Registered number: 09069589

GENTEX EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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 9.3% 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 £6,237 compared to £1,471,560 for the previous year. The change is principally due to the revenue mix, and an increase in certain materials used in the manufacturing process.

Principal risks and uncertainties

The directors are of the opinion that the budget approved for 2020 is realistic, being based largely on existing certified and approved products. A number of new Industrial products are being launched during the first quarter of the year, which provide the only internal risk area, largely related to timing.

External risks encompass the impact of Covid-19 to;
- Customer demand
- Supply chain interruption
- Impacts to our workforce

As this report is being written, extensive work has and continues to be undertaken to protect our workforce, local communities and customers alike. Planning for Brexit continues, albeit contingency planning for the pandemic has taken tactical priority.

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.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board on April 29, 2020 and signed on its behalf.

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H Acker
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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.

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

Results and dividends

The loss for the year, after taxation, amounted to £749,555 (2018 - profit £173,769).

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.

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

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

Future developments

The directors are of the opinion that the budget approved for 2020 is realistic and is based on a mix of existing certified and approved products and new products, being introduced during the first half of the year. External risks encompass parts obsolescence and the general political and economic risks and uncertainties.

Financial instruments

The board regularly reviews the financial requirements of the company and the risks associated therewith. HISL'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 foreign exchange contracts.

Charitable donations

During the year, the Group made charitable donations of £314 (2018: £1,703).

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 April 29, 2020 and signed on its behalf.

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H Acker
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2019, 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 2019 and of the Group's loss 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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

KATHARINE ARNOTT FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

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

Date: 30 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	**16,573,290**	15,167,918
Cost of sales		**(11,556,786)**	(8,290,437)
Gross profit		**5,016,504**	6,877,481
Distribution costs		**(270,789)**	(603,222)
Administrative expenses		**(4,739,478)**	(4,802,699)
Operating profit	5	**6,237**	1,471,560
Amortisation and impairment of intangible assets		**(920,632)**	(1,372,333)
Interest receivable and similar income	9	**49**	26,655
(Loss)/profit before taxation		**(914,346)**	125,882
Tax on (loss)/profit	10	**164,791**	47,887
(Loss)/profit for the financial year		**(749,555)**	173,769
Exchange rate difference on translation of foreign subsidiaries		**(74,267)**	126,002
Other comprehensive income for the year		**(74,267)**	126,002
Total comprehensive income for the year		**(823,822)**	299,771

The notes on pages 17 to 36 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	11		**4,284,721**		4,898,198
Tangible assets	12		**1,829,067**		1,969,832
Investments	13		**377,059**		138,111
			6,490,847		7,006,141
Current assets					
Stocks	14	**3,542,991**		3,700,858	
Debtors	15	**2,242,520**		2,860,739	
Cash at bank and in hand		**490,365**		791,562	
		6,275,876		7,353,159	
Creditors: amounts falling due within one year	16	**(17,045,638)**		(17,706,795)	
Net current liabilities			**(10,769,762)**		(10,353,636)
Total assets less current liabilities			**(4,278,915)**		(3,347,495)
Provisions for liabilities					
Deferred taxation	17	**(610,349)**		(717,947)	
			(610,349)		(717,947)
Net liabilities			**(4,889,264)**		(4,065,442)
Capital and reserves					
Called up share capital	18		**1**		1
Other reserves	19		**692,191**		766,458
Profit and loss account	19		**(5,581,456)**		(4,831,901)
			(4,889,264)		(4,065,442)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on April 29, 2020

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H Acker
Director

The notes on pages 17 to 36 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Investments	13		**15,000,000**		15,000,000
			15,000,000		15,000,000
Current assets					
Debtors	15	**1**		1	
		1		1	
Creditors: amounts falling due within one year	16	**(15,000,000)**		(15,000,000)	
Net current liabilities			**(14,999,999)**		(14,999,999)
Total assets less current liabilities			**1**		1
Net assets excluding pension asset			**1**		1
Net assets			**1**		1
Capital and reserves					
Called up share capital	18		**1**		1
			1		1

The financial statements were approved and authorised for issue by the board and were signed on its behalf on April 29, 2020

H Acker

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H Acker
Director

The notes on pages 17 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 (2018 - £NIL).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	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
Other comprehensive income for the year	-	126,002	-	126,002
Total comprehensive income for the year	-	126,002	173,769	299,771
Total transactions with owners	-	-	-	-
At 1 January 2019	1	766,458	(4,831,901)	(4,065,442)
Comprehensive income for the year				
Loss for the year	-	-	(749,555)	(749,555)
Currency translation difference	-	(74,267)	-	(74,267)
Other comprehensive income for the year	-	(74,267)	-	(74,267)
Total comprehensive income for the year	-	(74,267)	(749,555)	(823,822)
Total transactions with owners	-	-	-	-
At 31 December 2019	1	692,191	(5,581,456)	(4,889,264)

The notes on pages 17 to 36 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Total equity
	£	£
At 1 January 2018	1	1
Total comprehensive income for the year	-	-
At 1 January 2019	1	1
Total comprehensive income for the year	-	-
At 31 December 2019	1	1

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	**(749,555)**	173,769
Adjustments for:		
Amortisation of intangible assets	**920,632**	1,293,123
Depreciation of tangible assets	**264,501**	211,737
Impairments of fixed assets	**-**	79,210
Loss on disposal of tangible assets	**(4,544)**	-
Interest received	**(49)**	(26,655)
Taxation charge	**(164,791)**	(47,887)
Decrease/(increase) in stocks	**157,868**	(456,821)
Decrease in debtors	**618,219**	430,915
Increase/(decrease) in creditors	**34,361**	(499,004)
(Decrease)/increase in amounts owed to groups	**(470,663)**	324,444
Net fair value losses recognised in P&L	**-**	126,000
Corporation tax (paid)	**(241,930)**	(200,000)
Net cash generated from operating activities	**364,049**	1,408,831
Cash flows from investing activities		
Purchase of intangible fixed assets	**(307,155)**	(487,846)
Purchase of tangible fixed assets	**(124,192)**	(222,467)
Sale of tangible fixed assets	**5,000**	-
Purchase of share in joint ventures	**(238,948)**	(115,888)
Interest received	**49**	26,655
Net cash from investing activities	**(665,246)**	(799,546)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Net (decrease)/increase in cash and cash equivalents	**(301,197)**	609,285
Cash and cash equivalents at beginning of year	**791,562**	182,277
Cash and cash equivalents at the end of year	**490,365**	791,562
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**490,365**	791,562
	490,365	791,562

The notes on pages 17 to 36 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	**791,562**	**(284,122)**	**507,440**
	791,562	**(284,122)**	**507,440**

The notes on pages 17 to 36 form part of these financial statements.

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 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 purchase 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. Accounting policies (continued)

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.

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.

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 £4,889,264 (2018: £4,065,442) 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. Accounting policies (continued)

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.

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 Interest income

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

2. Accounting policies (continued)

2.8 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.

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 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 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. Accounting policies (continued)

2.10 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.

2. Accounting policies (continued)

2.11 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.

2.12 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 3 to 6 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.

2.13 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.

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 Stocks

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

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

2.16 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. Accounting policies (continued)

2.17 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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.

4. Turnover

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

	2019 £	2018 £
Manufacturing and distribution of protective headgear and associated equipment	**16,573,290**	15,167,918

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	**5,991,924**	6,842,521
Rest of Europe	**4,804,778**	3,165,998
Rest of the world	**5,776,588**	5,159,400
	16,573,290	15,167,919

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	**60,129**	(3,372)
Exchange differences	**148,811**	(6,131)
Depreciation of tangible fixed assets	**264,501**	211,737
Auditors remuneration	**25,000**	24,000

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**25,000**	24,000

Fees payable to the Group's auditor and its associates in respect of:

All other services	**22,775**	22,850

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	**5,128,579**	4,661,725	-	-
Social security costs	**467,915**	491,087	-	-
Cost of defined contribution scheme	**255,985**	162,528	-	-
	5,852,479	5,315,340	-	-

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

	2019 No.	2018 No.
Production	**75**	83
Selling and distribution	**14**	17
Administration	**64**	52
	153	152

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	**158,236**	122,376
Company contributions to defined contribution pension schemes	**9,171**	2,638

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

9. Interest receivable

	2019 £	2018 £
Other interest receivable	**49**	26,655

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**(57,193)**	200,000
Total current tax	**(57,193)**	200,000
Deferred tax		
Origination and reversal of timing differences	**(107,598)**	(247,887)
Total deferred tax	**(107,598)**	(247,887)
Taxation on loss on ordinary activities	**(164,791)**	(47,887)

Factors affecting tax charge for the year

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

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	**(914,346)**	125,882
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**24,732**	23,918
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**(174,920)**	(63)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	1,526
Capital allowances for year in excess of depreciation	**(14,603)**	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	**(164,791)**	(47,887)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Intangible assets

Group

	Production backlog £	Development £	Customer contracts £	Computer software £	Goodwill £	Total £
Cost						
At 1 January 2019	2,432,656	2,337,340	9,849,368	381,897	164,896	15,166,157
Additions	-	290,655	-	16,500	-	307,155
At 31 December 2019	2,432,656	2,627,995	9,849,368	398,397	164,896	15,473,312
Amortisation						
At 1 January 2019	2,432,656	582,628	6,816,006	362,469	74,200	10,267,959
Charge for the year	-	31,580	861,087	11,475	16,490	920,632
At 31 December 2019	2,432,656	614,208	7,677,093	373,944	90,690	11,188,591
Net book value						
At 31 December 2019	-	2,013,787	2,172,275	24,453	74,206	4,284,721
At 31 December 2018	-	1,754,712	3,033,362	19,428	90,696	4,898,198

12. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	**753,901**	**52,017**	**11,089,354**	**10,950**	**11,906,222**
Additions	**18,578**	**-**	**105,614**	**-**	**124,192**
Disposals	**-**	**-**	**-**	**(10,950)**	**(10,950)**
At 31 December 2019	**772,479**	**52,017**	**11,194,968**	**-**	**12,019,464**
Depreciation					
At 1 January 2019	**81,494**	**49,115**	**9,797,568**	**8,213**	**9,936,390**
Charge for the year on owned assets	**13,159**	**1,164**	**247,897**	**2,281**	**264,501**
Disposals	**-**	**-**	**-**	**(10,494)**	**(10,494)**
At 31 December 2019	**94,653**	**50,279**	**10,045,465**	**-**	**10,190,397**
Net book value					
At 31 December 2019	**677,826**	**1,738**	**1,149,503**	**-**	**1,829,067**
At 31 December 2018	672,407	2,902	1,291,786	2,737	1,969,832

13. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 January 2019	**217,321**
Additions	**238,948**
At 31 December 2019	**456,269**
Impairment	
At 1 January 2019	**79,210**
At 31 December 2019	**79,210**
Net book value	
At 31 December 2019	**377,059**
At 31 December 2018	138,111

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	**15,000,000**
At 31 December 2019	**15,000,000**
Net book value	
At 31 December 2019	**15,000,000**
At 31 December 2018	15,000,000

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

*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 Ltd 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.

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
MID7 Limited	15,000,001	-
Helmet Integrated Systems Limited*	5,967,897	(47,493)
Interactive Safety Products Inc*	2,548,790	-
Helmets Limited*	192,612	-
Top Tek International Limited*	207,887	-
Pureflo Safety Limited*	-	-
Gentex Investment Ltd	-	-

14. Stocks

	Group 2019 £	Group 2018 £
Raw materials and consumables	1,300,198	888,378
Work in progress (goods to be sold)	930,803	1,474,446
Finished goods and goods for resale	1,311,990	1,338,034
	3,542,991	3,700,858

Stock recognised in cost of sales during the year as an expense was £7,198,346 (2018 - £4,724,464).

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,754,900	2,105,665	-	-
Amounts owed by holding company	1	1	1	1
Other debtors	242,431	286,307	-	-
Prepayments and accrued income	245,188	468,766	-	-
	2,242,520	2,860,739	1	1

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	**980,076**	816,741	**-**	-
Amounts owed to group undertakings	**14,890,378**	15,361,041	**15,000,000**	15,000,000
Corporation tax	**72,963**	314,893	**-**	-
Other taxation and social security	**145,867**	276,176	**-**	-
Other creditors	**39,718**	30,844	**-**	-
Accruals and deferred income	**916,636**	907,100	**-**	-
	17,045,638	17,706,795	**15,000,000**	15,000,000

17. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	**(717,947)**	(965,834)
Credited to profit or loss	**107,598**	247,887
At end of year	**(610,349)**	(717,947)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £
Accelerated capital allowances	**(179,188)**	(111,271)
Deferred tax recognised in respect of intangible assets	**(431,161)**	(606,676)
	(610,349)	(717,947)

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	**1**	1

19. 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 inlcudes all current and prior period retained profits and losses.

20. 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 £246,985 (2018: £162,528). There were no contributions were outstanding at the reporting date.

21. Commitments under operating leases

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

	Group 2019 £	Group 2018 £
Not later than 1 year	**175,128**	192,418
Later than 1 year and not later than 5 years	**117,104**	203,650
Later than 5 years	**32,849**	140,865
	325,081	536,933

22. 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.

	2019	2018
	£	£
Purchases of goods and services	**3,077,331**	761,629
Sale of goods	**3,194,868**	1,624,263
Amounts payable to Gentex Corporation at Balance Sheet date	**14,890,380**	15,036,597
	21,162,579	17,422,489

Key management personnel

The total amount paid to the Group's key management personnel in the year to 31 December 2019 was £598,544 (2018: £532,490).

23. Ultimate parent and Controlling party

At 31 December 2019, the Company's immediate and ultimate parent Company was Gentex Corporation (2018 - 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.