

Financial Statements Gentex HISL Limited (formerly GC Spitfire Acquisition Limited)

For the period 3 June 2014 to 31 December 2014

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Company No. 09069589

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Company information

Company registration number	09069589
Registered office	20-22 Bedford Row London WC1R 4JS
Directors	L P Frieder III H Acker R Dellar
Company secretary	Jordan Company Secretaries Limited
Auditor	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Central Milton Keynes Bucks MK9 1LW

Strategic report

Principal activities

The principal activity of the group during the period 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, microphones (including bone conductive), 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

On 4 July 2014 Gentex HISL Limited ("the company") a privately owned company incorporated in England and Wales whose ultimate parent company is Gentex Corporation, a company incorporated in Delaware USA, acquired 100% of the share capital of MID7 Limited.

The period under review is from the date of incorporation of 3 June 2014 to 31 December 2014 and refers to the results of the group's operating subsidiaries, Helmet Integrated Systems Limited ("HISL") and Interactive Safety Products Inc. ("ISPI"). Business has performed in line with expectations since the acquisition of the MID7 Limited group.

The company did not trade during the period.

Future prospects

Since the balance sheet date, considerable investment has been made in new staff, primarily in the sales and manufacturing engineering functions to take advantage of the greater opportunities resulting from the change of ownership. It is the intention of Gentex to use HISL to distribute some of its products outside of the US and other international locations are being explored. As with most major investments there is a time lag between the investment and the returns from that investment. Consequently, no significant turnover from new markets and products has been budgeted for the year to 31 December 2015.

Principal risks and uncertainties

Global military and health and safety standards are constantly evolving, and the directors consider that there is a risk to the business of not staying at the forefront of industry developments. Within HISL steps have been taken to ensure compliance with the following specific standards:-

- AS9100 is a widely adopted and standardized quality management system for the aerospace industry. Major aerospace manufacturers and contractors worldwide are beginning to require compliance and/or registration to AS9100 as a condition of doing business with them. A consultant specialising in this field has been appointed to assist and work has commenced with a view to having full accreditation by the end of September 2016.
- The Design Approved Organisation Scheme (DAOS) is a mechanism by which competence of design organisations can be assessed by UK MoD. MoD policy is eventually to only procure from contractors who have been assessed as competent. The board is pleased to announce that provisional accreditation has been awarded with the formal certificate likely to be issued in July 2015.

Strategic report (continued)

Principal risks and uncertainties (continued)

The group constantly monitors its supply chain relationships and in particular the potential risks associated with parts obsolescence (mainly, but not limited to, electronic components). Working closely with suppliers, the group'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 economic recession that has affected all businesses over the last five years, 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

The board is determined that the future growth and success of the group should be financed by internally generated funds without recourse to the banks.

Financial controls

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

Capital expenditure is controlled by requiring all proposals for expenditure to be approved by the board. 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.

Financial risk management

The board regularly reviews the financial requirements of the group and the risks associated therewith. The group's operations historically has primarily been financed from retained earnings and bank borrowings and does not use complicated 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 both 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 a series of forward exchange contracts and options with its bankers.

Strategic report (continued)

Key Performance Indicators (“KPIs”)

A number of KPIs are used by the group:

- 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
- departmental overheads are monitored on a monthly basis as part of the management accounting package

On behalf of the board



R Dellar
Director

17 June 2015

Directors' report

Incorporation

On 3 June 2014 company number 09069589 was incorporated as GC Spitfire Acquisition Limited. On 12 August 2014 the name was changed to Gentex HISL Limited.

Results and Dividends

The profit and loss account is set out on page 8 and shows the group's profit for the period.

The payment of dividends is decided by Gentex Corporation. The Gentex board considers that future expansion should be self-financing from within the company and its subsidiaries, and accordingly no dividends have been declared for the period.

Directors

The directors of the company who served during the period were:

L P Frieder III (appointed 3 June 2014)

H Acker (appointed 3 June 2014)

R Dellar (appointed 1 December 2014)

K J Korny (appointed 4 July 2014 - resigned 31 December 2014)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company and group 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;
- 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 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.

Directors' report (continued)

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 auditor is aware of that information.

Auditor

On 24 September 2014 Grant Thornton UK LLP were appointed as auditors of the company.

In accordance with section 487 of the Companies Act 2006, the company has elected to dispense with the obligation to appoint auditors annually. Grant Thornton UK LLP will remain in office until such time as the company shall determine otherwise.

Charitable donations

During the period the group made charitable donations of £635.

On behalf of the board



R Dellar
Director

17 June 2015



Independent auditor's report to the members of Gentex HISL Limited (formerly GC Spitfire Acquisition Limited)

We have audited the financial statements of Gentex HISL Limited (formerly GC Spitfire Acquisition Limited) for the period from incorporation (3 June 2014) to 31 December 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2014 and of the group's profit for the period 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.



Grant Thornton

Independent auditor's report to the members of Gentex HISL Limited (formerly GC Spitfire Acquisition Limited) (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

Grant Thornton UK LLP

Jeremy Read (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Milton Keynes

18 June 2015

Consolidated profit and loss account

For the period from 3 June 2014 to 31 December 2014

	Note	3 June 2014 to 31 December 2014 £
Turnover	1	9,435,997
Cost of sales		(5,654,429)
Gross profit		3,781,568
Sales, distribution and administrative expenses	2	(3,755,480)
Operating profit	3	26,088
Interest payable		(116)
Profit on ordinary activities before taxation		25,972
Taxation credit on profit on ordinary activities	5	47,957
Profit for the period		73,929

Consolidated statement of total recognised gains and losses

	3 June 2014 to 31 December 2014 £
Profit for the period	73,929
Exchange rate difference on translation of foreign subsidiaries	240,387
Total recognised gains for the period	314,316

All disclosures relate solely to acquired operations.


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

Consolidated balance sheet

At 31 December 2014

	Note	2014 £	2014 £
Fixed assets			
Intangible assets	6		10,107,971
Tangible assets	7		2,061,530
			<u>12,169,501</u>
Current assets			
Stocks and work in progress	9	4,942,501	
Debtors	10	3,625,452	
Cash at bank and in hand		1,893,606	
		<u>10,461,559</u>	
Creditors: amounts falling due within one year	11	(22,249,512)	
Net current liabilities			<u>(11,787,953)</u>
Total assets less current liabilities			381,548
Provision for liabilities and charges	12		(67,231)
			<u>314,317</u>
Capital and reserves			
Called up share capital	13		1
Currency translation reserve	14		240,387
Profit and loss account	14		73,929
Shareholders' funds	15		<u>314,317</u>

These financial statements were approved by the board of directors on 17 June 2015 and are signed on its behalf by:



R Dellar
Director

Company number 09069589

Company balance sheet

At 31 December 2014

	Note	2014 £
Fixed assets		
Investments	8	15,000,000
Current assets		
Debtors	10	1
Total assets		<u>15,000,001</u>
Current liabilities		
Creditors	11	<u>(15,000,000)</u>
Capital and reserves		
Called up share capital	13	<u>1</u>
Shareholders' funds		<u><u>1</u></u>

Consolidated cash flow statement

For the period 3 June 2014 to 31 December 2014

	3 June 2014 to 31 December 2014 £
Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit	26,088
Amortisation charge – intangible fixed assets	262,563
Impairment charge – intangible fixed assets	108,319
Depreciation charge – tangible fixed assets	224,604
(Increase) in stocks and work in progress	(4,942,501)
(Increase) in debtors	(3,463,190)
Increase in creditors and provisions	22,249,512
Foreign exchange movement	240,387
	<hr/>
Net cash inflow from operating activities	14,705,782
Return on investments and servicing of finance	(116)
Taxation paid	(21,951)
Acquisitions	
Purchase of subsidiary undertakings	(15,000,000)
Net cash acquired with subsidiary	1,146,501
Capital expenditure	(2,723,821)
	<hr/>
Increase in cash	1,893,606
	<hr/>
Reconciliation of net cash flow to movement in net funds	
Increase in cash in the period	1,893,606
Net funds at 3 June 2014	-
	<hr/>
Net funds at 31 December 2014	1,893,606
	<hr/>

Notes to the financial statements

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated profit and loss account includes the results of the company and its subsidiaries for the period from acquisition on 4 July 2014 until 31 December 2014. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. The consolidated balance sheet includes the assets and liabilities of the company and its subsidiaries at that date. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent undertaking is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents amounts due for the supply of goods and services to third party customers and is stated exclusive of value added tax and trade discounts. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery. The directors are of the opinion that disclosure of a geographical or product analysis of turnover would be seriously prejudicial to the group's business and hence the information is not disclosed.

Valuation of investments

Investments held as fixed assets are stated at cost after provision for any impairment. The carrying value of tangible fixed assets and investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be reasonable.

Depreciation of tangible fixed assets

Short-term leasehold improvements are written off over the remaining term of the lease. Other fixed assets are being depreciated so as to write them off over their anticipated useful lives at the following annual rates based on cost:

Freehold land	-
Freehold buildings	2.0%
Plant and machinery	10.0%
Fixtures and fittings	10.0%
Motor vehicles	25.0%
Moulds	15.0%
Computer equipment	25.0%
Exhibition equipment	33.3%

Notes to the financial statements (continued)

1 Accounting policies (continued)

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value.

Long-term contracts

Profit on long-term contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty.

The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end by recording turnover and related costs as contract activity progresses. Full provision is made for estimated losses on all contracts in the period in which they are first foreseen.

Lease and hire purchase contracts

Assets being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their anticipated useful lives. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet. The interest element of the lease and hire purchase payments is charged to the profit and loss account at a constant rate over the period of the agreement.

Operating lease charges are recorded in the period to which they relate.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Research and development expenditure

Development expenditure meeting the relevant capitalisation criteria of SSAP 13 (Accounting for research and development) is capitalised as an intangible fixed asset and amortised over the period over which the product is expected to generate economic benefits, commencing in the period that the product is brought to market. Development expenditure is capitalised as an intangible asset when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product has been ascertained,
- adequate technical and financial resources are available to complete and sell, or use the intangible asset,
- the company can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated,
- it is the intention of the board to complete the intangible asset and use it or sell it and,
- the development costs can be reliably measured.

Expenditure that does not meet the above criteria is written off immediately to the Profit and Loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated at the rates ruling at the times of the transactions. Foreign currency balances are translated at the rate of exchange ruling at the balance sheet date. Any differences are dealt with in the profit and loss account.

The assets and liabilities of the overseas subsidiary undertaking are translated at the rate of exchange ruling at the balance sheet date. The profit and loss account is translated at the monthly rates of exchange during the period. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Going concern

Having reviewed the group's cash flow projections for the next 12 months after the date of signing of the financial statements coupled with the strong consolidated balance sheet position, the directors are confident they will have adequate resources to meet the requirements of the business for the foreseeable future. The directors have therefore prepared these financial statements on a going concern basis.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 20 years straight-line

2 Sales, distribution and administrative expenses

	3 June 2014 to 31 December 2014 £
Sales and distribution expenses	1,292,822
Administrative expenses	2,462,658
	<u>3,755,480</u>

Notes to the financial statements (continued)

3 Operating profit

**3 June 2014
to
31 December
2014
£**

Operating profit has been arrived at after charging:

Amortisation and impairment of intangible fixed assets	370,882
Depreciation of tangible fixed assets	224,604
Auditors remuneration:	
- Audit services - subsidiaries	35,000
- Audit services - company	3,000
- Tax compliance services	9,000
Operating lease payments:	
- property	94,878
- plant and machinery	50,930
Foreign exchange (gain)/ loss	<u>(14,646)</u>

Notes to the financial statements (continued)

4 Directors and other employees

The average number of persons employed by the Company was as follows:

	3 June 2014 to 31 December 2014 Number
Production	123
Selling and distribution	20
Administration	56
	<hr/> 199 <hr/>

Staff costs consist of:

	3 June 2014 to 31 December 2014 £
Wages and salaries	2,353,269
Social securities	305,154
Pension and life assurance	54,822
	<hr/> 2,713,245 <hr/>

Directors' emoluments are disclosed in the financial statements of the UK subsidiary company. No directors received emoluments from the company.

Notes to the financial statements (continued)

5 Taxation on profit on ordinary activities

	3 June 2014 to 31 December 2014 £
<i>Current tax</i>	
Corporation tax (credit) based on the taxable results for the period	(48,070)
<i>Deferred tax</i>	
Current period	113
	<u>(47,957)</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below.

	3 June 2014 to 31 December 2014 £
Profit on ordinary activities before tax	<u>25,972</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.71%	5,639
Effects of:	
Fixed asset differences	1,414
Expenses not deductible for tax purposes	3,189
Depreciation in excess of capital allowances	(4,981)
Other differences	<u>(53,331)</u>
Current tax credit for the period	<u>(48,070)</u>

Notes to the financial statements (continued)

6 Intangible fixed assets Group

	Goodwill	Development costs	Total
	£	£	£
Cost			
Acquired on 4 July 2014	10,030,515	675,520	10,706,035
Other additions	-	7,851	7,851
At 31 December 2014	<u>10,030,515</u>	<u>683,371</u>	<u>10,713,886</u>
Amortisation and impairment			
Additions	-	235,033	235,033
Charge for the period:			
Amortisation	208,969	53,594	262,563
Impairment	-	108,319	108,319
At 31 December 2014	<u>208,969</u>	<u>396,946</u>	<u>605,915</u>
Net book value			
At 31 December 2014	<u>9,821,546</u>	<u>286,425</u>	<u>10,107,971</u>

7 Tangible fixed assets Group

	Freehold land and buildings	Short leasehold buildings and improvements	Plant vehicles and equipment	Total
	£	£	£	£
Cost				
Acquired on 4 July 2014	742,000	89,481	10,634,310	11,465,791
Additions	-	-	95,519	95,519
Foreign exchange difference	-	3,749	46,809	50,558
At 31 December 2014	<u>742,000</u>	<u>93,230</u>	<u>10,776,638</u>	<u>11,611,868</u>
Depreciation				
Acquired on 4 July 2014	12,000	77,028	9,196,799	9,285,827
Charge for the period	17,313	2,168	205,123	224,604
Foreign exchange difference	-	3,493	36,414	39,907
At 31 December 2014	<u>29,313</u>	<u>82,689</u>	<u>9,438,336</u>	<u>9,550,338</u>
Net book value				
At 31 December 2014	<u>712,687</u>	<u>10,541</u>	<u>1,338,302</u>	<u>2,061,530</u>

Notes to the financial statements (continued)

8 Fixed asset investments

Company

	31 December 2014 £
<i>Cost</i>	
Acquired at 4 July 2014	15,000,000
At 31 December 2014	<u>15,000,000</u>

Holdings in the Ordinary Share Capital and voting rights of the company's subsidiaries are as follows: -

	Direct	Indirect
MID7 Limited	100%	-
Helmet Integrated Systems Limited - indirectly owned through MID7 Limited	-	100%
Interactive Safety Products Inc - indirectly owned through Helmet Integrated Systems Limited	-	100%
Helmets Limited (dormant) - indirectly owned through Helmet Integrated Systems Limited	-	100%
Top Tek International Limited (dormant) - indirectly owned through Helmet Integrated Systems Limited	-	100%
Pureflo Safety Limited (dormant) - indirectly owned through Helmet Integrated Systems Limited	-	100%

Interactive Safety Products Inc. is a company registered in USA.

The principal activity of the group during the period 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, microphones (including bone conductive), 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.

Notes to the financial statements (continued)

9 Stocks and work in progress

	Group 2014 £	Company 2014 £
Raw materials and consumables	2,725,348	-
Work in progress	1,198,458	-
Finished goods	1,018,695	-
	<u>4,942,501</u>	<u>-</u>

10 Debtors

	Group 2014 £	Company 2014 £
Trade debtors	2,588,842	-
Other debtors	247,686	-
Amount owed by ultimate parent company	1	1
Prepayment and accrued income	626,661	-
Corporation tax	162,262	-
	<u>3,625,452</u>	<u>1</u>

11 Creditors: amounts falling due within one year

	Group 2014 £	Company 2014 £
Payments received on account	2,047,508	-
Trade creditors	1,498,500	-
Amount owed to ultimate parent company	15,443,077	15,000,000
Other taxation and social security	145,488	-
Other creditors	2,790,450	-
Accruals and deferred income	324,489	-
	<u>22,249,512</u>	<u>15,000,000</u>

Notes to the financial statements (continued)

12 Provisions for liabilities and charges

Deferred taxation

	Group 2014 £	Company 2014 £
Acquired on 4 July 2014	67,118	-
Profit and loss account	113	-
At 31 December 2014	<u>67,231</u>	<u>-</u>

All deferred taxation relates to accelerated capital allowances and has been provided in full.

13 Called up share capital

Allotted, called up and fully paid

	31 December 2014 £
1 ordinary share of £1 each	<u>1</u>

14 Profit and loss account

	Group 2014 £	Company 2014 £
Profit for the period	73,929	-
Currency translation difference	240,387	-
At 31 December 2014	<u>314,316</u>	<u>-</u>

15 Reconciliation of movement in shareholders' funds

	Group 2014 £	Company 2014 £
Issue of share capital	1	1
Profit for the period	73,929	-
Currency translation difference	240,387	-
At 31 December 2014	<u>314,317</u>	<u>1</u>

Notes to the financial statements (continued)

16 Acquisition

On 4 July 2014 the company acquired the entire issued ordinary share capital of MID7 Limited from its parent company, Middlemace Limited, in consideration for £15,000,000.

Goodwill arising on acquisition has been calculated as follows: -

	Book and fair value	
	£	£
Fixed assets		
Intangible assets		440,487
Tangible fixed assets		2,179,964
		<hr/>
		2,620,451
Current assets		
Stock	5,824,157	
Debtors	3,311,125	
Bank	1,146,501	
	<hr/>	
		10,281,783
Current liabilities		
Creditors	(7,865,631)	
Deferred taxation	(67,118)	
	<hr/>	
		(7,932,749)
Net assets acquired		<hr/>
		4,969,485
Consideration		15,000,000
		<hr/>
Goodwill arising on acquisition (note 6)		10,030,515
		<hr/>

Notes to the financial statements (continued)

16 Acquisition (continued)

The results of the MID7 Limited group for the period prior to its acquisition were as follows: –

	Period from 1 November 2013 to 4 July 2014 £	14 month period to 31 October 2013 £
Turnover	9,295,498	7,336,291
Cost of sales	(5,052,870)	(3,334,797)
Gross profit	4,242,628	4,001,494
Sales, distribution and administrative expenses	(3,759,021)	(3,145,587)
Operating profit	483,607	855,907
Interest receivable	60	778
Interest payable	(33,333)	(25,000)
Profit on ordinary activities before taxation	450,334	831,685
Taxation on profit on ordinary activities	(111,084)	(191,265)
Profit for the period	339,250	640,420

17 Future capital expenditure

	31 December 2014 £
Contracted for but not provided	43,460

Notes to the financial statements (continued)

18 Other financial commitments

**31 December
2014
£**

Annual commitments under operating leases

Land and buildings

Expiring within one year	10,296
Expiring between two and five years	89,460
Expiring after five years	<u>90,000</u>

Other

Expiring within one year	34,384
Expiring between one and two years	51,968
Expiring between two and five years	<u>5,034</u>

19 Contingent liabilities

The group has given a guarantee to provide financial support to its subsidiary undertaking Interactive Safety Products Incorporated until at least 31 December 2015. The group has an agreement with its ultimate parent company to provide the necessary funds to meet this obligation.

20 Related party transactions

The company has taken advantage of the exemption granted by FRS 8 not to disclose transactions with entities which form part of the same wholly owned group.

A management charge is levied on the group by Gentex Corporation based on working capital employed. During the period to 31 December 2014 the management charge included in these financial statements was £399,297.

21 Ultimate parent company

At 31 December 2014, the company's immediate and ultimate parent company was Gentex Corporation, a company incorporated in the United States of America.

The smallest group of which the company is a member and for which group financial statements are drawn up is headed by Gentex HISL Limited, a company incorporated in England and Wales.

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

22 Ultimate controlling party

Gentex Corporation is considered to be the ultimate controlling party.