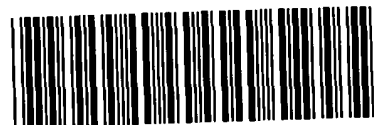


Registered number: 05503278

**RAPIDROP GLOBAL LIMITED**  
**Report and Consolidated Financial Statements**  
**for the year ended**  
**31 December 2019**

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## **RAPIDROP GLOBAL LIMITED**

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### **CONSOLIDATED FINANCIAL STATEMENTS 2019**

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## **RAPIDROP GLOBAL LIMITED**

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### **DIRECTORS AND OTHER INFORMATION**

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#### **BOARD OF DIRECTORS**

D L Ellicott  
K S Plater  
M A Curran  
M Smith  
M P Willimer

#### **REGISTERED OFFICE**

Units 1-3 Rutland Business Park Newark Road  
Peterborough  
Cambridgeshire  
PE1 5WA

#### **COMPANY NUMBER**

05503278

#### **AUDITORS**

Mazars  
Chartered Accountants & Statutory Audit Firm  
Harcourt Centre  
Block 3  
Harcourt Road  
Dublin 2

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## **RAPIDROP GLOBAL LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Introduction**

The directors present their strategic review of Rapidrop Global Limited and its subsidiary undertakings ("the Group") for the year ended 31 December 2019.

During the year the Group's principal activities continued to be that of the manufacture, sale and distribution of fire sprinklers and ancillary fire prevention equipment and the distribution of industrial fasteners, construction sealants and hardware to the window and door industries.

#### **Business review**

The Group operates in the following business segments:

IFI operates in the sealant and window and door industries supplying a wide range of products ranging from construction sealant to construction hardware to a variety of industrial users.

Rapidrop is involved in the manufacture and supply of fire prevention products. Rapidrop continues to expand its product range to meet the ever-increasing technical changes in the fire prevention industry. In addition to having overseas subsidiaries in Ireland, India, Qatar and the United States of America, the Company also has a branch operation in South Africa.

During the year Group turnover increased by 5% on 2018. Sales have increased by 7% within the UK and by 9% within Europe but decreased by 8% within the Rest of the World. This growth has occurred within the Rapidrop business unit where sales have increased by 7% in total across all geographical segments. Sales within the IFI business unit have decreased by 3%.

The Group benefits from a healthy Balance Sheet with net assets of £6,058,495 (2018: £6,132,189). Cash balances (net of foreign exchange adjustments) have remained strong at £1,703,981 (2018: £1,809,267), a result of generating £1,185,274 (2018: £747,147) from operating activities offset by £66,941 (2018: £125,063) used in investing activities and £1,309,193 (2018: £90,938) used in financing activities, the increase in the latter principally related to the redemption of shares of £1,206,000.

#### **Principal risks and uncertainties**

The Group's main risks that result from the current uncertain situation regarding Covid-19 are in respect of the potential impact of further restricted trading on revenues, profitability and liquidity. The directors are satisfied that the Group has the ability to meet its obligations as they fall due for the foreseeable future, being 12 months from the approval of the financial statements.

In the normal course of business, the Group's main risks are those associated with operating within export markets, being foreign currency exposure, the impact of new and changing legislation and the increased bad debt risks associated with operating overseas.

The directors and management monitor these risks on an ongoing basis in order to mitigate any potential issues arising as sales growth overseas continues.

In addition, the Group has addressed a number of the risks arising from the current uncertainty regarding the future trading relationship between the United Kingdom and the rest of Europe following the implementation of Brexit by the restructuring of its European business during the year. The Group has also taken steps to address the risks associated with the importation of stock into the United Kingdom after Brexit by securing Authorised Economic Operator status with HM Revenue & Customs with effect from 9 June 2019.

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## **RAPIDROP GLOBAL LIMITED**

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### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Financial key performance indicators**

The directors consider that the key performance indicators of the Group are those that communicate the financial performance and strength of the Group, being Group turnover and the number of countries the Group exports to.

	2019 £'000	2018 £'000
Turnover	25,911	24,685
Number of countries exported to	53	54

#### **Financial risk management objectives and policies**

Although the Group uses financial instruments comprising cash, other liquid resources and various other items such as trade debtors and trade creditors that arise directly from its operations, they are not a major risk in isolation due to the strength of the Group's Balance Sheet. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

##### **Liquidity risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and that cash assets are invested safely and profitably.

##### **Credit risk**

In order to limit risk, the directors set limits for customers based on a combination of payment history and the guidance provided by external credit insurance providers. Debtor balances are reviewed on a regular basis in conjunction with debt ageing and collection history.

##### **Price risks**

The Group does not deem the exposure to price changes in operating activity costs to be significant enough to consider any hedging activity to be necessary.

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## **RAPIDROP GLOBAL LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Foreign currency risks**

The Group is exposed to currency risk as a result of its operations in overseas markets. However, given the size of the Group's operations and the volume of foreign currency transactions currently undertaken, the cost of managing this exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits and as such no hedging activity is undertaken. The Group minimises currency risk exposure by operating foreign currency bank accounts in order to offset foreign currency receipts and payments and to make timely currency exchanges.

**This report was approved by the Board and signed on its behalf**



**D L Ellicott**

**3 December 2020**

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## **RAPIDROP GLOBAL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the audited financial statements of Rapidrop Global Limited ("the Company") for the year ended 31 December 2019.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,168,023 (2018: £1,018,863). No dividends were proposed at the year end (2018: £Nil). During the year, the Company redeemed and cancelled 10,034 shares for a total consideration of £1,206,000, including costs of redemption.

#### **Charitable donations**

During the year the Group made payments of £662 (2018: £950) in charitable donations.

#### **Directors**

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

D L Ellicott  
K S Plater  
M A Curran  
M Smith  
M P Willimer

#### **Future developments**

The Group plans to continue to grow across all business activities, capitalising on opportunities as deemed appropriate.

#### **Research and development activities**

The Company continues to undertake research and development activities to strengthen and expand its product range. Research costs incurred that did not meet the criteria for capitalisation and were therefore expensed in the year totalled £361,003 (2018: £255,399).

#### **Qualifying third party indemnity provisions**

The Company has indemnified its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the year and is in force at the date of approving the financial statements.

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## **RAPIDROP GLOBAL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **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 and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information.

#### **Post balance sheet events**

Subsequent to the year end, the Group is continuing to actively monitor and mitigate the effects of Covid-19 on the business recognising that the pandemic is likely to have an impact on performance for the Group in 2020. While the duration of the pandemic is unknown, the directors are satisfied that all steps are being taken to ensure that the business will continue to trade.

The directors recognise that there are inherent limitations in predicting the future course of the pandemic which leads to uncertainty but, based on the facts and circumstances known at this point in time, they are satisfied that the Company and the Group have the ability to meet their financial obligations as they fall due for the foreseeable future, being at least 12 months from the date of approval of the financial statements, and that it is therefore appropriate to prepare the financial statements on a going concern basis.

#### **Auditors**

The auditors, Mazars, Chartered Accountants & Statutory Audit firm, who were appointed during the year in the place of BDO LLP, have indicated their willingness to be re-appointed in accordance with Section 485(2) of the Companies Act 2006.

**This report was approved by the Board and signed on its behalf**



**D L Ellicott**

**3 December 2020**

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## **RAPIDROP GLOBAL LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors' are responsible for preparing the annual 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 group and parent company financial statements in accordance with applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("relevant financial reporting framework"). Under the law, the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that year. In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf



**D L Ellicott**

**3 December 2020**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
RAPIDROP GLOBAL LIMITED**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Rapidrop Global Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statements of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to Note 33 of the financial statements, which describes the impact of Covid-19 subsequent to the year end. Our opinion is not modified in respect of this matter.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
RAPIDROP GLOBAL LIMITED**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
RAPIDROP GLOBAL LIMITED**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

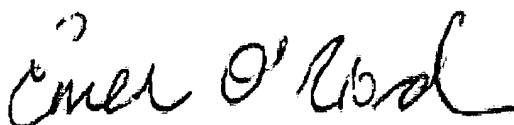
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Emer O'Riordan  
For and on behalf of Mazars  
Chartered Accountants & Statutory Audit Firm  
Harcourt Centre  
Block 3  
Harcourt Road  
Dublin 2**



**3 December 2020**

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**RAPIDROP GLOBAL LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Turnover	5	25,910,942	24,684,637
Cost of sales		(19,014,164)	(18,211,040)
Gross profit		6,896,778	6,473,597
Administrative expenses		(5,406,560)	(5,200,227)
Operating profit	6	1,490,218	1,273,370
Interest payable and similar expenses	8	(72,215)	(45,706)
Interest receivable and similar income	9	<u>2,882</u>	<u>15,871</u>
Profit on ordinary activities before taxation		1,420,885	1,243,535
Taxation	12	(252,862)	(224,672)
Profit for the financial year		1,168,023	1,018,863
Other comprehensive (loss)/income		(35,717)	<u>20,939</u>
Total comprehensive income for the year		<u>1,132,306</u>	<u>1,039,802</u>

The notes on pages 17 to 41 form part of these financial statements.

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**RAPIDROP GLOBAL LIMITED**Registered number: 05503278

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2019 £	31 December 2018 £
<b>FIXED ASSETS</b>			
Intangible assets	13	8,575	14,931
Tangible assets	14	<u>437,808</u>	<u>579,596</u>
		<u>446,383</u>	<u>594,527</u>
<b>CURRENT ASSETS</b>			
Stocks	16	8,264,774	8,505,357
Debtors: amounts falling due within one year	17	4,530,500	5,248,369
Cash at bank and in hand	18	<u>1,703,981</u>	<u>1,809,267</u>
		14,499,255	15,562,993
<b>CREDITORS</b>			
Amounts falling due within one year	19	<u>(8,460,170)</u>	<u>(9,574,451)</u>
<b>NET CURRENT ASSETS</b>			
		<u>6,039,085</u>	<u>5,988,542</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		6,485,468	6,583,069
<b>CREDITORS</b>			
Amounts falling due after more than one year	20	(15,375)	(40,726)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	21	(16,124)	(26,571)
Provisions	22	<u>(395,474)</u>	<u>(383,583)</u>
		<u>(411,598)</u>	<u>(410,154)</u>
<b>NET ASSETS</b>			
		<u>6,058,495</u>	<u>6,132,189</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital presented as equity	23	20,066	30,100
Capital redemption reserve	24	10,034	-
Foreign exchange reserve	24	(23,198)	12,519
Profit and loss account	24	<u>6,051,593</u>	<u>6,089,570</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u>6,058,495</u>	<u>6,132,189</u>

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

  
D L Ellicott

**3 December 2020**

The notes on pages 17 to 41 form part of these financial statements.

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**RAPIDROP GLOBAL LIMITED**Registered number: 05503278

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**COMPANY STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2019 £	31 December 2018 £
<b>FIXED ASSETS</b>			
Intangible assets	13	8,575	14,931
Tangible assets	14	423,073	571,938
Investments	15	<u>84,657</u>	<u>84,657</u>
		<u>516,305</u>	<u>671,526</u>
<b>CURRENT ASSETS</b>			
Stocks	16	5,085,999	8,224,823
Debtors: amounts falling due within one year	17	6,043,739	5,154,649
Cash at bank and in hand	18	<u>959,627</u>	<u>1,565,168</u>
		12,089,365	14,944,640
<b>CREDITORS</b>			
Amounts falling due within one year	19	<u>(6,747,059)</u>	<u>(9,276,526)</u>
<b>NET CURRENT ASSETS</b>		<u>5,342,306</u>	<u>5,668,114</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,858,611	6,339,640
<b>CREDITORS</b>			
Amounts falling due after more than one year	20	(15,375)	(40,726)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	21	(16,120)	(26,571)
Provisions	22	<u>(395,474)</u>	<u>(383,583)</u>
		<u>(411,594)</u>	<u>(410,154)</u>
<b>NET ASSETS</b>		<u>5,431,642</u>	<u>5,888,760</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital presented as equity	23	20,066	30,100
Capital redemption reserve	24	10,034	-
Profit and loss account	24	<u>5,401,542</u>	<u>5,858,660</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>5,431,642</u>	<u>5,888,760</u>

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



D L Ellicott

**3 December 2020**

The notes on pages 17 to 41 form part of these financial statements.

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**RAPIDROP GLOBAL LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Called-up share capital £</b>	<b>Capital redemption reserve £</b>	<b>Foreign exchange reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2018</b>	30,100	-	(8,420)	5,070,707	5,092,387
Profit for the year	-	-	-	1,018,863	1,018,863
Exchange difference on consolidation	-	-	<u>20,939</u>	-	<u>20,939</u>
<b>At 31 December 2018</b>	30,100	-	12,519	6,089,570	6,132,189
Redemption of shares	(10,034)	10,034	-	(1,206,000)	(1,206,000)
Profit for the year	-	-	-	1,168,023	1,168,023
Exchange difference on consolidation	-	-	<u>(35,717)</u>	-	<u>(35,717)</u>
<b>At 31 December 2019</b>	<u>20,066</u>	<u>10,034</u>	<u>(23,198)</u>	<u>6,051,593</u>	<u>6,058,495</u>

The notes on pages 17 to 41 form part of these financial statements.

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**RAPIDROP GLOBAL LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY**

	<b>Called-up share capital £</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2018</b>	30,100	-	4,950,793	4,980,893
<b>Profit for the year</b>	<u>-</u>	<u>-</u>	<u>907,867</u>	<u>907,867</u>
<b>At 31 December 2018</b>	30,100	-	5,858,660	5,888,760
<b>Redemption of shares</b>	(10,034)	10,034	(1,206,000)	(1,206,000)
<b>Profit for the year</b>	<u>-</u>	<u>-</u>	<u>748,882</u>	<u>748,882</u>
<b>At 31 December 2019</b>	<u>20,066</u>	<u>10,034</u>	<u>5,401,542</u>	<u>5,431,642</u>

The notes on pages 17 to 41 form part of these financial statements.

## RAPIDROP GLOBAL LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Notes		
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,168,023	1,018,863
<b>Adjustments for:</b>		
Amortisation of intangible fixed assets	6,356	7,842
Depreciation of tangible fixed assets	212,228	169,290
Gain on disposal of tangible fixed assets	(1,396)	-
Interest payable	72,215	45,706
Interest receivable	(2,882)	(15,871)
Taxation charge	252,862	224,672
Movement in stocks	147,687	(2,140,528)
Movement in debtors	644,707	1,012,913
Movement in creditors	(993,810)	305,989
Increase in provisions	11,891	195,949
Foreign exchange	(35,718)	20,939
Income taxes paid	(296,890)	(98,617)
<b>Net cash generated from operating activities</b>	<u>1,185,273</u>	<u>747,147</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(72,958)	(132,514)
Purchase of intangible fixed assets	-	(8,420)
Proceeds from sale on tangible fixed assets	3,136	-
Interest received	<u>2,882</u>	<u>15,871</u>
<b>Net cash used in investing activities</b>	<u>(66,940)</u>	<u>(125,063)</u>
<b>Cash flows from financing activities</b>		
Redemption of shares (including costs of redemption)	(1,206,000)	-
Repayment of finance lease obligations	(30,978)	(45,232)
Interest paid	(69,513)	(43,675)
Hire purchase interest paid	<u>(2,702)</u>	<u>(2,031)</u>
<b>Net cash used in financing activities</b>	<u>(1,309,193)</u>	<u>(90,938)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(190,860)	531,146
<b>Cash and cash equivalents at beginning of year</b>	<u>1,809,267</u>	<u>1,313,906</u>
Foreign exchange movement on cash and cash equivalents	<u>85,574</u>	<u>(35,785)</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,703,981</u>	<u>1,809,267</u>

The notes on pages 17 to 41 form part of these financial statements.

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **1. GENERAL INFORMATION**

Rapidrop Global Limited is a limited liability company incorporated in England and Wales. The address of its registered office is Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA. The principal activities of the Group during the financial year were the manufacture, sale and distribution of fire sprinklers and ancillary fire prevention equipment and the distribution of industrial fasteners, construction sealants and hardware to the window and door industries.

#### **2. STATEMENT OF COMPLIANCE**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **3.1 Basis of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

In accordance with Section 408 of the Companies Act 2006, the Company has taken advantage of the exemption allowed from presenting its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Company for the year was £748,882 (2018: £907,867).

The directors have considered the impact of Covid-19 subsequent to the year end in assessing the Group's ability to continue as a going concern, as disclosed in Note 33 to the financial statements.

##### **3.2 Basis of consolidation**

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### 3.2 Basis of consolidation (*continued*)

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the Consolidated Statement of Comprehensive Income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation

##### 3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions.

The Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the Company's cash flows;
- ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraph 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

##### 3.4 Foreign currency translation

###### *Functional and presentation currency*

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in GBP ("Sterling") which is also the functional currency of the Company.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### 3.4 Foreign currency translation (*continued*)

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of 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 translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transaction took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 3.5 Turnover

Turnover is recognised to the extent that it is probable that economic benefits will flow to the Group and the turnover can be reliably measured. Turnover 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 for turnover:

###### *Sale of goods*

Turnover from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs are incurred or to be incurred in respect of the transaction can be measured reliably.

##### 3.6 Research and development

All research and development expenditure is written off in the Statement of Comprehensive Income as incurred.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### 3.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on 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.

##### 3.8 Interest income

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

##### 3.9 Finance costs

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

##### 3.10 Pensions

###### *Defined contribution pension plans*

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the scheme are held separately from the Group in independently administered funds.

##### 3.11 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

##### 3.12 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item of income and expense is 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.

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

##### **3.12 Taxation (*continued*)**

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted, or substantively enacted, by the reporting date in countries where the Company and the Group operate and generate income.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the financial year and based on the tax consequence that will follow from the manner in which the Company expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

##### **3.13 Tangible fixed assets**

Tangible fixed assets 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis;

Leasehold improvements	-	over the life of the lease
Plant and machinery	-	3-5 years straight-line
Motor vehicles	-	25% reducing balance

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

##### **3.14 Trademarks**

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over their estimated useful lives of 5 years.

##### **3.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated provision for impairment.

##### **3.16 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. Cost is the purchase price including all taxes, duties, transport costs, handling costs, insurance and finance charges directly incurred in bringing stock to its present location and condition.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

##### **3.17 Debtors**

Short term debtors are measured at transaction price, less any provision for impairment.

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

##### **3.18 Cash and cash equivalents**

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

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

##### **3.19 Creditors**

Short term creditors are measured at the transaction price.

##### **3.20 Financial instruments**

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

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

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

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

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### 3.20 Financial instruments (*continued*)

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

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

##### 3.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the Consolidated Statement of Comprehensive Income as they arise.

##### *Contingencies*

Contingent liabilities, arising as a result of past events, are recognised when it is probable that there will be an outflow of resources and the amount can be reliably measured at the reporting date. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised and are only disclosed in the financial statements when an outflow of economic benefits is probable.

##### 3.22 Share capital

The ordinary share capital of the Company is presented as equity.

##### 3.23 Related party transactions

The Group and the Company have taken advantage of the exemption available under Section 33 of FRS 102 and not disclosed transactions entered into between wholly owned members of the Group.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 4. JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### 4.1 *Critical accounting estimates and judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the amounts recognised in the financial statements.

##### *Recognition of provisions and contingencies*

Judgement is exercised by management to distinguish between provisions and contingencies.

##### 4.2 *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next reporting year:

##### *Depreciation and amortisation*

Intangible and tangible fixed assets are depreciated or amortised over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, maintenance programmes and management considerations. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. Details on intangible and tangible fixed assets can be found in Notes 13 and 14.

##### *Impairment of debtors*

Allowance is made for specific customers' accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. Details on debtors can be found in Note 17.

##### *Stock provisions and valuation*

Stock provisions include provision for obsolete, slow moving and defective items and also takes into account the results from stock counts and any expected write-down between the estimated net realisable value and original cost. Net realisable value represents the estimated selling price less estimated costs of completion and costs of disposal. Details on stocks can be found in Note 16.

##### *Provisions*

Provision is made for dilapidation costs in respect of properties leased by the Group based on the directors' best estimate of the costs that will be incurred to return those properties to the condition they were in when they were first occupied where there is a contractual requirement to do so. The timing of the cash flows and the discount rate used to establish the net present value of such provision also requires director's judgement. Details on provisions can be found in Note 22.

## RAPIDROP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>5. TURNOVER</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Rapidrop – fire prevention products	20,056,838	18,675,413
IFI – sealants and other hardware	<u>5,854,104</u>	<u>6,009,224</u>
	<u>25,910,942</u>	<u>24,684,637</u>
Analysis of turnover by country of destination is as follows:	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
United Kingdom	10,849,210	10,100,458
Rest of Europe	10,553,039	9,674,646
Rest of the world	<u>4,508,693</u>	<u>4,909,533</u>
	<u>25,910,942</u>	<u>24,684,637</u>
<b>6. OPERATING PROFIT</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging/(crediting):		
Research & development charged as an expense	361,003	255,399
Depreciation of tangible fixed assets	212,228	169,289
Amortisation of intangible fixed assets	6,356	7,842
Other operating lease rentals	502,523	486,942
Exchange differences	<u>(429,015)</u>	<u>(224,284)</u>
<b>7. AUDITORS' REMUNERATION</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>35,500</u>	<u>24,800</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation advisory services	6,000	3,650
Non audit services	<u>2,000</u>	<u>1,750</u>
	<u>8,000</u>	<u>5,400</u>

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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<b>8. INTEREST PAYABLE AND SIMILAR EXPENSES</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank and other interest payable	69,513	43,675
Hire purchase interest payable	<u>2,702</u>	<u>2,031</u>
	<u>72,215</u>	<u>45,706</u>

<b>9. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<u>2,882</u>	<u>15,871</u>

**10. EMPLOYEES AND STAFF COSTS**

Staff costs, including directors' remuneration were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,144,271	2,954,168
Social security costs	274,846	260,018
Cost of defined contribution scheme	<u>136,642</u>	<u>103,417</u>
	<u>3,555,759</u>	<u>3,317,603</u>

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Administration	83	83
Production	<u>21</u>	<u>23</u>
	<u>104</u>	<u>106</u>

<b>11. DIRECTORS REMUNERATION</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	838,532	876,336
Company contributions to defined contribution pension scheme	<u>58,350</u>	<u>56,700</u>
	<u>896,882</u>	<u>933,036</u>

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 11. DIRECTORS REMUNERATION (*continued*)

During the year retirement benefits were accruing to 5 directors (2018: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £175,570 (2018: £186,102).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,500 (2018: £14,700).

12. TAXATION	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	174,674	178,841
Adjustments in respect of previous periods	<u>5,358</u>	<u>(310)</u>
	<u>180,032</u>	<u>178,531</u>
Double taxation relief	<u>(11,591)</u>	<u>(9,148)</u>
	<u>168,441</u>	<u>169,383</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	94,628	33,200
Foreign tax in respect of prior periods	<u>230</u>	<u>1,961</u>
	<u>94,858</u>	<u>35,161</u>
<b>Total current tax</b>	<u>263,299</u>	<u>204,544</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(9,662)	22,404
Adjustments in respect of previous periods	<u>(775)</u>	<u>(2,276)</u>
<b>Total deferred tax</b>	<u>(10,437)</u>	<u>20,128</u>
<b>Taxation on profit</b>	<u>252,862</u>	<u>224,672</u>

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 12. TAXATION *(continued)*

##### Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>1,420,885</u>	<u>1,243,535</u>
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 19% (2018 – 19%)	269,968	236,272
Effects of:		
Expenses not deductible for tax purposes	1,679	2,358
Higher rate taxes on overseas earnings	83,266	26,013
Adjustment to tax charge in respect of prior periods	4,583	(2,586)
Other items	11,452	7,339
Current year research and development tax credits	(25,980)	(20,665)
Untaxed (profit) on foreign subsidiaries	<u>(92,106)</u>	<u>(24,059)</u>
Total tax charge for the financial year	<u>252,862</u>	<u>224,672</u>

##### Factors that may affect future tax charges

On 11 March 2020, the Chancellor of the Exchequer announced that the planned reduction in the UK Corporation Tax rate to 17% that was previously enacted to be effective from 1 April 2020 would be cancelled and consequently the Corporation Tax rate remains at the current rate of 19%. This change was substantively enacted on 17 March 2020, after the end of the financial year and so deferred tax balances have been calculated at 17%. Had the 19% rate been applied instead, the Company's closing deferred tax liability would have increased by £1,896.

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**RAPIDROP GLOBAL LIMITED**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**13. INTANGIBLE ASSETS****Group and Company****Trademarks  
£****Cost**

At 1 January 2019

59,260

Additions

—

At 31 December 2019

59,260**Amortisation**

At 1 January 2019

44,329

Charge for the year

6,356

At 31 December 2019

50,685**Net book value**

At 31 December 2019

8,575

At 31 December 2018

14,931

## RAPIDROP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 14. TANGIBLE FIXED ASSETS

<i>Group</i>	<b>Leasehold Improvements</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 December 2019	187,634	1,847,538	81,808	2,116,980
Additions	-	27,823	45,135	72,958
Disposals	-	(34,242)	(17,300)	(51,542)
Exchange adjustments	-	(1,875)	(753)	(2,628)
<b>At 31 December 2019</b>	<b><u>187,634</u></b>	<b><u>1,839,244</u></b>	<b><u>108,890</u></b>	<b><u>2,135,768</u></b>
<b>Depreciation</b>				
At 1 December 2019	25,899	1,482,762	28,723	1,537,384
Charge for the year on owned assets	51,798	119,884	22,299	193,981
Charge for the year on financed assets	-	18,247	-	18,247
Disposals	-	(32,502)	(17,300)	(49,802)
Exchange adjustments	-	(1,589)	(261)	(1,850)
<b>At 31 December 2019</b>	<b><u>77,697</u></b>	<b><u>1,586,802</u></b>	<b><u>33,461</u></b>	<b><u>1,697,960</u></b>
<b>Net Book Value</b>				
At 31 December 2019	<u>109,937</u>	<u>252,442</u>	<u>75,429</u>	<u>437,808</u>
At 31 December 2018	<u>161,735</u>	<u>364,776</u>	<u>53,085</u>	<u>579,596</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Plant and machinery	<u>63,865</u>	<u>128,485</u>

## RAPIDROP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 14. TANGIBLE FIXED ASSETS (CONTINUED)

<i>Company</i>	<b>Leasehold Improvements</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Total</b>
<i>Cost</i>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 31 December 2018	187,634	1,800,280	60,990	2,048,904
Additions	-	22,821	33,758	56,579
Disposals	-	(33,093)	(7,000)	(40,093)
<b>At 31 December 2019</b>	<b><u>187,634</u></b>	<b><u>1,790,008</u></b>	<b><u>87,748</u></b>	<b><u>2,065,390</u></b>
<b>Depreciation</b>				
At 31 December 2018	25,899	1,442,254	8,813	1,476,966
Charge for the year on owned assets	51,798	116,503	17,884	186,185
Charge for the year on financed assets	-	18,247	-	18,247
Disposals	-	(32,081)	(7,000)	(39,081)
<b>At 31 December 2019</b>	<b><u>77,697</u></b>	<b><u>1,544,923</u></b>	<b><u>19,697</u></b>	<b><u>1,642,317</u></b>
<b>Net Book Value</b>				
At 31 December 2019	<u>109,937</u>	<u>245,085</u>	<u>68,051</u>	<u>423,073</u>
At 31 December 2018	<u>161,735</u>	<u>358,026</u>	<u>52,177</u>	<u>571,938</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Plant and machinery	<u>63,865</u>	<u>128,485</u>

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 15. FIXED ASSET INVESTMENTS

Company	Investments in Subsidiary companies £
Cost or valuation	
At 31 December 2018 and 31 December 2019	<u>84,657</u>

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Rapidrop, Inc.	208 S. LaSalle Street, Suite 814, Chicago, IL 60604, United States of America.	Supply of fire sprinklers and ancillary fire equipment	Ordinary	100%
Rapidrop India Private Limited	Level 13, Platinum Techno Park, Plot No. 17/18, Sector 30-A, Vashi, Navi Mumbai – 400 705, India.	Supply of fire sprinklers and ancillary fire equipment	Ordinary	100%
Rapidrop Qatar L.L.C.*	P.O. Box 31453 Doha, Qatar.	Supply of fire sprinklers and ancillary fire equipment	Ordinary	49%
Rapidrop Europe Limited	Block 3, Harcourt Centre, Harcourt Road, Dublin 2, Ireland.	Supply of fire sprinklers and ancillary fire equipment	Ordinary	100%
IFI Limited	Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA, United Kingdom.	Dormant	Ordinary	100%
Rapidrop UK Limited	Units 1-3 Rutland Business Park, Newark Road, Peterborough, Cambridgeshire, PE1 5WA, United Kingdom.	Dormant	Ordinary	100%

## RAPIDROP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 15. FIXED ASSET INVESTMENTS (*continued*)

\* Despite the fact that Rapidrop Global Limited only owns 49% of the share capital of Rapidrop Qatar L.L.C., which is the maximum amount permitted under Qatari law, the Group exercises significant influence over the operations of Rapidrop Qatar L.L.C. and as such this investment is accounted for as a subsidiary rather than an associate. Under a shareholders' agreement dated 30 June 2011 the party that holds the remaining share capital of Rapidrop Qatar L.L.C. has agreed to waive their entitlement to substantially all of any profits that they would ordinarily be entitled to in return for the annual payment of a fixed management charge. Consequently there is no minority interest to be disclosed in respect of Rapidrop Qatar L.L.C.

#### 16. STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finished goods and goods for resale	<u>8,264,774</u>	<u>8,505,357</u>	<u>5,085,999</u>	<u>8,224,823</u>

The replacement cost of stocks does not differ significantly from the amount stated above. Stocks are stated after provision for impairment of £628,898 (2018: £750,307).

Stock recognised during the year as an expense was as follows:

Group: £17,500,871 (2018: £16,927,037); and

Company: £16,376,127 (2018: £15,787,860).

The impairment loss recognised for the year in respect of stocks was as follows:

Group: £125,548 (2018: £290,689); and

Company: £135,680 (2018: £221,073).

#### 17. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Due within one year</b>				
Trade debtors	4,337,729	4,665,974	2,262,690	4,303,345
Amounts owed by Group undertakings	-	-	3,654,100	469,006
Other debtors	60,445	440,370	19,450	245,876
Prepayments and accrued income	132,326	142,015	107,499	136,422
Deferred taxation	-	10	-	-
	<u>4,530,500</u>	<u>5,248,369</u>	<u>6,043,739</u>	<u>5,154,649</u>

The impairment loss recognised for the Group for the year in respect of bad and doubtful debts was £79,905 (2018: £18,959) and for the Company was £40,961 (2018: £18,959).

## RAPIDROP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>18. CASH AT BANK AND IN HAND</b>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>1,703,981</u>	<u>1,809,267</u>	<u>959,627</u>	<u>1,565,168</u>
<b>19. CREDITORS</b>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>Amounts falling due within one-year</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	2,234,625	2,585,678	1,530,240	2,417,288
Other creditors	3,300,973	4,104,803	2,565,820	4,104,801
Amounts due to Group undertakings	-	-	589,789	5,100
Other taxation and social security	264,602	244,216	205,023	240,325
Obligations under finance lease and hire purchase contracts	25,351	30,978	25,351	30,978
Corporation tax	132,095	177,005	97,595	177,005
Accruals and deferred income	<u>2,502,524</u>	<u>2,431,771</u>	<u>1,733,241</u>	<u>2,301,029</u>
	<u>8,460,170</u>	<u>9,574,451</u>	<u>6,747,059</u>	<u>9,276,526</u>

Other creditors includes amounts owed to the Group's bankers in respect of invoice discounting of £1,102,768 (2018 - £2,261,908) which are secured on the book debts of the Group and £2,179,257 (2018 - £1,827,577) owed to the Group's bankers in respect of trade finance which are secured against the underlying assets to which they relate.

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

<b>20. CREDITORS</b>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>Amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases and hire purchase contracts	<u>15,375</u>	<u>40,726</u>	<u>15,375</u>	<u>40,726</u>

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 21. DEFERRED TAXATION

Group	2019 £	2018 £
At beginning of year	(26,561)	(6,275)
Charged to profit or loss	10,437	(20,128)
Movement in foreign exchange	—	(158)
<b>At end of year</b>	<b>(16,124)</b>	<b>(26,561)</b>
Company	2019 £	2018 £
At beginning of year	(26,571)	(9,562)
Charged to profit or loss	10,451	(17,009)
<b>At end of year</b>	<b>(16,120)</b>	<b>(26,571)</b>

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(19,341)	(29,175)	(19,341)	(29,175)
Other timing differences	3,217	2,614	3,221	2,604
	<u>(16,124)</u>	<u>(26,561)</u>	<u>(16,120)</u>	<u>(26,571)</u>
<b>Comprising:</b>				
Asset - included within debtors	-	10	-	-
Included in provisions for liabilities	<u>(16,124)</u>	<u>(26,571)</u>	<u>(16,120)</u>	<u>(26,571)</u>
	<u>(16,124)</u>	<u>(26,561)</u>	<u>(16,120)</u>	<u>(26,571)</u>

At 31 December 2019 the Group had unused tax losses in respect of an overseas subsidiary undertaking amounting to £386,169 (2018 - £441,920) for which no deferred tax asset has been recognised in view of the uncertainty over their recovery.

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 22. PROVISIONS

##### Group and Company

##### Other provisions

	2019 £	2018 £
At beginning of year	383,583	-
Charged to profit or loss	11,891	195,949
Capitalised as leasehold improvements	—	<u>187,634</u>
	<u>395,474</u>	<u>383,583</u>

As part of the Group's property leasing arrangements there is an obligation to return the properties currently leased by the Group to the condition they were in when they were first occupied. The cost recognised in the Consolidated Statement of Comprehensive Income and capitalised as leasehold improvements is a calculation of the cost of returning the properties to their original condition at current values. This calculation was produced following an independent survey of the current condition of the Group's properties in the context of the terms of the applicable lease agreements which expire between 2021 and 2027 and also included obligations which the Group will benefit from during the remainder of the leases and which has been updated.

#### 23. SHARE CAPITAL

##### Group and company

	2019 £	2018 £
Allotted, called up and fully paid		
Ordinary shares of £1.00 each at the beginning of the year	30,100	30,100
Redeemed during the year	<u>(10,034)</u>	—
	<u>20,066</u>	<u>30,100</u>

Called up share capital represents the nominal value of shares that have been issued.

During the year, the Company redeemed and cancelled 10,034 shares of £1.00 each for a consideration of £119.59 per share.

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **24. RESERVES**

##### **Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the Company.

##### **Foreign exchange reserve**

The foreign exchange reserve represents accumulated foreign exchange differences arising from the consolidation of foreign subsidiaries where the Group exercises significant influence over the operations of such subsidiaries during the year and prior periods.

##### **Profit and loss account**

The profit and loss account represents accumulated comprehensive income of the year and prior periods, net of dividends paid and other adjustments.

#### **25. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption available under Section 33.1A of FRS 102 whereby it has not disclosed transactions with wholly owned subsidiary undertakings of the Group.

During the year ended 31 December 2019 and as at 31 December 2018 the Group had the following transactions and balances with Rapidrop Middle East Trading L.L.C. a company under common ownership.

	2019 £	2018 £
Amounts due (to)/ from Rapidrop Middle East Trading L.L.C.	(58,130)	213,183
Sales of fire prevention products	790,409	867,185
Purchase of fire prevention products	<u>(798,946)</u>	<u>1,021,975</u>

The Company also provides short-term funding support to Rapidrop Middle East Trading L.L.C. and included within the amounts due (to)/from Rapidrop Middle East Trading L.L.C. as at the 31 December 2019 was a total of £285,676 (2018 - £170,947) due in respect of such funding. The Company has also borrowed £341,297 (2018 - £Nil) from Rapidrop Middle East Trading L.L.C. as at 31 December 2019. This amount is unsecured and repayable on demand.

Key management personnel represent the directors of the Company as set out in Note 11. They have responsibility for planning, directing and controlling the activities of the Company. Total remuneration in respect of these individuals was £981,756 (2018: £991,952).

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## RAPIDROP GLOBAL LIMITED

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 26. CONTROLLING PARTY

The Company's ultimate controlling parties are Mrs Rebecca Park and Mr Daniel Gill.

#### 27. CONTINGENT LIABILITIES

The Group has given a guarantee dated 25 July 2012 of £50,000 to HM Revenue & Customs in relation to the deferment of the payment of duties, taxes, levies and charges. At 31 December 2019, the amount secured was £5,588 (2018 - £9,669).

Under a debenture dated 26 June 2012 the Group has given a fixed charge over all present leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future and a first floating charge over all assets and undertakings both present and future.

Under a debenture dated 14 August 2019 the Group has also given a first fixed charge over all property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future and a first floating charge over all assets and undertakings both present and future.

#### 28. PENSIONS COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge payable by the Group to the fund amounted to £136,642 (2018: £103,417). Contributions totalling £18,949 (2018: £15,317) were payable to the fund at 31 December 2019 and are included in other creditors.

#### 29. COMMITMENT UNDER OPERATING LEASES

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	476,816	448,610	247,150	405,042
Later than 1 year and not later than 5 years	<u>887,304</u>	<u>531,606</u>	<u>527,584</u>	<u>531,606</u>
	<u>1,364,120</u>	<u>980,216</u>	<u>774,734</u>	<u>936,648</u>

The Group had no other off balance sheet arrangements.

# RAPIDROP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS

The analysis of the carrying amounts of the financial instruments of the Group as required under Section 11 of FRS 102 is as follows:

	Note	Group 2019 £	Group 2018 £
<b>Financial assets (debt instruments measured at amortised cost)</b>			
Trade debtors	17	4,337,729	4,665,974
Other debtors	17	<u>60,445</u>	<u>440,370</u>
		<u>4,398,174</u>	<u>5,106,344</u>
<b>Financial liabilities (measured at amortised cost)</b>			
Trade creditors	19	2,234,625	2,585,678
Other creditors	19	3,300,973	4,104,803
Finance leases	19,20	<u>40,726</u>	<u>71,704</u>
		<u>5,576,324</u>	<u>6,672,185</u>

### 31. RECONCILIATION OF NET DEBT

	1 January 2019 £	Cash flows £	Foreign exchange £	31 December 2019 £
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	<u>1,809,267</u>	<u>(190,860)</u>	<u>85,574</u>	<u>1,703,981</u>
<b>Movement in debt</b>				
Other creditors (invoice discounting and trade finance)	(4,089,485)	786,405	21,055	(3,282,025)
Finance leases	<u>(71,704)</u>	<u>30,978</u>	<u>-</u>	<u>(40,726)</u>
Total	<u>(2,351,922)</u>	<u>626,523</u>	<u>106,629</u>	<u>(1,618,770)</u>

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## **RAPIDROP GLOBAL LIMITED**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **32. PRIOR YEAR COMPARATIVES**

The comparative figures for stock and accruals have been increased by £1,550,151 to include the value of stock in transit at the year end, the liability for which had transferred to the Group at the point that the stock was dispatched.

#### **33. EVENTS SUBSEQUENT TO THE YEAR END**

Subsequent to the year end, the Group is continuing to actively monitor and mitigate the effects of Covid-19 on the business recognising that the pandemic is likely to have an impact on performance for the Group in 2020. While the duration of the pandemic is unknown, the directors are satisfied that all steps are being taken to ensure that the business will continue to trade.

The directors recognise that there are inherent limitations in predicting the future course of the pandemic which leads to uncertainty but, based on the facts and circumstances known at this point in time, they are satisfied that the Company and the Group have the ability to meet their financial obligations as they fall due for the foreseeable future, being at least 12 months from the date of approval of the financial statements, and that it is therefore appropriate to prepare the financial statements on a going concern basis.

#### **34. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors approved these financial statements for issue on 3 December 2020.