

CLARION DEFENCE (UK) LIMITED

Annual report and unaudited financial statements for the year ended 31 January 2018

(Registered number: 01062758)

TUESDAY



LD7 *L7HMW0GG* 30/10/2018 #19
COMPANIES HOUSE

INDEX	Page
Company information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	4
Statement of profit and loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	7 - 15

CLARION DEFENCE (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

Mr. R. Johnson
Mr. S. R. Kimble
Mr R. S. Wilcox

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

The directors present their report and financial statements for the year ended 31 January 2018.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is to organise exhibitions and events. The profit for the year after tax amounted to £2,443,000 (2017: Loss of £256,000).

DIVIDENDS

No dividend has been paid or declared during the year (2017: £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 launching and acquiring of trade exhibitions and 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. 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.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

By order of the board



Richard Johnson
Director
29 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

EXEMPTION FROM AUDIT BY PARENT GUARANTEE

For the year ending 31 January 2018 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;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

CLARION DEFENCE (UK) LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £'000	2017 £'000
Revenue		24,994	-
Cost of sales		(12,041)	(291)
Gross profit/ (loss)		12,953	(291)
Administrative expenses		(1,466)	(572)
Operating profit/ (loss)		11,487	(863)
Interest receivable		(23)	-
Profit/ (loss) on ordinary activities before taxation		11,464	(863)
Taxation	5	(2,021)	607
Profit/ (loss) for the financial year		9,443	(256)

There was no other comprehensive income / losses 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 2018

	Note	2018 £'000	2017 £'000
Non-Current Assets			
Investments	6	1	1
Current Assets			
Inventories	7	788	4,425
Corporation tax asset		-	517
Trade and other receivables	8	45,869	48,093
		<u>46,657</u>	<u>53,035</u>
Current Liabilities			
Trade and other payables	9	(5,806)	(22,415)
Corporation tax payable		(789)	-
		<u>(6,595)</u>	<u>(22,415)</u>
Net Assets		<u>40,063</u>	<u>30,621</u>
Capital and Reserves			
Called up share capital	10	11	11
Share premium account		19	19
Retained earnings		40,034	30,591
Total Equity		<u>40,064</u>	<u>30,621</u>

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

For the year ending 31 January 2018 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;
- 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
29 October 2018

CLARION DEFENCE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Retained earnings</i>	<i>Total Shareholders ' funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 February 2016	11	19	30,847	30,877
Loss for the year	-	-	(256)	(256)
At 31 January 2017	11	19	30,591	30,621
Profit for the year	-	-	9,443	9,443
At 31 January 2018	11	19	40,034	40,064

1. CORPORATE INFORMATION

Clarion Defence (UK) Ltd ('the Company') is a limited Company 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 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 directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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, regardless of when the payment is being made. 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Events

Revenue from exhibitions, trade shows, conferences and other live events is recognised on completion of the event. Advance deposits from exhibitors and other participants are recognised as payments received on account in the balance sheet until completion of the event.

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 completion of the event.

Barter transactions

The Company enters into barter transactions where stands are provided at exhibitions, trade shows and conferences in exchange for receiving advertising services published in magazines or another medium. When this occurs, an expense is recognised equal in value to the revenue recognised in relation to these services provided.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase cost, including attributable overheads, and is determined using a first-in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

Deferred event costs relating to exhibitions are deferred within inventories at the lower of cost or net realisable value. These costs are charged to the income statement when the exhibition takes place.

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 receivables 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 and other receivables are carried at original invoice amount (deemed as the fair value by management) less any provisions for impairment. Provisions are made where there is evidence of a risk of non-payment taking into account ageing, previous experience and general economic conditions.

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).

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.

CLARION DEFENCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. OPERATING PROFIT & STAFF COSTS

Staff costs during the period were as follows:

	2018 £'000	2017 £'000
Wages and salaries	783	415
Social security costs	69	48
Pension costs	16	12
	<u>868</u>	<u>475</u>

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

	2018 Number	2017 Number
Exhibitions	<u>13</u>	<u>9</u>

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 £1,106,862 (2017: £1,202,550), 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.

5. TAXATION

a) Tax charged in the income statement

	2018 £'000	2017 £'000
Current income tax:		
UK corporation tax	1,954	-
In respect of prior years	(81)	(456)
Total current corporation tax	<u>1,873</u>	<u>(456)</u>
Deferred tax:		
Origination & reversal of timing differences	1	(151)
Write down deferred tax asset	147	-
Total deferred tax	<u>148</u>	<u>(151)</u>
Total income tax expense	<u>2,021</u>	<u>(607)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. 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 19.13% (2017: 20%). The differences are reconciled below:

	2018 £'000	2017 £'000
Profit/(loss) from continuing operations before tax	11,464	(863)
Tax calculated at UK standard rate of corporation tax of 19.13% (2017: 20%)	2,193	(173)
Effect of:		
Tax losses utilised in the year	3	-
Group relief	(241)	-
Effect of the change in tax rate	66	26
Prior year adjustment	-	(460)
Total tax charge/(credit)	2,021	(607)

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:

	2018 £'000	2017 £'000
<i>Deferred tax asset</i>		
Tax losses	-	147
Property, plant and equipment	3	4
Deferred tax asset	3	151

6. INVESTMENTS

Investment in subsidiaries

£'000

Cost:

At 1 February 2018 and 31 January 2017

1

7. INVENTORIES

	2018 £'000	2017 £'000
Deferred event costs	788	4,425

CLARION DEFENCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES

	2018	2017
	£'000	£'000
Trade receivables	1,142	4,075
Amounts owed by group companies	22,332	21,236
Other receivables	137	376
Intercompany loan receivable	22,255	22,255
Deferred tax asset	3	151
	45,869	48,093

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

The ageing analysis of trade receivables is as follows:

	2018	2017
	£'000	£'000
Past due but not impaired:		
0 – 30 days	374	3,011
30 – 60 days	217	150
Greater than 60 days	551	914
	1,142	4,075

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.

9. TRADE AND OTHER PAYABLES

	2018	2017
	£'000	£'000
Advance payments received	3,318	14,293
Trade payables	479	2,467
Amounts owed to group companies	1,733	1,374
Other payables	-	249
Accruals and deferred income	276	4,032
	5,806	22,415

10. AUTHORISED, ISSUED AND CALLED UP SHARE CAPITAL

	2018	2017
	£'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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. 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 2018, Comet Bidco Limited has debt financing consisting of:

- Facility B £315m;
- RCF facility £7.2m;

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

In prior year the Company acted as an obligor in respect of external debt held by PSPA Limited.

12. CONTINGENT ASSETS

There were no contingent assets at 31 January 2018 (2017: £nil).

13. 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.

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 Brasil Exhibicoes e Feiras Ltda (99.9%)	Common parent	2	(3)	-	(1)
Getenergy Events Ltd (80%)	Common parent	-	(49)	-	(49)
2017	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	-	(3)	-	(12)
International Training Equipment Conference Limited (90% owned)	Common immediate parent	50	(19)	298	-

There are no transactions with directors.

There are no other related party transactions for the year ended 31 January 2018 or 31 January 2017.

CLARION DEFENCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. POST BALANCE SHEET EVENTS

No significant events have occurred subsequent to the balance sheet date (2017: £nil).

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 January 2018 (2017: £nil).

16. 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 L.P., 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 PSPA Topco Limited. Copies of these consolidated accounts may be obtained from the registered office at Bedford House, 69-79 Fulham High Street, London, SW6 3JW.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. COMPANY SUBSIDIARIES

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries as at 31 January 2018 is disclosed below, along with the principal activity, the country of incorporation and the effective percentage of equity owned.

100% Wholly Owned Dormant Companies

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