

# CLARION DEFENCE (UK) LIMITED

Annual report and unaudited financial statements for the year ended 31 January 2019

(Registered number: 01062758)



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## CLARION DEFENCE (UK) LIMITED

### COMPANY INFORMATION

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#### **DIRECTORS**

Mr. R. Johnson  
Mr. S. R. Kimble  
Mr R. S. Wilcox  
Mr. T. Porter

#### **REGISTERED OFFICE**

Bedford House  
69-79 Fulham High Street  
London  
SW6 3JW

#### **SOLICITORS**

Joelson LLP  
30 Portland Place  
London  
W1B 1LZ

#### **BANKERS**

National Westminster Bank plc  
1 Princess Street  
London  
EC2R 8BP

## CLARION DEFENCE (UK) LIMITED

### DIRECTORS' REPORT (CONTINUED)

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

#### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is the organisation of conferences and events. The main show that the Company organises is the biennial DSEI defence exhibition which is due to take place in September 2019. During the year under review, the Company did not trade. The next show is planned for September 2021.

#### KEY PERFORMANCE INDICATORS

The Company's key financial performance indicators include the following:

	2019 £ 000	2018 £ 000
Revenue	-	24,994
Operating (loss)/profit	(1,983)	11,843

#### DIVIDENDS

No dividend has been paid or declared during the year (2018: £nil).

#### POST BALANCE SHEET EVENTS

No significant events have occurred subsequent to the balance sheet date.

#### FUTURE DEVELOPMENTS

The directors aim to continue to grow the business through the continued development of its existing events.

#### DIRECTORS

The directors during the year, and up to the date of signing the financial statements, were as follows:

Mr. R. Johnson (Appointed 30 April 2018)  
Mr. S. R. Kimble  
Mr. R. S. Wilcox  
Mr. T. Porter (appointed 24 January 2019)  
Mr. C. J. Wilmot (resigned 30 April 2018)

Comet Midco Limited holds a Directors' and Officers' insurance policy which covers all of the directors of the company.

#### FINANCIAL RISK MANAGEMENT

The Company is exposed to market risk, credit risk and liquidity risk. The Company is a member of the Comet Bidco group of companies ("the Group") and it is the Group's senior management who oversees the management of these risks. The Group's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, and financial assets and derivative financial instruments held at fair value.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

*Trade receivables*

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. Impairment of receivables is analysed on an individual basis. The calculation is based on actual incurred historical data.

The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Liquidity risk**

Liquidity risk is the risk that the Company may be unable to convert certain securities or assets into cash to meet its debt repayment obligations.

The Company's policy is to ensure that there is sufficient funding and facilities in place within the Group to meet foreseeable borrowing requirements. Cash flow forecasting is performed by the operating entities of the Group monthly and aggregated by Group finance. Group finance monitors the 52 week rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs whilst maintaining sufficient headroom to meet any repayment requirements.

By order of the board



Richard Johnson  
Director

28 October 2019

## CLARION DEFENCE (UK) LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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#### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLARION DEFENCE (UK) LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 JANUARY 2019

	Note	2019 £'000	2018 Restated £'000
<b>Revenue</b>	4	-	24,994
Cost of sales		(956)	(11,338)
<b>Gross (loss)/profit</b>		<b>(956)</b>	<b>13,656</b>
Administrative expenses		(1,027)	(1,813)
<b>Operating (loss)/profit</b>		<b>(1,983)</b>	<b>11,843</b>
Interest receivable		-	(23)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,983)</b>	<b>11,820</b>
Tax credit/(charge)	6	1,157	(2,021)
<b>(Loss)/profit for the financial year</b>		<b>(826)</b>	<b>9,799</b>

There was no other comprehensive (losses)/income during the current period or previous year.

All amounts relate to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

## CLARION DEFENCE (UK) LIMITED

## STATEMENT OF FINANCIAL POSITION AT 31 JANUARY 2019

	Note	2019 £'000	2018 Restated £'000
<b>Non-Current Assets</b>			
Investments	7	<u>1</u>	<u>1</u>
		1	1
<b>Current Assets</b>			
Trade and other receivables	8	<u>55,875</u>	<u>45,447</u>
		55,875	45,447
<b>Current Liabilities</b>			
Trade and other payables	9	<u>(16,791)</u>	<u>(5,548)</u>
		(16,791)	(5,548)
<b>Net Current Assets</b>		39,084	39,899
<b>Net Assets</b>		<u><b>39,085</b></u>	<u><b>39,900</b></u>
<b>Capital and Reserves</b>			
Called up share capital	10	11	11
Share premium account		19	19
Retained earnings		39,044	39,870
Share based payment reserve		11	-
<b>Total Equity</b>		<u><b>39,085</b></u>	<u><b>39,900</b></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

For the year ending 31 January 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors signed on its behalf by

  
Richard Johnson  
Director

28 October 2019



CLARION DEFENCE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2019

		<b>Share Capital</b>	<b>Share Premium</b>	<b>Retained earnings</b>	<b>Share based payments reserve</b>	<b>Total Shareholders' funds</b>
	Note	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 February 2017</b>		<b>11</b>	<b>19</b>	<b>30,591</b>	<b>-</b>	<b>30,621</b>
Prior period adjustment	18	-	-	(520)	-	(520)
<b>At 1 February 2017 (restated)</b>		<b>11</b>	<b>19</b>	<b>30,071</b>	<b>-</b>	<b>30,101</b>
Profit for the year (restated)	18	-	-	9,799	-	9,799
<b>At 31 January 2018</b>		<b>11</b>	<b>19</b>	<b>39,870</b>	<b>-</b>	<b>39,900</b>
Loss for the year		-	-	(826)	-	(826)
Share based payments		-	-	-	11	11
<b>At 31 January 2019</b>		<b>11</b>	<b>19</b>	<b>39,044</b>	<b>11</b>	<b>39,085</b>

## CLARION DEFENCE (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. CORPORATE INFORMATION

Clarion Defence (UK) Ltd ('the Company') is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The registered office is located at Bedford House, 69-79 Fulham High Street, London, SW6 3JW.

The Company's principal activity is to organise exhibitions.

#### 2. PRINCIPAL ACCOUNTING POLICIES

##### ***Basis of preparation***

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The preparation of the financial information in conformity with FRS 101 requires the use of certain critical accounting estimates and requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out in note 3.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2019.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Comet Midco Limited. The results of Clarion Defence (UK) Ltd are included in the consolidated financial statements of Comet Midco Limited which are available from Bedford House, 69-79 Fulham Street, London, SW6 3JW.

The financial information is presented in GBP (£'000).

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (h) 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 ; and
- (i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### ***Going Concern***

The Company has net assets of £39,085,000. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to settle its liabilities as they fall due. Therefore, they continue to adopt the going concern basis of accounting in preparation of the annual financial statements.

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

***Revenue recognition***

Revenue arises from provision of products and services under contracts with customers. Revenue is recognised to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when the customer obtains control of the goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding VAT, other taxes or duty.

The principal revenue recognition policies as applied by the Company are as follows:

Revenue from exhibitions, trade shows, conferences and other live events is recognised when the event is held. Revenue from event sponsorship together with delegate fees is recognised when the event is held.

Billing of exhibitions, trade shows, conferences and other live events to exhibitors and other participants based on terms explicit in the contract are recognised as deferred income in the balance sheet until the event is held.

Barter transactions are those where goods and services, rather than cash, are exchanged between two parties and revenue is recognised at fair value for the goods and services provided.

Advertising revenue is recognised on publication or over the period of the online display. Subscription revenue is recognised over the period where the transaction involves the transfer of goods and services to the customer in a consistent manner over a specific period of time.

***Prepaid event costs***

Costs relating to the advance payment for future goods and services associated with delivering an event and recoverable from its proceeds are deferred and expensed on completion of the event.

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred taxation***

Deferred tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider it is probable that there will be taxable profits against which the deductible temporary differences, and the carry forward of unused tax credits or unused tax losses can be utilised.

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)*****Deferred taxation (continued)***

Deferred tax assets and liabilities are measured on an undiscounted basis at tax rates that are expected to apply in the year when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

***Investments***

Investments in subsidiaries are held at historical cost less any applicable provision from impairment.

***Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets held by the Company are classified at initial recognition, as financial assets at fair value through profit or loss or loans and receivables. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Subsequent to initial recognition, financial assets classified as loans and receivable are carried at amortised cost using the effective interest rate method.

Financial liabilities owed by the Company are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. All financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

***Trade and other receivables***

Trade and other receivables are classified as 'loans and receivables' and recognised when it is probable that a future economic benefit will flow to the Company. Trade receivables are predominantly non-interest bearing and their carrying amounts approximate to their fair value. Trade receivables are stated net of a loss allowance for expected credit losses. Expected credit losses are a probability weighted estimate of credit losses and are calculated on actual historical credit losses and adjusted to reflect differences between the historical credit losses and the Company's view of the economic conditions over the expected lives of the receivables.

***Trade and other payables and interest-bearing loans***

Trade and other payables and interest-bearing loans are classified as 'financial liabilities at amortised cost' and recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The effective interest method 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR).

***Impairment of financial instruments***

The Company assesses at each reporting date whether there is any objective evidence that a financial instrument or a group of financial instruments is impaired. A financial instrument or a group of financial instruments is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial instrument or the group of financial instruments that can be reliably estimated.

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)*****Financial instruments (continued)******Impairment of financial instruments (continued)***

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with increased default risk on receivables.

The Company always recognises lifetime expected credit losses ("ECL") for trade receivables and contract assets. The ECL 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 current and forecast direction of conditions at the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not significantly increased since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***Fair value of financial instruments***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)*****Financial instruments (continued)******Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units' (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded comparators or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

***Cash and short-term deposits***

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

***Pensions and other post-employment benefits***

The company contributes to an enhanced stakeholders' scheme for the benefit of the employees. The scheme was set up in March 2005. Contributions accruing under the scheme are charged to the profit and loss account.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is 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 underlying assumptions are reviewed on an on-going 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.

**4. REVENUE**

Analysis of revenue from contracts with customers:

	2019 £'000	2018 £'000
<b>Type of service</b>		
Event Organisation	-	24,844
Subscriptions to publications and on-line databases	-	149
	-	<b>24,994</b>
<b>Geographical markets</b>		
United Kingdom	-	24,994
	-	<b>24,994</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	-	24,844
Services transferred over time	-	150
	-	<b>24,994</b>

The principal revenue streams are as follows:

**Event organisation**

The Company organises trade exhibitions, conferences, and consumer events open to the public. Such events generate revenue from one or more of the following:

- Space or stands within an exhibition centre which the exhibitor can customise. Transaction prices for performance obligations are fixed within contracts and relate to the size and degree of customisation of the space. Performance obligations are satisfied when the event is held.
- Event sponsorship: tailored arrangements to promote the business and activities of the sponsor. Performance obligations are satisfied when the event is held.
- Delegate fees: tailored arrangements to provide attendees at an exhibition or conference with different degrees of access to exhibitors or sponsors. Performance obligations are satisfied when the event is held.
- Ticket sales to the public in advance or on the day of the event. Performance obligations are satisfied when the event is held.

**Subscriptions to publications and online databases**

The Company charges for advertising in online or physical publications, and sells subscriptions to directories and market research reports. Performance obligations are satisfied on publication, over the period of display or over the period to which the subscription provides access.

## CLARION DEFENCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5. STAFF COSTS**

Staff costs during the period were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	332	783
Social security costs	36	69
Pension costs	8	16
Share based payments charge	11	-
	<b>387</b>	<b>868</b>

The average number of employees (excluding directors) during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Exhibitions	6	13

The directors of this Company are also directors of the holding company and fellow UK subsidiaries. The directors received total remuneration for the year of £1,415,450 (2018: £1,106,862) and share based payments of £2,914,390 (2018: £1,424,617), all of which was paid by a fellow group company. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

**6. TAXATION****a) Tax charged in the income statement**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current income tax:</b>		
UK corporation tax	-	1,954
In respect of prior years	(822)	(81)
<b>Total current corporation tax</b>	<b>(822)</b>	<b>1,873</b>
<b>Deferred tax:</b>		
Origination & reversal of timing differences	(374)	1
Write down deferred tax asset	-	147
Effect of changes in tax rate on opening liability	39	-
<b>Total deferred tax</b>	<b>(335)</b>	<b>148</b>
<b>Total income tax (credit)/charge</b>	<b>(1,157)</b>	<b>2,021</b>



**6. TAXATION (CONTINUED)****b) Reconciliation of the total tax charge**

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19.13%). The differences are reconciled below:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
(Loss) / profit from continuing operations before tax	(1,983)	11,820
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19.13%)	(377)	2,261
Effect of:		
Non-deductible expenses	3	-
Tax losses utilised in the year	-	3
Group relief	-	(309)
Effect of the change in tax rate	39	66
Prior year adjustment	(822)	-
<b>Total tax charge/(credit)</b>	<b>(1,157)</b>	<b>2,021</b>

**c) Factors that may affect future tax charges**

The UK rate of corporation tax will reduce to 17% from 1 April 2020. This change was substantively enacted on 15 September 2016. This change will reduce the Company's future tax charge and as it has been substantively enacted the reduction has been taken into account in calculation of the net deferred tax asset provided at the balance sheet date.

**d) Deferred tax**

The deferred tax included in the company balance sheet is as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<i>Deferred tax asset</i>		
Tax losses	335	-
Property, plant and equipment	3	3
<b>Deferred tax asset</b>	<b>338</b>	<b>3</b>

**7. INVESTMENTS**

	<b>Investment in subsidiaries £'000</b>
Cost:	
At 1 February 2018	1
Additions	-
At 31 January 2019	<b>1</b>

A list of the subsidiary companies can be found in note 19.

CLARION DEFENCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES

	2019	2018 Restated
	£'000	£'000
Trade receivables - gross	55	388
Less: impairment	(138)	(292)
Trade receivables - net	(83)	96
Amounts owed by group companies	30,329	22,332
Prepaid event costs	2,213	624
Taxation and social security	823	137
Intercompany loan receivable	22,255	22,255
Deferred tax asset	338	3
	<b>55,875</b>	<b>45,447</b>

The intercompany loan is due from Clarion Events Limited and is interest free and repayable on demand.

The ageing analysis of gross trade receivables is as follows:

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings information where available. The Company continually assesses the recoverability of trade receivables and the level of provisioning required.

	2019 £'000	2018 £'000
Past due but not impaired:		
0 – 30 days	-	95
Greater than 60 days	56	293
	<b>56</b>	<b>388</b>

9. TRADE AND OTHER PAYABLES

	2019	2018 Restated
	£'000	£'000
Trade payables	314	479
Amounts owed to group companies	1,767	1,733
Tax and social security	188	789
Accruals	6	153
Deferred income	14,516	2,394
	<b>16,791</b>	<b>5,548</b>

## CLARION DEFENCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10. AUTHORISED, ISSUED AND CALLED UP SHARE CAPITAL

	2019	2018
	£'000	£'000
Authorised		
10,526 Ordinary shares of £1 each	11	11
Allotted, called up and fully paid		
10,526 Ordinary share of £1 each	11	11

## 11. SHARE BASED PAYMENTS

Under the Management Incentive Plan, the Group provided senior executive employees the opportunity to invest in shares in the parent company Comet Topco Limited held by Clarion Events Employee Benefit Trust ("EBT") with rights that correspond to the rights of the A and B shares issued by Comet Topco Limited. Employees are expected to remain in service for a period of four years from the date of the first grant on 29 September 2017. Settlement will be made at the event of an exit. The fair value of the rights granted is estimated at the date of the grants which were on 29 September 2017 using a Monte Carlo option simulation pricing model taking into account the terms and conditions upon which the rights were granted. The model takes into account the enterprise value at the valuation dates, expected term assumptions and the volatility. The expected volatility was determined with reference to comparable quoted companies and measured based on the historical share price volatility over the periods that matched the expected term.

The expense recognised for employee services received during the year for equity settled share based payment transaction is £10,723. At 31 January 2019, the total shares granted were 579,288 and are held by Directors and senior management in group subsidiaries. There were no leavers between the grant date and 31 January 2019. A lapse rate is calculated based on expected leavers. There were no changes in management's expectation of the timing of the settlement from the grant date.

The inputs used in the measurement of the fair values at grant dates of the equity settled share based payment plans were as follows:

Share class	A	B
Free cash flow yield	2.5%	2.5%
Expected volatility	25%	25%
Risk-free interest rate (%)	0.56%	0.56%
Expected term	n/a	4 years

Using the above inputs, results in the following fair value per share:

Share class	A	B1-5	B-6
Fair value per share (£)	20.12	26.74	14.98

## 12. CONTINGENT LIABILITIES

The Company is both an obligor and guarantor in respect of external debt taken out by Comet Bidco Limited.

As at 31 January 2019, Comet Bidco Limited has debt financing consisting of:

- Facility B £315m (2018: £315m)
- Facility B2 \$415.8m (2018:\$nil)
- RCF facility £nil; (2018: £7.2m)

The subsidiaries acting as Guarantors to the facility must represent a minimum of 80% of the Comet Bidco Groups' Consolidated EBITDA.

# CLARION DEFENCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. CONTINGENT ASSETS

There were no contingent assets at 31 January 2019 (2018: £nil).

### 14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred by IAS 24 not to disclose related party transactions between subsidiary undertakings whose voting rights are 100% controlled within the Group. Details of transactions during the period, in the ordinary course of business, with other Group companies whose voting rights are not 100% controlled within the Group, and amounts owed to and from those companies at period end, are set out below.

2019	Relationship	<i>Paid on behalf of group companies</i>	<i>Received on behalf of group companies</i>	<i>Due from group companies</i>	<i>Due to group companies</i>
		£'000	£'000	£'000	£'000
Getenergy Events (80%)	Common parent	-	(49)	-	(49)
International Training Equipment Conference Limited (90% owned)	Common immediate parent	-	(9)	313	-
Clarion Events Exibcoes e Feiras Ltda (99.9%)	Common immediate parent	-	-	-	(1)
2018	Relationship	<i>Paid on behalf of group companies</i>	<i>Received on behalf of group companies</i>	<i>Due from group companies</i>	<i>Due to group companies</i>
		£'000	£'000	£'000	£'000
Freight Transport Logistics Expo Limited (80% owned)	Common parent	-	-	-	(12)
International Training Equipment Conference Limited (90% owned)	Common immediate parent	24	-	322	-
Clarion Events Exibcoes e Feiras Ltda (99.9%)	Common immediate parent	2	(3)	-	(1)
Getenergy Events (80%)	Common parent	-	(49)	-	(49)

Simon Williams, a director of International Training Equipment Conference Ltd, a company with a common parent to Clarion Defence (UK) Limited, is also a director of Reddrig Ltd. Reddrig Ltd was paid £105,563 in the year (2018: £112,820) for consultancy services. As at 31 January 2019 they were owed £nil (2018: £17,847).

There are no other related party transactions for the year ended 31 January 2019 or 31 January 2018.

### 15. POST BALANCE SHEET EVENTS

No significant events have occurred subsequent to the balance sheet date (2018: £nil).

**16. CAPITAL COMMITMENTS**

There were no capital commitments at 31 January 2019 (2018: £nil).

**17. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent company is Clarion Defence and Security Limited and its ultimate parent undertaking and controlling party is The Blackstone Group Inc., a company incorporated in Delaware and listed on the New York Stock Exchange.

The largest and the smallest group of which this Company is a member for which group accounts are prepared are Comet Midco Limited and Comet Bidco Limited. Copies of these consolidated accounts may be obtained from the registered office at Bedford House, 69-79 Fulham High Street, London, SW6 3JW.

**18. CHANGE OF ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE AMOUNTS**

During the year, the Company re-assessed its accounting for event costs relating to exhibitions. The Company had previously carried forward in inventory all the costs of bringing the exhibition to its present condition, which included marketing and advertising costs. Other entities in the Group had only carried forward prepaid expenses. To ensure consistency across the Group, the Company has elected to change its accounting policy so that the only costs deferred are those which arise when future goods and services are paid for in advance. This change in policy has been applied retrospectively.

The Company also re-assessed its accounting for trade receivables and deferred revenue. The Company had previously recognised trade receivables and deferred revenue at the point of invoicing. Once the amounts were received deferred revenue would be re-classified as amounts received in advance. Other entities in the Group only recognised amounts received from customers in advance of the event or trade receivable once the event has taken place and the Company has now aligned itself to this policy. This change in policy has been applied retrospectively.

	Original £'000	Adjustment £'000	Restated £'000
<b>Year ended 31 January 2018</b>			
Cost of sales	(12,041)	703	(11,338)
Administrative expenses	(1,466)	(347)	(1,813)
		<u>356</u>	
<b>As at 31 January 2018</b>			
Inventory	788	(788)	-
Prepaid event costs	-	624	624
Trade receivables	1,142	(1,046)	96
Deferred income	(3,440)	1,046	(2,394)
		<u>(164)</u>	
Retained earnings	40,034	(164)	39,870
		<u>(164)</u>	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19. COMPANY SUBSIDIARIES**

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries as at 31 January 2019 is disclosed below, along with the principal activity, the country of incorporation and the effective percentage of equity owned.

**100% Wholly Owned Dormant Companies**

<b>Name</b>	<b>No. of shares</b>	<b>Nominal value</b>	<b>Registered office</b>	<b>Country of incorporation</b>
DSEI Limited	1,000 Ordinary Shares	£1.00 each	Bedford House, 69 Fulham High Street, London, United Kingdom, SW6 3JW	United Kingdom