

Financial Statements Drew Marine UK Holdings Limited

For the period ended 31 December 2014

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COMPANIES HOUSE

Registered number: 08079257

Drew Marine UK Holdings Limited

Company Information

Directors	T Cessario F Quinn
Registered number	08079257
Registered office	Second Floor 26/33 Building 6000, Langstone Technology Park Langstone Road Havant Hampshire PO9 1SA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Dorset Street Southampton Hampshire SO15 2DP

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Drew Marine UK Holdings Limited

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activities

The company's principal activity is a holding company. The principal activity of its subsidiaries is the sale of marine pyrotechnics.

The group acquired a new subsidiary, Drew Defense Germany GmbH on 27 May 2014.

Going concern

The directors have taken consideration of the continued uncertainties in the economic climate, and the possibility that this could have an adverse impact on the future trading of the group.

But after making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found by contacting the ultimate parent company, Drew Marine Partners LP (US).

Payment policy

Appropriate terms and conditions are negotiated with each of the group's suppliers. These range from standard written terms to individually tailored contracts. Payments are made in accordance with these terms and conditions provided the supplier has complied with them.

Directors

The directors who served during the year were:

T Cessario
F Quinn

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

Drew Marine UK Holdings Limited

Directors' Report

For the year ended 31 December 2014

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 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.

Employee involvement

The group pursues a policy of employee communication and consultation through meetings by which employees are made aware of the progress and performance of the group and the companies in which they work.

The group makes no distinction between disabled and able bodied persons in recruiting, employment and training, career development and promotion, provided that any disability does not make the particular employment impractical or impossible under the stringent Health and Safety and Explosives Acts under which the group operates.

Disclosure of information to auditor


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

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on September 21, 2015 and signed on its behalf.


F Quinn
Director

Group Strategic Report

For the year ended 31 December 2014

Business review

The group's sales have increased by 47% over the prior year following the acquisition of a new subsidiary undertaking registered in Germany, Drew Defence GmbH as part of the group's strategy to grow sales.

Operating profit for the year was £4,787,000 (2013: £3,352,000), with the company paying a dividend of £nil (2013: nil) during the year.

The group's key measurement of the effectiveness of its operations is return on sales. The group achieved a return on sales of 14.1%, which was comparable to the prior year return (2013: 14.4%).

The directors are optimistic for the trading prospects of the business in 2015 and expect to grow the Drew Marine Group as a whole and increase market share where possible. Plans to enter the Leisure market are currently under a feasibility study to ensure growth remains into 2015.

Principal risks and uncertainties

The Drew Marine Group Board is responsible for the Group's systems of internal control and its risk management systems. The Drew Marine Group senior management team meet weekly, to review the key risks associated with the achievement of the annual budget, the five year plan, the top five health and safety risks identified and continued compliance to the rules and regulations of all countries operated in and product is distributed to.

Health and safety risks

Responsibility for the delivery of world class safety standards is an integral part of the operational management accountability and the group's management are therefore expected to embrace a positive safety culture and to demonstrate leadership and commitment in the workplace. Drew Marine Group's stated aim is to achieve zero injuries and to reduce health and safety risks, where they cannot be eliminated altogether, to a level which is "as low as reasonably practicable". Technology and automation roadmaps support the Group's strategy for risk reduction through increased automation and remote operations.

Timing of orders

The majority of the group's contracts are of a relatively short duration and, with the exception of framework contracts with key customers, do not usually cover multi-year requirements. This means that an unmitigated delay in the receipt of key orders could affect earnings. Maximising order intake is therefore a key priority for the company.

Product development

Drew Marine Group's approach to innovation and continued research and development activity ensure that we continually refresh and update our product range. In 2013 development started on increasing the safety of the paraded rocket by replacing a pre-fragmented end cap with a silicon cap on the Comet and Pains Wessex products. The Comet and Pains Wessex Man-Overboard product went through a major redesign to make it more compact and reduce material cost. The new products were available to distribute in 2014.

Drew Marine UK Holdings Limited

Group Strategic Report (continued)

For the year ended 31 December 2014

Economic risks

Fortunately, the group has not been greatly affected by the difficult economic conditions prevailing in many countries around the world and the Board continues to believe that the future prospects for the company are very good. The Board will continue to closely monitor the group's potential exposure to further economic changes.

Financial risks

The group's financing arrangements are included within Drew Marine's overall facilities. Drew Marine UK Holdings Ltd and its subsidiaries are part of a larger group with its ultimate parent entity in the US. This larger group has shared financing arrangements of which Drew Marine UK Holdings Ltd is a party to.

This report was approved by the board on September 21, 2015 and signed on its behalf.



F Quinn
Director



Independent Auditor's Report to the Members of Drew Marine UK Holdings Limited

We have audited the financial statements of Drew Marine UK Holdings Limited for the year ended 31 December 2014, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated Cash flow statement and reconciliation of net cash flow to movement in net funds/debt, the consolidated Statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Drew Marine UK Holdings Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Grant Thornton UK LLP

Amanda James (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Southampton
Date: 25 September 2015

Consolidated Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2		
Continuing operations		28,034,381	23,162,831
Acquisitions		5,980,828	-
		<u>34,015,209</u>	<u>23,162,831</u>
Cost of sales	3	(12,875,455)	(9,663,306)
		<u>21,139,754</u>	<u>13,499,525</u>
Gross profit			
Administrative expenses	3	(16,352,968)	(10,147,468)
		<u>5,652,295</u>	<u>3,352,057</u>
Operating profit	4		
Continuing operations		5,652,295	3,352,057
Acquisitions		(865,509)	-
		<u>4,786,786</u>	<u>3,352,057</u>
Interest payable and similar charges	6	(2,699,214)	(2,554,262)
		<u>2,087,572</u>	<u>797,795</u>
Profit on ordinary activities before taxation			
Tax on profit on ordinary activities	7	(653,756)	(206,259)
		<u>1,433,816</u>	<u>591,536</u>
Profit for the financial year	15		

The notes on pages 12 to 24 form part of these financial statements.

Drew Marine UK Holdings Limited

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2014

	2014	2013
	£	£
Profit for the financial year	1,433,816	591,536
Foreign exchange movements on translation	<u>(1,682,786)</u>	<u>(494,293)</u>
Total recognised gains and losses relating to the year	<u><u>(248,970)</u></u>	<u><u>97,243</u></u>


The notes on pages 12 to 24 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	8		16,699,524		17,609,236
Tangible assets	9		3,655,464		2,575,789
			<u>20,354,988</u>		<u>20,185,025</u>
Current assets					
Stocks	11	6,418,022		4,305,903	
Debtors	12	9,136,820		5,945,235	
Cash in hand		4,434,340		2,844,120	
		<u>19,989,182</u>		<u>13,095,258</u>	
Creditors: amounts falling due within one year	13	(41,116,943)		(33,804,086)	
Net current liabilities			<u>(21,127,761)</u>		<u>(20,708,828)</u>
Total assets less current liabilities			<u>(772,773)</u>		<u>(523,803)</u>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		(772,774)		(523,804)
Shareholders' deficit	16		<u>(772,773)</u>		<u>(523,803)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/09/2015



F Quinn
Director

The notes on pages 12 to 24 form part of these financial statements.

Company Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Investments	10		30,537,913		30,537,913
Current assets					
Debtors	12	2,284,021		1,430,194	
Cash in hand		105,874		235,042	
		<u>2,389,895</u>		<u>1,665,236</u>	
Creditors: amounts falling due within one year	13	<u>(32,956,011)</u>		<u>(29,885,571)</u>	
Net current liabilities			<u>(30,566,116)</u>		<u>(28,220,335)</u>
Total assets less current liabilities			<u>(28,203)</u>		<u>2,317,578</u>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		<u>(28,204)</u>		<u>2,317,577</u>
Shareholders' (deficit)/funds	16		<u>(28,203)</u>		<u>2,317,578</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/09/2015



F Quinn
Director

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	17	2,785,079	2,715,279
Returns on investments and servicing of finance	18	(2,699,214)	(2,554,262)
Taxation		(297,536)	(168,600)
Capital expenditure and financial investment	18	(1,473,475)	(676,809)
Cash outflow before financing		(1,685,146)	(684,392)
Financing	18	3,275,366	(2,590,270)
Increase/(Decrease) in cash in the year		1,590,220	(3,274,662)

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	1,590,220	(3,274,662)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(3,275,366)	2,590,270
Movement in net debt in the year	(1,685,146)	(684,392)
Net debt at 1 January 2014	(26,836,525)	(26,152,133)
Net debt at 31 December 2014	(28,521,671)	(26,836,525)

The notes on pages 12 to 24 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group and company will continue in operational existence for the foreseeable future. The directors are aware of their duty to present a balanced assessment of the group and company's financial position and prospects and in concluding that it is appropriate to adopt the going concern basis they have had regard to the fact that whilst the group has reported a profit of £1,433,816 there are net current liabilities of £21,127,761 at 31 December 2014. The position is not unexpected in the context of the initial costs of acquisition in August 2012.

The group and company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 3.

The group and company are able to meet their day-to-day working capital requirements and the directors believe, with the support of its parent undertaking, that adequate funding will be available to meet liabilities as they fall due. The directors have prepared forecasts covering the next twelve months which are based on prudent market data and past experience, taking account of reasonably foreseeable changes in market conditions and company performance. The parent company has also confirmed the loan facility will not be called upon for repayment for a period of at least 12 months from the date of approval of the financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Drew Marine UK Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover comprises the net value of deliveries made, work completed or services rendered during the period. Turnover is recognised when title passes, or when the right to consideration, in exchange for performance, has been obtained. For bill and hold arrangements revenue is recognised when the risks and rewards are transferred to the customer, typically on formal acceptance. Long-term contracts continue to be accounted for in accordance with SSAP 9 (revised), whereby income is recognised based on the right to consideration over the course of the contract.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Patents are included at cost and amortised on a straight line basis over their useful economic lives.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over 8-10 years
Plant and machinery	-	over 5 years
Motor vehicles	-	over 5 years
Fixtures and fittings	-	over 8-10 years
Computer equipment	-	over 3-5 years

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.11 Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are recognised in the Profit and loss account.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

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

	2014	2013
	£	£
UK	2,701,640	2,239,500
USA	2,293,439	3,420,382
Europe	18,073,772	10,084,109
Australia and far east	6,968,390	5,068,613
Rest of the world	3,977,968	2,350,227
	<u>34,015,209</u>	<u>23,162,831</u>

All turnover arose from one class of business, being the sale of pyrotechnic products..

The whole of the turnover and profit before taxation from continuing activities is attributable to the sale of marine pyrotechnics. The turnover and loss before taxation from acquisitions arose from the sale of specialized pyrotechnic products for military and civil applications.

Notes to the Financial Statements

For the year ended 31 December 2014

3. Analysis of operating profit

	2014 Continuing £	2013 Continuing £
Turnover	34,015,209	23,162,831
Cost of sales	(12,875,455)	(9,663,306)
Gross profit	21,139,754	13,499,525
Administrative expenses	(16,352,968)	(10,147,468)
	<u>4,786,786</u>	<u>3,352,057</u>

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2014 £
Turnover	5,980,828
Cost of sales	(3,172,843)
Gross profit	2,807,985
Administrative expenses	(3,673,494)
Operating (loss)/profit	<u>(865,509)</u>

4. Operating profit

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

	2014 £	2013 £
Amortisation - intangible fixed assets	993,115	940,453
Depreciation of tangible fixed assets:		
- owned by the group	310,397	334,139
Auditor's remuneration	49,500	49,500
Operating lease rentals:		
- other operating leases	70,859	159,768
Difference on foreign exchange	<u>51,071</u>	<u>8,334</u>

During the year, no director received any emoluments (2013 - £NIL).

Notes to the Financial Statements

For the year ended 31 December 2014

5. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	7,508,857	5,465,872
Other pension costs	48,206	176,230
	<u>7,557,063</u>	<u>5,642,102</u>

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

	2014	2013
	No.	No.
Management, marketing and technical	50	31
Manufacturing	126	82
	<u>176</u>	<u>113</u>

6. Interest payable

	2014	2013
	£	£
On loans from group undertakings	<u>2,699,214</u>	<u>2,554,262</u>

7. Taxation

	2014	2013
	£	£
Group corporation tax charge on profit for the year	<u>653,756</u>	<u>206,259</u>

Notes to the Financial Statements

For the year ended 31 December 2014

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 24.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,087,572	797,795
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 24.5%)	448,828	195,460
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	200,940	-
Other timing differences leading to an increase in taxation	3,988	10,799
Current tax charge for the year (see note above)	653,756	206,259

8. Intangible fixed assets

Group	Patents £	Goodwill £	Total £
Cost			
At 1 January 2014	249,598	18,692,070	18,941,668
Additions	64,687	-	64,687
On acquisition of subsidiary	144,534	-	144,534
At 31 December 2014	458,819	18,692,070	19,150,889
Amortisation			
At 1 January 2014	8,411	1,324,021	1,332,432
Charge for the year	58,512	934,603	993,115
On acquisition of subsidiary	125,818	-	125,818
At 31 December 2014	192,741	2,258,624	2,451,365
Net book value			
At 31 December 2014	266,078	16,433,446	16,699,524
At 31 December 2013	241,187	17,368,049	17,609,236

Notes to the Financial Statements

For the year ended 31 December 2014

9. Tangible fixed assets

Group	L/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2014	689,888	1,796,399	78,929	306,467	148,721	3,020,404
Additions	204,661	131,947	-	109,006	66,823	512,437
Disposals	-	-	-	(9,093)	-	(9,093)
On acquisition of subsidiary	4,017,357	1,906,526	-	2,397,689	-	8,321,572
At 31 December 2014	4,911,906	3,834,872	78,929	2,804,069	215,544	11,845,320
Depreciation						
At 1 January 2014	75,249	268,366	12,450	78,187	10,363	444,615
Charge for the year	37,232	175,304	-	92,786	5,075	310,397
On acquisition of subsidiary	3,580,862	1,763,349	-	2,099,726	-	7,443,937
On disposals	-	-	-	(9,093)	-	(9,093)
At 31 December 2014	3,693,343	2,207,019	12,450	2,261,606	15,438	8,189,856
Net book value						
At 31 December 2014	1,218,563	1,627,853	66,479	542,463	200,106	3,655,464
At 31 December 2013	614,639	1,528,033	66,479	228,280	138,358	2,575,789

10. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2014 and 31 December 2014	30,537,913
Net book value	
At 31 December 2014	30,537,913
At 31 December 2013	30,537,913

Details of the principal subsidiaries can be found under note number 24.

Notes to the Financial Statements

For the year ended 31 December 2014

11. Stocks

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Raw materials	2,133,207	1,564,599	-	-
Work in progress	1,496,785	736,257	-	-
Finished goods and goods for resale	2,788,030	2,005,047	-	-
	<u>6,418,022</u>	<u>4,305,903</u>	<u>-</u>	<u>-</u>

12. Debtors

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	4,755,949	4,132,908	-	-
Amounts owed by group undertakings	3,475,992	1,217,796	2,284,021	1,430,194
Other debtors	555,871	392,417	-	-
Prepayments and accrued income	349,008	202,114	-	-
	<u>9,136,820</u>	<u>5,945,235</u>	<u>2,284,021</u>	<u>1,430,194</u>

13. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Loan due to parent undertaking	32,956,011	29,680,645	32,956,011	29,680,645
Trade creditors	4,293,690	1,509,590	-	-
Corporation tax	710,537	354,317	-	-
Other taxation and social security	98,800	279,988	-	-
Other creditors	247,594	124,615	-	-
Accruals and deferred income	2,810,311	1,854,931	-	204,926
	<u>41,116,943</u>	<u>33,804,086</u>	<u>32,956,011</u>	<u>29,885,571</u>

The company received a loan of £32 million in August 2012, from its immediate parent undertaking, for the purchase of its subsidiary undertakings.

The loan is unsecured and has no fixed repayment date. The loan attracts an interest rate of 8.5%.

Notes to the Financial Statements

For the year ended 31 December 2014

14. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

15. Reserves

	Profit and loss account
	£
Group	
At 1 January 2014	(523,804)
Profit for the financial year	1,433,816
Foreign exchange movements on translation	(1,682,786)
	<u>(772,774)</u>
At 31 December 2014	<u>(772,774)</u>

	Profit and loss account
	£
Company	
At 1 January 2014	2,317,577
Loss for the financial year	(830,161)
Foreign exchange movements on translation	(1,515,620)
	<u>(28,204)</u>
At 31 December 2014	<u>(28,204)</u>

Notes to the Financial Statements

For the year ended 31 December 2014

16. Reconciliation of movement in shareholders' deficit

	2014	2013
Group	£	£
Opening shareholders' deficit	(523,803)	(621,046)
Profit for the financial year	1,433,816	591,536
Other recognised gains and losses during the year	(1,682,786)	(494,293)
Closing shareholders' deficit	<u>(772,773)</u>	<u>(523,803)</u>

	2014	2013
Company	£	£
Opening shareholders' funds/(deficit)	2,317,578	(740,021)
(Loss)/profit for the financial year	(830,161)	1,310,089
Other recognised gains and losses during the year/period	(1,515,620)	1,747,510
Closing shareholders' (deficit)/funds	<u>(28,203)</u>	<u>2,317,578</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £830,161 (2013 - £1,310,089).

17. Net cash flow from operating activities

	2014	2013
	£	£
Operating profit	4,786,786	3,352,057
Amortisation of intangible fixed assets	993,115	940,003
Depreciation of tangible fixed assets	310,397	334,139
(Increase)/decrease in stocks	(2,112,119)	153,603
Increase in debtors	(4,874,374)	(2,356,731)
Increase in creditors	3,681,274	292,208
Net cash inflow from operating activities	<u>2,785,079</u>	<u>2,715,279</u>

18. Analysis of cash flows for headings netted in cash flow statement

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest paid	<u>(2,699,214)</u>	<u>(2,554,262)</u>

Notes to the Financial Statements

For the year ended 31 December 2014

18. Analysis of cash flows for headings netted in cash flow statement (continued)

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(64,687)	(220,965)
Intangible fixed assets acquired with subsidiary	(18,716)	-
Purchase of tangible fixed assets	(512,437)	(455,844)
Tangible fixed assets acquired with subsidiary	(877,635)	-
Net cash outflow from capital expenditure	(1,473,475)	(676,809)
	2014 £	2013 £
Financing		
Repayment of loans	-	(2,590,270)
Loan from parent undertaking	3,275,366	-
Net cash inflow/(outflow) from financing	3,275,366	(2,590,270)

19. Analysis of changes in net debt

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	2,844,120	1,590,220	-	4,434,340
Debt:				
Debts due within one year	(29,680,645)	(3,275,366)	-	(32,956,011)
Net debt	(26,836,525)	(1,685,146)	-	(28,521,671)

20. Pension commitments

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

Notes to the Financial Statements

For the year ended 31 December 2014

21. Operating lease commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2014	2013
	£	£
Expiry date:		
Within 1 year	3,603	3,038
Between 2 and 5 years	154,801	142,378
After more than 5 years	95,333	83,597

22. Related party transactions

	31 December 2014	31 December 2014	12 months ended 31 December 2013
	Intra-group charges and interest	Balance due from/(to) Group	Balance due to / (from) Group
	£	£	£
Drew Marine Partners LP	2,612,335	(32,956,011)	29,838,291
Drew Marine Inc. (USA)	-	737,100	(269,440)
Drew Marine Netherlands B.V.	-	-	443,400
Drew Marine Intermediate II B.V.	-	2,284,021	-
Alexander Ryan Marine Safety	-	454,872	-

The Group has taken advantage of the exemption under FRS 8 to exclude transactions with other wholly owned companies in the Drew Marine UK Holdings Limited group of companies.

23. Ultimate parent undertaking and controlling party

The group and company's immediate parent undertaking and controlling party is Drew Marine Intermediate II B.V. The ultimate parent undertaking and controlling party is Drew Marine Partners LP (US).

24. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Drew Marine Signal and Safety UK Limited	England & Wales	100	Marine Pyrotechnics
Drew Marine Signal and Safety Germany GmbH (*)	Germany	100	Marine Pyrotechnics
Drew Marine Signal and Safety Spain SL	Spain	100	Marine Pyrotechnics
Drew Marine Signal and Safety Australia Pty Limited	Australia	100	Marine Pyrotechnics

Notes to the Financial Statements

For the year ended 31 December 2014

24. Principal subsidiaries (continued)

Company name	Country	Percentage Shareholding	Description
Drew Defense Germany GmbH (*)	Germany	100	Specialized pyrotechnic products for military and civil applications
Drew Marine Germany Holdings GmbH (*)	Germany	100	Intermediate holding company

* Owned by Drew Marine Signal and Safety UK Limited