussed in the business review.

Financial risk management

Details of the financial risk management objectives and policies, as well as details of exposure to foreign currency risk, interest rate risk, credit risk, and liquidity risk, can be found in Note 27 to the Halma plc group financial statements. These can be obtained as disclosed in Note 17.

HALMA FINANCING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Directors' statement of compliance with duty to promote the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require that Directors explain how they have had regard to the matters set out in section 172(1) (a) to (f) (S.172(1)) of the Companies Act 2006 when performing their duty to promote the success of the Company. Throughout the year, while discharging their S.172(1) duty, the Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders, and in doing so had regard, amongst other matters, to:


- the likely consequences of any decision in the long term.
- the need to foster the Company's business relationships with suppliers and other.
- the impact of the Company's operations on the community and the environment.
- the desirability of the Company maintaining a reputation for high standards of business conduct.
- the need to act fairly between members of the Company.

The Directors also considered the interests of a wider set of stakeholders including its subsidiary undertakings, acquisition prospects and business partners.

During the prior year there were a number of acquisitions throughout the group and the Company was involved in funding the acquisitions made in the USA.

Details of how the Directors of Halma plc group discharged their S.172(1) duty when taking principal decisions during the year are set out in the Strategic Report of the Halma plc group annual report which can be obtained as disclosed in Note 16.

This report was approved by the board on 22 July 2021 and signed on its behalf.



M A Ronchetti
Director

HALMA FINANCING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Annual report and the audited financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulation.

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 101 'Reduced Disclosure Framework'. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

Results and dividends

The profit for the year, after taxation, amounted to \$153,234,000 (2020 - \$105,529,000).

The directors have proposed and paid dividends of \$153,237,000 in the year (2020 - \$105,531,000). The directors do not propose the payment of a final dividend (2020 - \$Nil).

Directors

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

A J Williams
M A Ronchetti

Qualifying third party indemnity provisions

The company has qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Matters covered in the strategic report

The directors' statement on going concern, future developments, financial risk management and compliance with duty to promote the success of the company is included in the Strategic Report.

HALMA FINANCING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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.

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

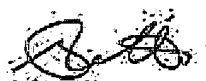
Post balance sheet events

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

Independent auditors

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 22 July 2021 and signed on its behalf.



M A Ronchetti
Director

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Halma Financing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 2021; the statement of comprehensive income, 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries, designed to manipulate the financial performance and/or position of the company. Audit procedures performed by the engagement team included:

- Inquiry with management in respect of potential non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation;
- Testing journal entries meeting specific risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

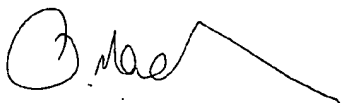
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Owen Mackney (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

23 July 2021

HALMA FINANCING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 \$000	2020 \$000
Administrative expenses		(3)	(2)
Operating loss		<u>(3)</u>	<u>(2)</u>
Income from shares in group undertakings		153,237	105,531
Profit on ordinary activities before taxation		<u>153,234</u>	<u>105,529</u>
Taxation	6	-	-
Profit and total comprehensive income for the financial year		<u><u>153,234</u></u>	<u><u>105,529</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 12 to 24 form part of these financial statements.

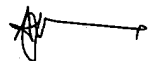
All amounts relate to continuing operations.

HALMA FINANCING LIMITED
REGISTERED NUMBER: 05112079

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 \$000	2020 \$000
Fixed assets			
Investments	8	1,337,900	1,194,000
		<u>1,337,900</u>	<u>1,194,000</u>
Current assets			
Debtors	9	114	144,014
Cash at bank and in hand	10	2	2
		<u>116</u>	<u>144,016</u>
Creditors: amounts falling due within one year	11	(39)	(143,936)
Net current assets		<u>77</u>	<u>80</u>
Total assets less current liabilities		<u>1,337,977</u>	<u>1,194,080</u>
Net assets		<u>1,337,977</u>	<u>1,194,080</u>
Capital and reserves			
Called up share capital	13	36,006	36,006
Share premium account	14	1,301,895	1,157,995
Profit and loss account		76	79
Total equity		<u>1,337,977</u>	<u>1,194,080</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 July 2021.



A J Williams
Director



M A Ronchetti
Director

The notes on pages 12 to 24 form part of these financial statements.

HALMA FINANCING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000
At 1 April 2020	36,006	1,157,995	79	1,194,080
Profit for the financial year	-	-	153,234	153,234
Total comprehensive income for the year	-	-	153,234	153,234
Dividends paid	-	-	(153,237)	(153,237)
Shares issued during the year	-	143,900	-	143,900
Total transactions with owners	-	143,900	(153,237)	(9,337)
At 31 March 2021	36,006	1,301,895	76	1,337,977

The notes on pages 12 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000
At 1 April 2019	36,006	972,866	81	1,008,953
Profit for the financial year	-	-	105,529	105,529
Total comprehensive income for the year	-	-	105,529	105,529
Dividends: Equity capital	-	-	(105,531)	(105,531)
Shares issued during the year	-	185,129	-	185,129
Total transactions with owners	-	185,129	(105,531)	79,598
At 31 March 2020	36,006	1,157,995	79	1,194,080

The notes on pages 12 to 24 form part of these financial statements.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Halma Financing Limited is a private company limited by shares incorporated and domiciled in England, United Kingdom under the Companies Act 2006. These financial statements are separate financial statements. The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 because it is included in the group financial statements of Halma plc. The group financial statements can be obtained as set out in note 16. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

New standards and interpretations not yet applied are disclosed on page 158 of the consolidated financial statements of the ultimate parent Halma plc. New standards applied for the first time are disclosed on page 158 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 17 below.

There was no material impact from new standards in these financial statements.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2021, its cash flows, liquidity position and borrowing facilities.

The company has net current assets and net assets overall as set out in the balance sheet. The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £333.4m was undrawn at 31 March 2021.

The directors have a high level of confidence that despite the ongoing COVID-19 pandemic the company has access to 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. In making this conclusion, the directors have considered the letter of intention to support the company received from Halma plc (the ultimate parent company). Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 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.

2.6 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.

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime Expected Credit Losses ('ECL') for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD.

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.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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.

Key sources of estimation uncertainty

Impairment of investments

The company acts as a holding company of investments. The directors must consider whether based on the underlying performance of the investments there is indicator of impairment present that would warrant an impairment review. Where such indicators are present the directors consider the value in use of the investment. The value in use calculation involves an estimation of the present value of future cash flows of the investment. The future cash flows are based on annual budgets, to which the management's expectation of market-share and long-term growth rates are applied. The present value is then calculated based on management's judgment of estimate discount rates.

Critical judgements in applying the company's accounting policies

The directors do not consider that there are any critical accounting judgements in the preparation of the financial statements.

4. Auditors' remuneration

	2021 \$000	2020 \$000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	2	2

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - \$NIL).

The directors are also directors of Halma plc and are remunerated by that company. The allocation of the total remuneration that relates to their services to this company is \$Nil (2020 - \$Nil).

6. Taxation

	2021 \$000	2020 \$000
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 \$000	2020 \$000
Profit before tax	153,234	105,529
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	29,114	20,051
Effects of:		
Non-taxable income	(29,115)	(20,051)
Group relief	1	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Taxation (continued)

The UK government announced in the Budget on 3 March 2021 an intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change will impact the value of our deferred tax balances as well as the tax charged on profits from the effective date.

7. Dividends

	2021 \$000	2020 \$000
Dividend on equity capital	153,237	105,531

Dividends paid during the year amounted to \$7.66 (2020: \$5.27) per share.

8. Investments

	Investments in subsidiary companies \$000
Cost and net book value	
At 1 April 2020	1,194,000
Additions	143,900
At 31 March 2021	1,337,900

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Investments (continued)

Subsidiary undertakings

On 9 September 2019, funds of \$2,000,000 were provided to Halma Investment Holdings Limited in order for one of its subsidiary to settle a deferred contingent consideration arrangement on a previous acquisition.

On 27 February 2020, funds of \$1,900,000 were provided to Halma Investment Holdings Limited for a further payment as part of the acquisition of NovaBone Products, LLC.

On 10 March 2020, funds of \$140,000,000 were provided to Halma Investment Holdings Limited as part of a group restructuring of loans within the wider Halma plc group.

On 16 July 2020, the intercompany receivable in respect of these transactions was settled with the issuing of further shares in Halma Investment Holdings Limited.

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Halma Investment Holdings Limited*	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
ADI Holdings LLC	240 Kenneth Welch Drive, Lakeville MA 02347	Ordinary	100%
Accutome, Inc.	3222 Phoenixville Pike, Malvern PA 19355	Ordinary	100%
Advanced Fire Systems Inc.	100 South Street, Hopkinton MA 01748	Common Stock	100%
Alicat Scientific, Inc.	7641 N Business Park Drive, Tucson AZ85743	Common Stock	100%
Apollo America, Inc.	25 Corporate Drive, Auburn Hills MI 48326	Common Stock	100%
Aquionics, Inc.	1455 Jamike Avenue, Suite 100, Erlanger Kentucky 41018	Ordinary	100%
Avire Inc.	415 Oser Avenue, Suite Q, Hauppauge NY11788	Ordinary	100%
Avo Photonics, Inc.	120 Welsh Road, Horsham PA 19044	A & B Preferred Stock & Common Stock	100%
Avo Photonics (Canada) Inc.	20 Mural Street, Unit 7, Richmond Hill, Ontario L4B 1K3	A & B Shares	100%
BEA Holdings, Inc	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
BEA Investments, Inc	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
BEA, Inc.	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
Bio-Chem Fluidics, Inc.	85 Fulton Street, Boonton New Jersey 07005	Ordinary	100%

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Business Marketers Group, Inc (trading as Rath Communications)	24720 N Corporate Cir, Sussex, WI 53089	Ordinary	100%
Castell Interlocks, Inc.	Suite 865, 150 N Michigan Avenue, Chicago Illinois 60601	Ordinary	100%
CenTrak, Inc	125 Pheasant Run, Newton PA 18940	Common Stock	100%
Clinical Patents, LLC	125 Pheasant Run, Newton PA 18940	Common Stock	100%
Diba Industries, Inc.	4 Precision Road, Danbury CT 06810	Common Stock	100%
F.I.R.E. Panel, LLC	8435 N. 90th St., Suite 2, Scottsdale, AZ 85258	Common Stock	100%
Firetrace USA, LLC	8435 N. 90th Street, Scottsdale AZ 85258	Ordinary	100%
Firetrace Aerospace, LLC	15690 N 83rd Way #B, Scottsdale AZ 85260-1844	Ordinary	100%
Firetrace International Asia Pte. Ltd	16 Collyer Quay, #11-01, Hitachi Tower, Singapore, 049318	Ordinary	100%
Fluid Conservation Systems, Inc.	502 Technecenter Drive, Suite B, Milford OH 45150	Ordinary	100%
FluxData Inc.	176 Anderson Ave, STE F304, Rochester, NY 14607	Ordinary	100%
Infowave Solutions Inc.	11495 N. Pennsylvania Street, Suite 240, Carmel, IN, 46032	Common Stock	100%
Keeler Instruments, Inc.	456 Parkway, Lawrence Park Ind. Estate, Broomall PA 19008	Ordinary	100%
Kirk Key Interlock Company, LLC	9048 Meridian Circle NW, North Canton OH 44720	Ordinary	100%
Labsphere, Inc.	231 Shaker Street, North Sutton NH 03260	Ordinary	100%
Maxtec, LLC	2305 South, 1070 West, Salt Lake City, UT, 84119	Common Stock	100%
MicroSurgical Technology, Inc.	8415 154th Avenue NE, Redmond WA 98052	Common Stock	100%
NovaBone Products, LLC	13510 NW US Highway, 441 Alachua, FL, 32207	Common Stock	100%
NB Products, LLC	1551 Atlantic Blvd, Suite 105, Jacksonville, FL, 32207	Common Stock	100%
Ocean Optics Asia LLC	Suite 601, Kirin Tower, 666 Gubei Road, Shanghai, 200336	Ordinary	100%
Ocean Optics, Inc.	8060 Bryan Dairy Road, Largo, FL, 33777	Ordinary	100%
Oklahoma Safety Equipment Co, Inc.	PO Box 1327, 1701 West Tacoma, Broken Arrow OK 74013	Ordinary	100%
Halma Do Brasil - Equipamentos De Seguranca Ltda	Av. Tancredo Neves 620, Salas1003/1004, Caminho das Árvores, Salvador, Bahia, 41.820-020	Ordinary	100%

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Perma Pure, LLC	1001 New Hampshire Ave., Lakewood NJ 08701	Ordinary	100%
Pixelteq, Inc.	8060A Bryan Dairy Road, Largo FL 33777	Ordinary	100%
Riester USA, LLC	507 Airport Blvd Ste 113, Morrisville NC 27560-8200	Ordinary	100%
Rohrbach Cosasco Systems, Inc.	11841 Smith Ave, Santa Fe Springs CA 90670	Common Stock	100%
Sensit Technologies, LLC	851 Transport Drive, Valparaiso, IN, 46383	Common Stock	100%
Sensit Technologies EMEA, S.r.l	Via Tortona, n.33 Milan, 20144, Italy	Ordinary	100%
Sensorex Corporation	11751 Markon Drive, Garden Grove CA 92841	Common Stock	100%
Smith Flow Control, Inc	1390 Donaldson Rd, Suite B, Erlanger Kentucky 41018	Ordinary	100%
SunTech Medical (USA), LLC	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200	Common Stock	100%
SunTech Medical, Inc	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200	Common Stock	100%
Visual Performance Diagnostics, Inc.	26895 Aliso Creek Rd, Suite B223, Aliso Viejo CA 92656	Common Stock	100%
Value Added Solutions LLC	26 Duane Lane, Burlington, CT 06013	Common Stock	100%
Volk Optical Inc.	7893 Enterprise Drive, Mentor Ohio 44060	Common Stock	100%

* Directly held by the company

9. Debtors

	2021	2020
	\$000	\$000
Amounts owed by group undertakings	114	144,014
	114	144,014

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9. Debtors (continued)

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

Included in amounts owed by group undertakings is in the prior year was \$143,900,000 owed by its direct subsidiary, Halma Investment Holdings Limited comprising the following transactions:

On 9 September 2019, funds were provided of \$2,000,000 in order for another subsidiary to settle a deferred contingent consideration arrangement on a previous acquisition.

On 27 February 2020, funds were provided of \$1,900,000 for a further payment as part of the acquisition of NovaBone Products, LLC.

On 10 March 2020, funds were provided of \$140,000,000 as part of a group restructuring of loans within the wider Halma plc group.

On 16 July 2020, this balance was settled with the issuing of further shares in Halma Investment Holdings Limited.

10. Cash and cash equivalents

	2021 \$000	2020 \$000
Cash at bank and in hand	2	2

11. Creditors: Amounts falling due within one year

	2021 \$000	2020 \$000
Amounts owed to group undertakings	39	143,936

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

Included in amounts owed to group undertakings in the prior year was \$143,900,000 owed to its parent, Halma Holdings, Inc.. On 16 July 2020, this balance was settled with the issuing of further shares to Halma Holdings, Inc.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Financial instruments

	2021 \$000	2020 \$000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>116</u>	<u>144,016</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(39)</u>	<u>(143,936)</u>

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

Financial liabilities measured at amortised cost comprise amount owed to group undertakings.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. Called up share capital

	2021 \$000	2020 \$000
Allotted, called up and fully paid		
20,004,143 (2020 - 20,004,140) Ordinary shares of £1 each	36,006	36,006

Concurrently with the transactions listed in note 8, the company issued three (2020: seven) ordinary £1 shares to its parent, Halma Holdings, Inc. for a total consideration of \$143,900,000 (2020: \$185,129,000).

14. Reserves

Share premium account

The premium on shares issued represents the residual value of total consideration received in respect of shares issued less the nominal value of share capital issued.

15. Related party transactions

The company is exempt under the terms of FRS 101 from disclosing related party transactions entered into between two or more members of a group, provided any subsidiary that is party to the transaction is wholly owned by such a member.

16. Post balance sheet events

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

17. Controlling party

The immediate parent company of Halma Financing Limited is Halma Holdings, Inc. a company incorporated in the United States of America. The ultimate parent company and controlling party, 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 or at www.halma.com.