

**GENTEX EUROPE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



---

**GENTEX EUROPE LIMITED**

---

**COMPANY INFORMATION**

---

**Directors**

H Acker  
R Dellar  
L Frieder

**Company secretary**

Jordan Company Secretaries Limited

**Registered number**

09069589

**Registered office**

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

**Independent auditors**

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

---

**GENTEX EUROPE LIMITED**

---

**CONTENTS**

---

	Page
<b>Group Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 6</b>
<b>Independent Auditors' Report</b>	<b>7 - 9</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>10</b>
<b>Consolidated Balance Sheet</b>	<b>11</b>
<b>Company Balance Sheet</b>	<b>12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Company Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Statement of Cash Flows</b>	<b>15 - 16</b>
<b>Notes to the Financial Statements</b>	<b>17 - 38</b>

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**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 12% decrease on the previous year. This is accounted for by the transfer of ISPI assets from HISL to Gentex Corporation in August 2017. Like for like HISL turnover increased by 8% from £12.35M (2016) to £13.36M (2017); the consolidation change was valued at £2.8M in the year.

The operating profit before tax and amortisation of goodwill was £168,186, compared to £787,244 the previous year. The change is due to the revenue loss from ISPI.

**Principal risks and uncertainties**

The directors are of the opinion that the budget approved for 2018 is realistic and is based only on existing certified and approved products, with product upgrades and improvements providing the only internal risk area. External risks encompass parts obsolescence and the general political and economic risks and uncertainties.

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

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

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

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**Financial key performance indicators**

A number of KPIs are used by the company:

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

This report was approved by the board on

and signed on its behalf.



.....  
**H Acker**  
**Director**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present their report and the financial statements for the year ended 31 December 2017.

**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 2017**

---

**Results and dividends**

The loss for the year, after taxation, amounted to £1,026,092 (2016 - loss £494,138).

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

---

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**Future developments**

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

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

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

**Financial instruments**

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

**Charitable donations**

During the year, the Group made charitable donations of £395 (2016: £415).

**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.



---

**GENTEX EUROPE LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**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

and signed on its behalf.



.....  
H Acker  
**Director**

---

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

---

**Opinion**

We have audited the financial statements of Gentex Europe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, 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 2017 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.

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

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

---

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 SHAREHOLDERS OF GENTEX EUROPE LIMITED  
(CONTINUED)**

---

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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**

Chartered Accountants  
Statutory Auditors

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

Date:

---

**GENTEX EUROPE LIMITED**

---

---

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Note	2017 £	2016 £
Turnover	4	13,356,896	15,155,894
Cost of sales		(8,273,480)	(7,948,340)
<b>Gross profit</b>		<b>5,083,416</b>	<b>7,207,554</b>
Distribution costs		(460,866)	(2,139,339)
Administrative expenses		(4,462,515)	(4,359,113)
Other operating income	5	8,151	78,142
<b>Operating profit</b>	6	<b>168,186</b>	<b>787,244</b>
Ammortisation and impairment of intangible assets		(1,407,529)	(1,326,532)
Interest receivable and similar income	9	834	730
Interest payable and expenses	10	(35,470)	(53)
<b>Loss before taxation</b>		<b>(1,273,979)</b>	<b>(538,611)</b>
Tax on loss	11	247,887	44,473
<b>Loss for the financial year</b>		<b>(1,026,092)</b>	<b>(494,138)</b>
Exchange rate difference on translation of foreign subsidiaries		(200,780)	454,254
<b>Other comprehensive income for the year</b>		<b>(200,780)</b>	<b>454,254</b>
<b>Total comprehensive loss for the year</b>		<b>(1,226,872)</b>	<b>(39,884)</b>

The notes on pages 17 to 38 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	5,703,475	6,256,380
Tangible assets	13	1,959,102	1,931,213
Investments	14	101,433	-
		<u>7,764,010</u>	<u>8,187,593</u>
<b>Current assets</b>			
Stocks	15	3,244,038	3,574,084
Debtors	16	3,091,654	3,340,550
Cash at bank and in hand		182,277	509,098
		<u>6,517,969</u>	<u>7,423,732</u>
Creditors: amounts falling due within one year	17	(17,681,358)	(17,535,945)
<b>Net current liabilities</b>		<u>(11,163,389)</u>	<u>(10,112,213)</u>
<b>Total assets less current liabilities</b>		<u>(3,399,379)</u>	<u>(1,924,620)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(965,834)	(1,213,721)
		<u>(965,834)</u>	<u>(1,213,721)</u>
<b>Net liabilities</b>		<u><u>(4,365,213)</u></u>	<u><u>(3,138,341)</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
Foreign exchange reserve	20	640,456	841,236
Profit and loss account	20	(5,005,670)	(3,979,578)
		<u><u>(4,365,213)</u></u>	<u><u>(3,138,341)</u></u>

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

.....  
**H Acker**  
 Director

The notes on pages 17 to 38 form part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	14	15,000,000	15,000,000
		<u>15,000,000</u>	<u>15,000,000</u>
<b>Current assets</b>			
Debtors	16	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	17	(15,000,000)	(15,000,000)
		<u>(14,999,999)</u>	<u>(14,999,999)</u>
<b>Net current liabilities</b>		<u>(14,999,999)</u>	<u>(14,999,999)</u>
<b>Total assets less current liabilities</b>		<u>1</u>	<u>1</u>
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
		<u>1</u>	<u>1</u>

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



.....  
**H Acker**  
Director

The notes on pages 17 to 38 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 unconsolidated profit for the year was nil (2016 -nil).

---

**GENTEX EUROPE LIMITED**

---

---

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

---

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

The notes on pages 17 to 38 form part of these financial statements.

---

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1	386,982	(3,485,440)	(3,098,457)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(494,138)	(494,138)
Currency translation difference	-	454,254	-	454,254
<b>Other comprehensive income for the year</b>	-	454,254	-	454,254
<b>Total comprehensive income for the year</b>	-	454,254	(494,138)	(39,884)
<b>At 31 December 2016</b>	<b>1</b>	<b>841,236</b>	<b>(3,979,578)</b>	<b>(3,138,341)</b>

The notes on pages 17 to 38 form part of these financial statements.



---

**GENTEX EUROPE LIMITED**

---

---

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

---

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

---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	<b>Called up share capital</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>
At 1 January 2016	1	1
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	-
	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>1</b>	<b>1</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 38 form part of these financial statements.

---

**GENTEX EUROPE LIMITED**

---

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,026,092)	(494,138)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,308,655	1,326,532
Depreciation of tangible assets	311,996	324,834
Impairments of fixed assets	98,874	-
Loss on disposal of tangible assets	-	(1,000)
Government grants	(8,151)	(78,142)
Interest paid	35,470	53
Interest received	(834)	(730)
Taxation charge	(247,881)	(44,473)
Decrease/(increase) in stocks	330,046	(142,897)
Decrease in debtors	248,896	546,665
Increase in creditors	950,390	36,767
Decrease in amounts owed to groups	(710,565)	(1,472,813)
Exchange differences on consolidation	(200,780)	449,412
Corporation tax paid	(94,415)	(176,328)
<b>Net cash generated from operating activities</b>	<b>995,609</b>	<b>273,742</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(849,207)	(351,217)
Sale of intangible assets	-	28,100
Purchase of tangible fixed assets	(345,305)	(247,035)
Sale of tangible fixed assets	-	88,976
Government grants received for investment in research and development	8,151	78,142
Purchase of share in joint ventures	(101,433)	-
Interest received	834	730
<b>Net cash spent on investing activities</b>	<b>(1,286,960)</b>	<b>(402,304)</b>

---

**GENTEX EUROPE LIMITED**

---

---

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	2017 £	2016 £
<b>Cash flows from financing activities</b>		
Interest paid	(35,470)	(53)
<b>Net cash used in financing activities</b>	<u>(35,470)</u>	<u>(53)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(326,821)</u>	<u>(128,615)</u>
Cash and cash equivalents at beginning of year	509,098	637,713
<b>Cash and cash equivalents at the end of year</b>	<u><u>182,277</u></u>	<u><u>509,098</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	182,277	509,098
	<u><u>182,277</u></u>	<u><u>509,098</u></u>

The notes on pages 17 to 38 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**1. General information**

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

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The amendments made to FRS 102 for accounting periods beginning on or after 1 January 2019 have been applied early, as permitted by FRED 67.

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

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**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 £4,365,213 (2016: £3,138,341) 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 coupled with the strong consolidated Balance Sheet position, the directors 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.5 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.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)****2.6 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.

**2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.7 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%
Plant and machinery	-	10%
Motor vehicles	-	25%

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.

**2.8 Impairment of fixed assets and goodwill**

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

**2.9 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.

**2.10 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 weighted average 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.11 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.

**2.12 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.

**2.13 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.13 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.

**2.14 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.

**2.15 Government grants**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.16 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

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.

**2.17 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.18 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 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.19 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.

**2.20 Interest income**

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

**2.21 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.22 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.

**2.23 Research and development**

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

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

**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.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**4. Turnover**

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

	2017 £	2016 £
Manufacturing and distribution of protective headgear and associated equipment	<b>13,356,896</b>	15,155,894

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	<b>5,750,639</b>	5,652,594
Rest of Europe	<b>2,077,895</b>	2,093,293
Rest of the world	<b>5,528,362</b>	7,410,007
	<b>13,356,896</b>	15,155,894

**5. Other operating income**

	2017 £	2016 £
Government grants receivable	<b>8,151</b>	78,142

**6. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Research and development expense	<b>143,854</b>	80,612
Depreciation of tangible fixed assets	<b>311,996</b>	324,834
Amortisation of intangible assets, including goodwill	<b>1,308,655</b>	1,326,532
Impairment of intangible assets	<b>98,874</b>	-
Auditors remuneration	<b>37,384</b>	64,300
Exchange differences	<b>59,404</b>	(68,349)
Other operating lease rentals	<b>206,828</b>	-

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**7. Employees**

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

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Wages and salaries	<b>4,245,968</b>	4,465,158
Social security costs	<b>410,637</b>	376,841
Cost of defined contribution scheme	<b>167,562</b>	129,861
	<b><u>4,824,167</u></b>	<b><u>4,971,860</u></b>

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

	<b>2017 No.</b>	<b>2016 No.</b>
Production	<b>78</b>	77
Selling and distribution	<b>15</b>	15
Administration	<b>56</b>	55
	<b><u>149</u></b>	<b><u>147</u></b>

**8. Directors' remuneration**

During the year retirement benefits were accruing to 1 directors (2016: 1) in respect of defined contribution pension schemes.

	<b>2017 £</b>	<b>2016 £</b>
Directors' emoluments	<b>232,977</b>	225,102
Company contributions to defined contribution pension schemes	<b>15,449</b>	19,000
	<b><u>248,426</u></b>	<b><u>244,102</u></b>

The highest paid director received remuneration of £232,977 (2016 - £225,102).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,449 (2016 - £19,000).

---

**GENTEX EUROPE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**9. Interest receivable**

	2017 £	2016 £
Other interest receivable	<u>834</u>	<u>730</u>

**10. Interest payable and similar expenses**

	2017 £	2016 £
Other interest payable	<u>35,470</u>	<u>53</u>

**11. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	243,261
Adjustments in respect of previous periods	-	(56,190)
	<u>-</u>	<u>187,071</u>
<b>Total current tax</b>	<u>-</u>	<u>187,071</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(247,887)	(236,386)
Foreign exchange gain	-	4,842
<b>Total deferred tax</b>	<u>(247,887)</u>	<u>(231,544)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(247,887)</u>	<u>(44,473)</u>



---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

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

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(1,273,979)</u>	<u>(538,611)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	(242,056)	(107,722)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(5,831)	14,910
Adjustments to tax charge in respect of prior periods	-	(56,190)
Chargeable gains	-	90,898
Other differences leading to an increase (decrease) in the tax charge	-	13,631
<b>Total tax charge for the year</b>	<u><u>(247,887)</u></u>	<u><u>(44,473)</u></u>

**Factors that may affect future tax charges**

The current rate of 19% will be cut by a further 2% from 1 April 2020.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**


---

**12. Intangible assets****Group**

	<b>Production backlog £</b>	<b>Development £</b>	<b>Customer contracts £</b>	<b>Computer software £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 January 2017	2,432,656	1,106,273	9,849,368	372,097	164,896	13,925,290
Additions	-	841,557	-	7,650	-	849,207
Adjustment	-	(96,186)	-	-	-	(96,186)
At 31 December 2017	<u>2,432,656</u>	<u>1,851,644</u>	<u>9,849,368</u>	<u>379,747</u>	<u>164,896</u>	<u>14,678,311</u>
<b>Amortisation</b>						
At 1 January 2017	2,432,656	519,280	4,337,118	338,632	41,224	7,668,910
Charge for the year	-	47,308	1,239,444	5,415	16,488	1,308,655
Impairment charge	-	98,874	-	-	-	98,874
Adjustment	-	(101,603)	-	-	-	(101,603)
At 31 December 2017	<u>2,432,656</u>	<u>563,859</u>	<u>5,576,562</u>	<u>344,047</u>	<u>57,712</u>	<u>8,974,836</u>
<b>Net book value</b>						
At 31 December 2017	<u>-</u>	<u>1,287,785</u>	<u>4,272,806</u>	<u>35,700</u>	<u>107,184</u>	<u>5,703,475</u>
At 31 December 2016	<u>-</u>	<u>586,993</u>	<u>5,512,250</u>	<u>33,465</u>	<u>123,672</u>	<u>6,256,380</u>

The adjustments relate to reclassification of opening balances.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**


---

**13. Tangible fixed assets****Group**

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2017	744,231	95,753	11,019,253	10,950	11,870,187
Additions	-	-	345,305	-	345,305
Adjustment	-	(43,736)	(478,631)	-	(522,367)
At 31 December 2017	<u>744,231</u>	<u>52,017</u>	<u>10,885,927</u>	<u>10,950</u>	<u>11,693,125</u>
<b>Depreciation</b>					
At 1 January 2017	55,309	86,122	9,794,805	2,738	9,938,974
Charge for the year	12,996	1,164	295,100	2,736	311,996
Adjustment	-	(39,335)	(477,612)	-	(516,947)
At 31 December 2017	<u>68,305</u>	<u>47,951</u>	<u>9,612,293</u>	<u>5,474</u>	<u>9,734,023</u>
<b>Net book value</b>					
At 31 December 2017	<u>675,926</u>	<u>4,066</u>	<u>1,273,634</u>	<u>5,476</u>	<u>1,959,102</u>
At 31 December 2016	<u>688,922</u>	<u>9,631</u>	<u>1,224,448</u>	<u>8,212</u>	<u>1,931,213</u>

The adjustments relate to reclassification of opening balances.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**14. Fixed asset investments****Group**

	<b>Investment in joint ventures £</b>
Additions	<b>101,433</b>
At 31 December 2017	<b>101,433</b>

**Net book value**

At 31 December 2017	<b>101,433</b>
---------------------	----------------

During the year, Gentex Investment Limited; a subsidiary of Gentex Europe Limited invested in a joint venture agreement. The joint venture was non-trading therefore no income is recognised in the year to 31 December 2017.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**14. Fixed asset investments (continued)**

\*These subsidiaries are indirectly owned.

The following subsidiaries are all incorporated in the United Kingdom:

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

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

The registered office of Gentex Investment Limited 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.

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2017	<b>15,000,000</b>
At 31 December 2017	<b>15,000,000</b>
<b>Net book value</b>	
At 31 December 2017	<b>15,000,000</b>
At 31 December 2016	<b>15,000,000</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. Stocks**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Raw materials and consumables	<b>1,388,484</b>	1,284,052	-	-
Work in progress (goods to be sold)	<b>665,417</b>	778,820	-	-
Finished goods and goods for resale	<b>1,190,137</b>	1,511,212	-	-
	<b>3,244,038</b>	3,574,084	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**16. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	<b>2,382,160</b>	2,437,879	-	-
Amounts owed by group undertakings	<b>1</b>	1	<b>1</b>	1
Other debtors	<b>109,508</b>	280,583	-	-
Prepayments and accrued income	<b>540,197</b>	622,087	-	-
Tax recoverable	<b>59,788</b>	-	-	-
	<b>3,091,654</b>	3,340,550	<b>1</b>	1

**17. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade creditors	<b>1,515,812</b>	1,054,455	-	-
Amounts owed to group undertakings	<b>15,036,597</b>	15,747,162	<b>15,000,000</b>	15,000,000
Corporation tax	<b>109,036</b>	203,451	-	-
Other taxation and social security	<b>150,827</b>	150,382	-	-
Other creditors	<b>23,757</b>	-	-	-
Accruals and deferred income	<b>845,329</b>	380,495	-	-
	<b>17,681,358</b>	17,535,945	<b>15,000,000</b>	15,000,000

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**18. Deferred taxation****Group**

	2017 £	2016 £
At beginning of year	(1,213,721)	(1,450,107)
Charged to profit or loss	247,887	236,386
<b>At end of year</b>	<b>(965,834)</b>	<b>(1,213,721)</b>

**At end of year**

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(111,271)	(111,271)
Deferred tax recognised in respect on intangible assets	(854,563)	(1,102,450)
	<b>(965,834)</b>	<b>(1,213,721)</b>

**19. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

**20. Reserves****Foreign exchange reserve**

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

**Profit and loss account**

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**21. 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 £167,562 (2016: £129,861). Contributions totalling £nil (2016: £nil) were payable to the fund at the reporting date.

**22. Commitments under operating leases**

At 31 December 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Not later than 1 year	<b>202,912</b>	166,763
Later than 1 year and not later than 5 years	<b>397,177</b>	482,006
Later than 5 years	-	25,000
	<b><u>600,089</u></b>	<b><u>673,769</u></b>

**23. 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 Group.

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

	<b>2017 £</b>	<b>2016 £</b>
Purchase of goods and services	<b>761,629</b>	10,000
Sale of goods	<b>1,624,263</b>	10,000
Amounts payable to Gentex Corporation at 31 December 2017	<b><u>15,036,597</u></b>	<b><u>15,747,162</u></b>

**Key management personnel**

The total amount paid to the Group's key management personnel in the year to 31 December 2017 was £520,198 (2016: £505,766).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**24. Controlling party**

At 31 December 2017, the Company's immediate and ultimate parent Company was Gentex Corporation (2016 - 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.