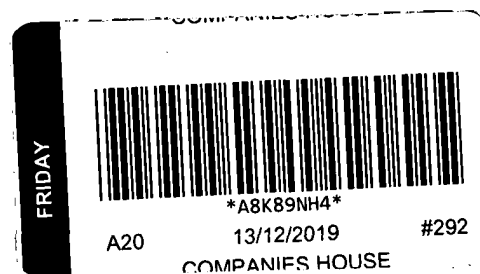


NAVTECH RADAR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | P D Avery A V D'Souza W J McMillan (appointed 14 November 2018) G L van der Pant (appointed 14 November 2018) |
| Registered number | 03699400 |
| Registered office | Home Farm Ardington Wantage Oxfordshire OX12 8PD |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 54 Clarendon Road Watford WD17 1DU |

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NAVTECH RADAR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Directors present their Strategic Report for the year ended 31 March 2019 as follows:

Business review

The company is a wholly owned subsidiary of Halma plc and operates as part of the group's Safety Sector. The company is principally engaged in designing and manufacturing radars for safety solutions for use in a variety of sectors. The directors are not aware, at the date of this report, of any likely changes in the company's activities during the next financial period.

Navtech Radar Ltd was wholly acquired by Halma plc on 14 November 2018, following this Navtech Radar adopted FRS 101 and there were no impacts on reporting periods. Following the acquisition, Wendy McMillan and Gavin van der Pant were appointed as Directors.

Revenue increased in the year by 20% £7,487,979 (2018: £6,230,692) with growth in sales in all sectors the company operates in. The company's loss before tax for the financial year was £629,184 compared to a profit in the prior year of £2,185,503. The main reason for the loss in the current year was due to a one-off share based payment charge of £3,040,213 which arose on the vesting of shares on acquisition of the company by Halma plc. Had it not been for this charge the profit for the year would have increased by 10% to £2,411,029.

The company finished the year with net assets of £5,351,142 (2018: £3,595,571) and positive cash balances.

The company continues to invest in the research and development of new products and enhancing its existing products in order to meet customers' safety requirements.

Going concern

The company has net assets and a positive cash balance as set out in the balance sheet. The company is part of the Halma group of companies and as such has access to considerable financial resources, including a £550m five-year revolving credit facility running to November 2023, held with a core group of well-established banks, of which £476m was undrawn at 31 March 2019. The directors have a high level of confidence that despite the current economic and political uncertainty the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

Competitive pressure

Competitive pressure in all the company's markets is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by investing in research and development in order to supply a differentiated product range with clear end user advantages, by maintaining strong relationships with customers and by offering fast response times not only in supplying products but in handling all customer queries.

Foreign exchange

A significant proportion of the company's sales outside of the UK are made in Euros and US Dollars and therefore the company is exposed to the movement in the Euro and US Dollar to Pound Sterling exchange rates.

Financial key performance indicators

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Financial risk management

Details of the financial risk management objectives and policies, as well as details of exposure to foreign currency risk, interest rate risk, credit risk, and liquidity risk, can be found in Note 27 to the Halma plc group financial statements. These can be obtained as disclosed in Note 30.

This report was approved by the board on 28th November 2019. and signed on its behalf.


P D Avery
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Results and dividends

The loss for the year, after taxation, amounted to £569,723 (2018 - profit £2,127,835).

Dividends of £715,093 were paid during the year (2018: £395,202). The directors do not propose the payment of a final dividend (2018: £nil).

Directors

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

P D Avery
A V D'Souza
W J McMillan (appointed 14 November 2018)
G L van der Pant (appointed 14 November 2018)
S J Callaghan (resigned 14 November 2018)
S C Clarke (resigned 14 November 2018)

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

Environmental matters

The Halma plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event any member of staff became disabled, every effort would be made to ensure that their employment with the company continues and appropriate training would be arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Matters covered in the strategic report

The directors' statement on going concern, future developments, R&D, and financial risk management, are included in the strategic report.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Post balance sheet events

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

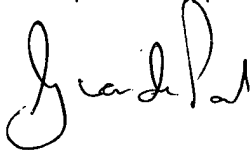
Auditors

PricewaterhouseCoopers LLP were appointed as the Company's auditors during the year.

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report was approved by the board on 28 November 2019 and signed on its behalf.



G L van der Pant
Director

NAVTECH RADAR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAVTECH RADAR LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Navtech Radar Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard, comprising FRS 101 "Reduced Disclosure Framework" and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019, the statement of comprehensive income and the statement of changes in equity for year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

NAVTECH RADAR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAVTECH RADAR LIMITED

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

NAVTECH RADAR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAVTECH RADAR LIMITED

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paola Brazier

Paola Brazier (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

Date: 28 November 2019

NAVTECH RADAR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

| | Note | 2019 £ | 2018 £ |
|--|----------|------------------|------------------|
| Revenue | 4 | 7,487,979 | 6,230,692 |
| Cost of sales | | (3,645,186) | (2,962,959) |
| Gross profit | | 3,842,793 | 3,267,733 |
| Distribution costs | | (275,505) | (310,336) |
| Administrative expenses | | (1,307,351) | (908,859) |
| Share based payment charge | 14 | (3,040,213) | - |
| Other operating income | 5 | 175,158 | 165,263 |
| Operating (loss)/profit | 6 | (605,118) | 2,213,801 |
| Interest receivable and similar income | 10 | 7,423 | 57 |
| Interest payable and similar expenses | 11 | (31,489) | (28,355) |
| (Loss)/profit before taxation | | (629,184) | 2,185,503 |
| Tax on (loss)/profit | 12 | 59,461 | (57,668) |
| (Loss)/profit and total comprehensive (expense)/income for the year | | (569,723) | 2,127,835 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 13 to 36 form part of these financial statements.

All amounts relate to continuing operations.

BALANCE SHEET
AS AT 31 MARCH 2019

| | Note | 2019 £ | 2018 <i>Restated</i> £ |
|---|------|------------------|------------------------------|
| Fixed assets | | | |
| Intangible assets | 15 | 838,900 | 941,455 |
| Tangible assets | 16 | 222,480 | 150,072 |
| | | 1,061,380 | 1,091,527 |
| Current assets | | | |
| Stocks | 17 | 991,595 | 1,162,324 |
| Debtors: amounts falling due within one year | 18 | 2,580,329 | 1,781,466 |
| Cash at bank and in hand | 19 | 3,473,365 | 2,760,844 |
| | | 7,045,289 | 5,704,634 |
| Creditors: amounts falling due within one year | 20 | (2,302,776) | (2,380,378) |
| Net current assets | | 4,742,513 | 3,324,256 |
| Total assets less current liabilities | | 5,803,893 | 4,415,783 |
| Creditors: amounts falling due after more than one year | 21 | (128,688) | (574,630) |
| | | 5,675,205 | 3,841,153 |
| Provisions for liabilities | | | |
| Deferred taxation | 23 | (27,912) | (55,082) |
| Other provisions | 24 | (296,151) | (190,500) |
| | | (324,063) | (245,582) |
| Net assets | | 5,351,142 | 3,595,571 |

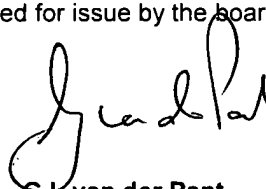
BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|-----------------------------|------|------------------|------------------|
| Capital and reserves | | | |
| Called up share capital | 25 | 1,174 | 1,000 |
| Share premium account | 26 | 3,040,213 | - |
| Other reserves | 26 | - | - |
| Profit and loss account | 26 | 2,309,755 | 3,594,571 |
| Shareholders' funds | | <u>5,351,142</u> | <u>3,595,571</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 November 2019



P D Avery
Director



G L van der Pant
Director

The notes on pages 13 to 36 form part of these financial statements.

NAVTECH RADAR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 April 2018 | 1,000 | - | - | 3,594,571 | 3,595,571 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (569,723) | (569,723) |
| Dividends: Equity capital | - | - | - | (715,093) | (715,093) |
| Share capital issued | 174 | 3,040,213 | (3,040,213) | - | 174 |
| Share based payment charge | - | - | 3,040,213 | - | 3,040,213 |
| Total transactions with owners | 174 | 3,040,213 | - | (715,093) | 2,325,294 |
| At 31 March 2019 | 1,174 | 3,040,213 | - | 2,309,755 | 5,351,142 |

The notes on pages 13 to 36 form part of these financial statements.

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

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £ | £ | £ |
| At 1 April 2017 | 1,000 | 1,861,938 | 1,862,938 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 2,127,835 | 2,127,835 |
| Dividends: Equity capital | - | (395,202) | (395,202) |
| Total transactions with owners | - | (395,202) | (395,202) |
| At 31 March 2018 | 1,000 | 3,594,571 | 3,595,571 |

The notes on pages 13 to 36 form part of these financial statements.

NAVTECH RADAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Navtech Radar Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2019, the company has changed its accounting framework from FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' to FRS 101.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

New standards and interpretations not yet applied are disclosed on pages 128 to 129 of the consolidated financial statements of the ultimate parent. New standards applied for the first time are disclosed in section 2.4 below and also on pages 126 to 128 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 30 below.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Going concern

The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including the £550m 5-year revolving credit facility, running to November 2023, held with a core group of well-established banks, of which £476m was undrawn at 31 March 2019. The directors have a high level of confidence that, despite the current economic uncertainty, the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There has been no material impact on the Company's financial statements as a result of adopting IFRS 9 from 1 April 2018.

IFRS 15

From 1 April 2018, the Company has applied IFRS 15 using the cumulative effect method.

The only material impact on the Company's financial statements as a result of adopting IFRS 15 from 1 April 2018 is a reclassification of accrued and deferred income to contract assets and liabilities.

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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

2.7 Contract assets and liabilities

A contract asset is recognised when the company's right to consideration is conditional on something other than the passage of time, for example the completion of future performance obligations under the terms of the contract with the customer.

In some instances, the Company receives payments for customers based on a billing schedule, as established in the contract, which may not match with the pattern of performance under the contract. In this instance, a contract asset or contract liability is recognised depending on the phasing of payment in relation to performance.

Contract assets are recognised within Trade and other receivables and are assessed for impairment on a forward-looking basis using the expected lifetime losses approach, as required by IFRS 9 ('Financial Instruments').

The company has applied IFRS 15 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the 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.

2.9 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.10 Finance costs

Finance costs are charged to the 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.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.16 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.

The estimated useful lives range as follows:

| | | | |
|----------|---|---|-------|
| Software | - | 5 | years |
|----------|---|---|-------|

2.17 Development costs

Research expenditure is written off in the financial year in which it is incurred.

Development expenditure is written off in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure is recognised as an intangible asset in the balance sheet, initially at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure assets are considered to have a finite useful life of three years.

2.18 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

| | | |
|--|---|---------------------------|
| Plant, equipment, motor vehicles and short life tooling | - | 8% to 33.3% straight line |
|--|---|---------------------------|

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 Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.19 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.

2.20 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.

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.22 Creditors

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

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

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of comprehensive income in the year that the Company 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.

2.24 Financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.24 Financial instruments (continued)

Financial assets

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

Fair value through profit or loss

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

Impairment of financial assets

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

Financial liabilities

Fair value through profit or loss

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

At amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.25 Dividends

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

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

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following is the critical judgement, apart from those involving estimations (which are dealt with separately below), made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

Capitalisation of internally generated development costs

In capitalising internal development costs the Company must make certain judgements about the technical feasibility of a project and also the estimation of the future cash flows that product might generate. These judgements could differ from the ultimate outcome and result in an adjustment that could be material to the financial statements. Of expenditure to date the directors do not believe the criteria has been met for capitalisation.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of trade receivables

In determining the recoverability of trade receivables the Company uses lifetime expected credit losses method based on historical bad debt experience adjusted for future risk; such estimates are based on forward-looking information. Unforeseen events could result in the ultimate outcome differing from the Company's assessment and could result in a material adjustment to the financial statements.

Valuation of stock

Stock is stated at the lower of cost or net realisable value, and the Company makes an estimation to determine the net realisable value of stock at the end of each reporting period. The net realisable value of stock is mainly determined based on assumptions of future demand within a specific time horizon. These estimates could differ from the ultimate outcome and result in an adjustment that could be material to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Revenue

The whole of the revenue is attributable to the development and production of radar devices for various functions.

Analysis of turnover by country of destination:

| | 2019 £ | 2018 £ |
|-------------------|------------------|------------------|
| United Kingdom | 528,268 | 1,370,751 |
| Rest of Europe | 5,216,087 | 3,800,724 |
| Rest of the world | 1,743,624 | 1,059,217 |
| | <u>7,487,979</u> | <u>6,230,692</u> |

Timing of revenue recognition:

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Goods and services transferred at a point in time | 6,601,974 | 5,642,409 |
| Goods and services transferred over time | 886,005 | 588,283 |
| | <u>7,487,979</u> | <u>6,230,692</u> |

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year end is summarised as follows:

| £ | less than 1 year | 1 to 2 years | 2 to 5 years | Total |
|---|---------------------|----------------|--------------|------------------|
| Aggregate transaction price allocated to unsatisfied performance obligation | <u>1,954,193</u> | <u>289,490</u> | <u>8,883</u> | <u>2,252,566</u> |

5. Other operating income

| | 2019 £ | 2018 £ |
|------------------------|----------------|----------------|
| R&D expenditure credit | 60,218 | 24,000 |
| Grant income | 114,940 | 141,263 |
| | <u>175,158</u> | <u>165,263</u> |

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

| | 2019 | 2018 |
|--|------------------|-------------|
| | £ | £ |
| Research & development charged as an expense (included in Cost of sales) | 418,442 | 550,811 |
| Exchange differences | (21,904) | 2,634 |
| Operating lease rentals | 168,624 | 105,000 |
| Staff costs (note 8) | 1,709,908 | 1,656,526 |
| Share based payment charge (note 14) | 3,040,213 | - |
| Depreciation of tangible fixed assets (note 16) | 16,999 | 33,718 |
| Amortisation of intangible assets (note 15) | 256,193 | 142,094 |
| Cost of stocks recognised as an expense | 1,443,202 | 1,217,617 |
| Including: | | |
| -write-down stocks to net realisable value | 152,775 | - |

7. Auditors' remuneration

| | 2019 | 2018 |
|-----------------------------------|---------------|-------------|
| | £ | £ |
| Fees for the audit of the Company | 19,500 | 6,220 |

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Employees

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

| | 2019 | 2018 |
|-------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 1,428,959 | 1,433,073 |
| Social security costs | 225,192 | 187,396 |
| Cost of defined contribution scheme | 55,757 | 36,057 |
| | <u>1,709,908</u> | <u>1,656,526</u> |

In addition to the wages and salaries charge was £3,040,213 (2018: £Nil) of one-off share based payment charges which arose on the vesting of shares on acquisition of the company by Halma plc.

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

| | 2019 | 2018 |
|------------------------|------------------|------------------|
| | No. | No. |
| Production | 6 | 6 |
| Sales | 7 | 5 |
| Distribution | 5 | 4 |
| Administration | 15 | 11 |
| Research & Development | 11 | 14 |
| | <u>44</u> | <u>40</u> |

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Directors' emoluments | 144,290 | 135,000 |
| Company contributions to defined contribution pension schemes | 2,266 | 774 |
| | 146,556 | 135,774 |

The highest paid director received remuneration of £86,355 (2018 - £85,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,266 (2018 - £774).

Two (2018 - none) other directors were remunerated by other group companies. The amount relating to their services to the company was £Nil (2018 - £Nil).

10. Interest receivable

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Interest receivable from group companies | 2,496 | - |
| Other interest receivable | 4,927 | 57 |
| | 7,423 | 57 |

11. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|-----------------------|-----------|-----------|
| Bank interest payable | 31,489 | 28,355 |

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Taxation

| | 2019 £ | 2018 £ |
|--|-----------------|-----------------|
| Corporation tax | | |
| Current tax on profits for the year | (32,291) | 95,971 |
| Adjustments in respect of previous periods | - | 14,082 |
| | <u>(32,291)</u> | <u>110,053</u> |
| Total current tax | <u>(32,291)</u> | <u>110,053</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (27,170) | (42,014) |
| Changes to tax rates | - | (9,376) |
| Adjustments in respect of prior periods | - | (995) |
| Total deferred tax | <u>(27,170)</u> | <u>(52,385)</u> |
| Tax on (loss)/profit | <u>(59,461)</u> | <u>57,668</u> |

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher 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 before tax | <u>(629,184)</u> | <u>2,185,503</u> |
| (Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | (119,545) | 415,246 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 577,728 | - |
| Adjustments to tax charge in respect of prior periods | - | 13,087 |
| Tax deduction arising from exercise of employee options | (577,640) | - |
| Other differences | 43,851 | (370,665) |
| Group relief | 16,145 | - |
| Total tax (credit)/charge for the year | <u><u>(59,461)</u></u> | <u><u>57,668</u></u> |

Factors that may affect future tax charges

The UK Corporation tax rate reduction to 17%, effective from 1 April 2020 has been substantively enacted.

NAVTECH RADAR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Dividends

| | 2019 | 2018 |
|-------------------------------------|-----------------------|----------------|
| | £ | £ |
| Dividends paid on Ordinary A shares | 545,240 | 162,228 |
| Dividends paid on Ordinary B shares | 34,280 | 86,302 |
| Dividends paid on Ordinary F shares | 130,323 | 38,688 |
| Dividends paid on Ordinary G shares | 5,250 | 107,984 |
| | <u>715,093</u> | <u>395,202</u> |

14. Share based payment charge

| | 2019 | 2018 |
|------------------------------------|-------------------------|-------------|
| | £ | £ |
| One-off share based payment charge | 3,040,213 | - |
| | <u>3,040,213</u> | <u>-</u> |

On 14 November 2018, the company was acquired by Halma plc. This resulted in the vesting of 17,400 shares of which 12,527 Ordinary C shares, 1,196 Ordinary D shares and 3,187 Ordinary E shares vested to senior management at par value. The weighted average market value of these shares on vesting was £179.80 per share resulting in a share based payment charge of £3,040,382 in the current year (2018: £Nil)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Intangible assets

| | Software (restated) £ | Development expenditure £ | Total £ |
|-----------------------|-----------------------------|---------------------------------|------------------|
| Cost | | | |
| At 1 April 2018 | 2,244 | 1,109,965 | 1,112,209 |
| Additions - external | 9,060 | 144,578 | 153,638 |
| At 31 March 2019 | <u>11,304</u> | <u>1,254,543</u> | <u>1,265,847</u> |
| Amortisation | | | |
| At 1 April 2018 | 1,199 | 169,555 | 170,754 |
| Charge for the year | 1,194 | 254,999 | 256,193 |
| At 31 March 2019 | <u>2,393</u> | <u>424,554</u> | <u>426,947</u> |
| Net book value | | | |
| At 31 March 2019 | <u>8,911</u> | <u>829,989</u> | <u>838,900</u> |
| At 31 March 2018 | <u>1,045</u> | <u>940,410</u> | <u>941,455</u> |

Development costs have been capitalised in accordance with the measurement and recognition bases of IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss. These costs related to the development of new products and are written off over 3 years.

Amortisation expense is included within Cost of sales in the Statement of comprehensive income.

Software assets have been restated from tangible assets to intangible assets in the prior year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Tangible assets

| | Plant, equipment, motor vehicles and short life tooling £ |
|-------------------------------------|--|
| Cost or valuation | |
| At 1 April 2018 | 247,159 |
| Additions | 89,407 |
| At 31 March 2019 | 336,566 |
| Depreciation | |
| At 1 April 2018 | 97,087 |
| Charge for the year on owned assets | 16,999 |
| At 31 March 2019 | 114,086 |
| Net book value | |
| At 31 March 2019 | 222,480 |
| At 31 March 2018 | 150,072 |

Software assets have been restated from tangible assets to intangible assets in the prior year.

17. Stocks

| | 2019 £ | 2018 £ |
|-------------------------------------|-------------------|-------------------|
| Raw materials and consumables | 583,705 | 692,224 |
| Work in progress (goods to be sold) | 91,010 | 141,145 |
| Finished goods and goods for resale | 316,880 | 328,955 |
| | 991,595 | 1,162,324 |

Stock is stated after provisions for impairment of £282,048 (2018: £129,273).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Stocks (continued)

Replacement costs of stock

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

18. Debtors

| | 2019 | 2018 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 892,903 | 1,148,367 |
| Amounts owed by group undertakings | 1,002,496 | - |
| Other debtors | 76,418 | 31,820 |
| Prepayments and accrued income | 67,736 | 575,116 |
| Contract assets | 411,272 | - |
| Tax recoverable | 129,504 | 26,163 |
| | 2,580,329 | 1,781,466 |

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

Trade debtors are stated after provisions for impairment of £2,406 (2018: £1,000).

19. Cash and cash equivalents

| | 2019 | 2018 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Cash at bank and in hand | 3,473,365 | 2,760,844 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Creditors: Amounts falling due within one year

| | 2019 | <i>2018</i> |
|------------------------------------|-------------------------|-------------------------|
| | £ | <i>Restated</i> |
| | | £ |
| Bank loans | - | 232,260 |
| Trade creditors | 259,206 | 256,686 |
| Other taxation and social security | 49,694 | 44,692 |
| Other creditors* | 374,634 | 138,270 |
| Accruals and deferred income* | 323,755 | 1,708,470 |
| Contract liabilities | 1,295,487 | - |
| | <u>2,302,776</u> | <u><i>2,380,378</i></u> |

* In the prior year £1,708,470 had been reclassified from Other creditors to Accruals and deferred income and £190,500 has been reclassified from Other creditors to Provisions. These amounts have been restated to reflect better reflect the nature of these balances.

21. Creditors: Amounts falling due after more than one year

| | 2019 | <i>2018</i> |
|----------------------|-----------------------|-----------------------|
| | £ | £ |
| Bank loans | - | 574,630 |
| Contract liabilities | 128,688 | - |
| | <u>128,688</u> | <u><i>574,630</i></u> |

Bank loans in the prior year were due between 1 and 2 years, but were settled on acquisition of the company by Halma plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

22. Financial instruments

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>5,856,454</u> | <u>3,914,868</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(2,381,770)</u> | <u>(2,910,316)</u> |

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings, contract assets and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, deferred income, accruals, contract liabilities, amounts owed to group undertakings and other creditors.

23. Deferred taxation

| | Accelerated capital allowances £ | Tax losses £ | Other timing differences £ | Total £ |
|---------------------------------------|---|-----------------|-------------------------------------|-----------------|
| At 1 April 2018 | (142,487) | 86,082 | 1,323 | (55,082) |
| (Charged)/ credited to profit or loss | (16,665) | 28,891 | 14,944 | 27,170 |
| At 31 March 2019 | <u>(159,152)</u> | <u>114,973</u> | <u>16,267</u> | <u>(27,912)</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. Other provisions

| | Warranty (restated) £ | Dilapidations £ | Total £ |
|---------------------------|-----------------------------|--------------------|----------------|
| At 1 April 2018 | 190,500 | - | 190,500 |
| Charged to profit or loss | 67,401 | 50,000 | 117,401 |
| Utilised in year | (11,750) | - | (11,750) |
| At 31 March 2019 | 246,151 | 50,000 | 296,151 |

Warranty

The warranty provision relates to expected warranty claims on products sold in the last year. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date. The balance as at 1 April 2018 has been reclassified from Other creditors.

Dilapidation

The dilapidations provision is held to recognise the future cost of returning rented premises in a suitable condition at the expiry of the lease term, which is expected to be between one and five years.

25. Called up share capital

| | 2019 £ | 2018 £ |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 97,400 (2018 - 97,400) Ordinary A shares of £0.01 each | 974 | 974 |
| 100 (2018 - 100) Ordinary B shares of £0.01 each | 1 | 1 |
| 12,527 (2018 - nil) Ordinary C shares of £0.01 each | 125 | - |
| 1,196 (2018 - nil) Ordinary D shares of £0.01 each | 12 | - |
| 3,657 (2018 - nil) Ordinary E shares of £0.01 each | 37 | - |
| 1,000 (2018 - 1,000) Ordinary F shares of £0.01 each | 10 | 10 |
| 1,500 (2018 - 1,500) Ordinary G shares of £0.01 each | 15 | 15 |
| | 1,174 | 1,000 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

25. Called up share capital (continued)

During the year 12,527 Ordinary C shares, 1,196 Ordinary D shares and 3,657 Ordinary E shares were issued. Of these shares 16,930 shares were issued to employees at par prior to the acquisition of the company by Halma plc and have been recognised as a share based payment expense in the current year (see note 14).

The C shares, D shares and E shares are not entitled to participate or share in any dividend or distribution out of the company's income.

On a return of assets on liquidation, the assets of the company remaining after the payment of liabilities shall be distributed as follows;

- the first £3,000,000 amongst the holders of all shares other than the C shares, D shares and E shares;
- the difference between the remaining asset value minus £3,000,000 or the second £2,000,000 whichever is lower, amongst the holders of all shares other than the D shares and E shares;
- the difference between the remaining asset value minus £5,000,000, or the third £2,000,000 whichever is lower, amongst the holders of all shares other than the E shares;
- the difference between the remaining asset value minus £7,000,000 amongst the holders of all shares.

The C shares, D shares and E shares do not carry or confer any right to vote on any resolution requiring to be passed by the company's shareholders and/or to attend, speak or vote at any meeting of the company's shareholders.

26. Reserves

Share premium account

Share premium comprises the excess consideration received over par value for shares issued.

27. Pension commitments

Defined contribution scheme

Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions. The total cost charged to income of £55,757 (2018 - £36,057) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2019 there were contributions of £13,467 in respect of the current reporting period that had not been paid over to the schemes (2018 - £9,216).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

28. Commitments under operating leases

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

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Not later than 1 year | 79,047 | 60,422 |
| Later than 1 year and not later than 5 years | 3,527 | 14,589 |
| | 82,574 | 75,011 |

29. Related party transactions

During the year the company paid fees of £15,118 (2018: £15,559) to Steve Callaghan Services Limited for services of Mr S Callaghan as a director.

During the year the company paid fees of £9,863 (2018: £9,379) to Driftway Solutions Ltd for services of Mr S Clarke as a director.

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

30. Controlling party

The immediate and ultimate parent company of Navtech Radar Limited and the parent company of the only group for which consolidated financial statements are prepared which include this company is Halma plc, which is incorporated in England and Wales. The financial statements of Halma plc can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Buckinghamshire, HP7 0DE.

31. First time adoption of FRS 101

The company has adopted FRS 101 from 1 April 2018. There were no adjustments required on the adoption of FRS 101.