

Registered number: 08079257

DREW MARINE UK HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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DREW MARINE UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	T Cessario F W Quinn
Registered number	08079257
Registered office	First Floor 26/33 Building 6000, Langstone Technology Park Langstone Road Havant Hampshire PO9 1SA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth SO16 7QJ

DREW MARINE UK HOLDINGS LIMITED

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DREW MARINE UK HOLDINGS LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The strategic report for the year ended 31 December 2017 is set out below.

Business review

As shown in the group's profit and loss account, sales increased by 20.4% over the prior year following the acquisition of two new subsidiary undertakings in the year, United Moulders Limited, a company registered in England and Wales, and Skytrac Systems Limited, a company registered in Canada.

Operating profit for the year was £1,264,058 (2016: £1,367,425), with the company paying a dividend of £nil (2016: £nil) during the year.

The group's key measurement of the effectiveness of its operations is return on sales. The company achieved a return on sales of 2.8% (2016: 3.6%).

The directors remain optimistic for the trading prospects of the business in 2018 and expect to grow the Drew Marine Group as a whole and increase market share where possible despite as the issue affecting earlier years with the availability of Linethrowing Rockets now being resolved.

DREW MARINE UK HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The Drew Marine Group Board is responsible for the Group's system of internal control and its risk management systems. The Drew Marine senior management team meet weekly, to review the key risks associated with the achievement of the annual budget, 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 ensures the product range is continually refreshed and updated. In 2017 the new fully automated hand flare production line in Wescom Signal and Rescue Germany was completed, and is now operating at full capacity which reduces cost in the product and safety to the end user and production staff. The day and night product has been redesigned to further increase safety and will be in operation in 2018. The introduction of a new non Solas Aurora aimed at the local leisure market was well received in 2017 with sales significantly over the budgeted expectations.

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 group are very good. The worldwide decline in the commercial marine market due to the slowing of the oil and gas industry has been felt but growth in the liferaft business has gone some way to compensate for this. The Board will continue to closely monitor the group's potential exposure to further economic changes.

Exceptional items

A decision was taken in 2017 to rename the previous Drew Marine Signal and Safety businesses to Wescom Signal and Rescue. This has produced some costs which will also affect 2018.

Financial risks

The group's financing arrangements are included within Drew Marine's overall facilities. Drew Marine UK Holdings Limited 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.

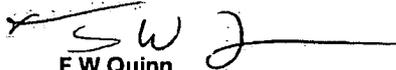
Financial key performance indicators

The key performance indicators measured by the group have been noted above in the business review.

DREW MARINE UK HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

This report was approved by the board on *September 27, 2018* and signed on its behalf.


F W Quinn
Director

DREW MARINE UK HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The company's principal activity is a holding company. The principal activity of its subsidiaries is the sale of marine pyrotechnics and the design and manufacture of maritime and land terrestrial/satellite communications products used in the Search and Rescue ecosystem.

Results and dividends

The loss for the year, after taxation, amounted to £1,209,701 (2016: loss £1,553,756).

No dividend was paid during the year (2016: £Nil).

Directors

The directors who served during the year were:

T Cessario
F W Quinn

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgements 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.

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 to 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.

DREW MARINE UK HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Going concern

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

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).

Matters covered in the strategic report

Key performance indicators, future developments and a business review for the year ended 31 December 2017 are disclosed in the Strategic Report as required by s414C(11).

Post balance sheet events

On 23 April 2018, the ultimate parent company, entered into an agreement to purchase Flight Data Systems, based in Melbourne, Australia. Flight Data Systems provides flight data management services and related hardware. The purchase price consists on fixed consideration of \$30 million AUD, and contingent consideration of up to a maximum of \$13 million AUD, payable over three years.

The ownership of the Australia and UK based companies of Flight Data Systems have since been transferred to Drew Marine UK Holdings Limited.

No other post balance sheet events have been identified.

Disclosure of information to auditor

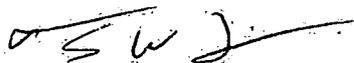
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is 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 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 27, 2018* and signed on its behalf.



F W Quinn
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED

Opinion

We have audited the financial statements of Drew Marine UK Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and the related notes, 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 of the parent Company's affairs as at 31 December 2017 and of the Group's loss 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.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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's or the 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 AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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 the 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 the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 or the Directors' report.

Matters on which we are required to report by exception

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 AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.


Grant Thornton UK LLP

Amanda James
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Southampton
Date: 27 September 2018

DREW MARINE UK HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	45,348,360	37,672,856
Cost of sales		(20,692,777)	(14,271,652)
Gross profit		24,655,583	23,401,204
Administrative expenses		(24,933,837)	(22,033,779)
Other operating income		1,542,312	-
Operating profit	6	1,264,058	1,367,425
Interest receivable and similar income	9	128,601	-
Interest payable and expenses	10	(1,848,643)	(1,586,857)
Loss before taxation		(455,984)	(219,432)
Tax on loss	11	(753,717)	(1,334,324)
Loss for the financial year		(1,209,701)	(1,553,756)
Foreign exchange movements on translation		4,684,220	2,745,370
Other comprehensive income for the year		4,684,220	2,745,370
Total comprehensive income for the year		3,474,519	1,191,614
Loss for the year attributable to:			
Owners of the parent Company		(1,209,701)	(1,553,756)

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated profit and loss account.

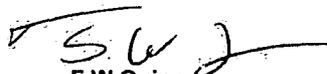
The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED
REGISTERED NUMBER:08079257

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	53,859,669	18,087,074
Tangible assets	14	5,436,502	4,478,056
		<u>59,296,171</u>	<u>22,565,130</u>
Current assets			
Stocks	16	6,992,581	5,275,947
Debtors: amounts falling due within one year	17	12,635,448	9,070,365
Cash at bank and in hand		4,417,951	4,182,834
		<u>24,045,980</u>	<u>18,529,146</u>
Creditors: amounts falling due within one year	18	(75,068,411)	(40,996,884)
Net current liabilities		<u>(51,022,431)</u>	<u>(22,467,738)</u>
Net assets		<u>8,273,740</u>	<u>97,392</u>
Capital and reserves			
Called up share capital	22	4,701,830	1
Profit and loss account	21	3,571,910	97,391
		<u>8,273,740</u>	<u>97,392</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
September 27, 2018


F W Quinn
Director

The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED
REGISTERED NUMBER:08079257

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	15	71,797,886	35,074,217
Current assets			
Debtors: amounts falling due within one year	17	582,067	1,171,847
Cash at bank and in hand		256,198	180,685
		<u>838,265</u>	<u>1,352,532</u>
Creditors: amounts falling due within one year	18	(67,211,698)	(34,842,244)
Net current liabilities		(66,373,433)	(33,489,712)
Net assets		<u>5,424,453</u>	<u>1,584,505</u>
Capital and reserves			
Called up share capital	22	4,701,830	1
Profit and loss account brought forward		1,584,504	302,116
Loss for the year		(861,881)	1,282,388
Profit and loss account carried forward		722,623	1,584,504
		<u>5,424,453</u>	<u>1,584,505</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
September 27, 2018


F W Quinn
Director

The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1	97,391	97,392
Loss for the year	-	(1,209,701)	(1,209,701)
Foreign exchange movements on translation	-	4,684,220	4,684,220
Shares issued during the year	4,701,829	-	4,701,829
At 31 December 2017	4,701,830	3,571,910	8,273,740

The notes on pages 16 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1	(1,094,223)	(1,094,222)
Loss for the year	-	(1,553,756)	(1,553,756)
Foreign exchange movements on translation	-	2,745,370	2,745,370
At 31 December 2016	1	97,391	97,392

The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1	1,584,504	1,584,505
Loss for the year	-	(861,881)	(861,881)
Shares issued during the year	4,701,829	-	4,701,829
At 31 December 2017	4,701,830	722,623	5,424,453

The notes on pages 16 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1	302,116	302,117
Profit for the year	-	1,282,388	1,282,388
At 31 December 2016	1	1,584,504	1,584,505

The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(1,209,701)	(1,553,756)
Adjustments for:		
Amortisation of intangible assets	2,047,916	1,503,494
Depreciation of tangible assets	923,826	753,032
Loss on disposal of tangible assets	-	184
Interest paid	1,848,643	1,586,857
Interest received	(128,601)	-
Taxation charge	753,717	1,471,448
(Increase) in stocks	(1,716,634)	(771,861)
(Increase) in debtors	(3,427,362)	(1,351,458)
Increase in creditors	352,890	1,394,122
Corporation tax (paid)	(471,736)	(1,514,230)
Foreign exchange movements on translation	4,811,202	2,206,843
Net cash generated from operating activities	<u>3,784,160</u>	<u>3,724,675</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(37,789,081)	(1,178,430)
Purchase of tangible fixed assets	(999,463)	(1,266,326)
Purchase of tangible fixed assets on acquisition	(1,041,227)	-
Interest received	128,601	-
Net cash from investing activities	<u>(39,701,170)</u>	<u>(2,444,756)</u>

DREW MARINE UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from financing activities		
Issue of ordinary shares	4,701,829	-
Other new loans	33,298,941	196,186
Interest paid	(1,848,643)	(1,586,857)
Net cash used in financing activities	<u>36,152,127</u>	<u>(1,390,671)</u>
Net increase/(decrease) in cash and cash equivalents	235,117	(110,752)
Cash and cash equivalents at beginning of year	4,182,834	4,293,586
Cash and cash equivalents at the end of year	<u>4,417,951</u>	<u>4,182,834</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>4,417,951</u>	<u>4,182,834</u>

The notes on pages 16 to 39 form part of these financial statements.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Drew Marine UK Holdings Limited is a limited liability company incorporated in England and Wales. The registered office is First Floor 26/33 Building 6000, Langstone Technology Park, Langstone Road, Havant, Hampshire, PO9 1SA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The parent has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Drew Marine Intermediate II B.V. as at 31 December 2017 and these financial statements may be obtained from Pesetastraat 5, 2991 Xt Barendrecht, Netherlands.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 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 the group has reported a loss of £1,209,701 and there are net current liabilities of £51,022,431 at 31 December 2017.

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 1. 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.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of 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 revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long 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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated profit and loss account.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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.

2.13 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 present value of the 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 arrangements of a short-term instrument constitute 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 the future cash flow 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 determined under the contract.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions 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.

2.16 Finance costs

Finance costs are charged to the Consolidated profit and loss account 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.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan 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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The preparation of these financial statements requires management to note judgements and estimates that affect the reported amount of assets and liabilities at the balance sheet date and the reported profits during the financial year.

The following judgements and estimates have been made in these financial statements:

Useful economic life of intangible assets

Management have provided in these financial statements the estimated life of the acquired intangible assets and Goodwill.

Useful economic life of tangible assets

Management have provided in these financial statements the estimated residual value and useful economic life of tangible fixed assets.

Provision for doubtful debts

Management have provided in these financial statements the estimated allowance for doubtful debts.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

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

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	10,950,566	6,250,039
Rest of Europe	9,785,891	27,650,912
Rest of the World	24,611,903	3,771,905
	<u>45,348,360</u>	<u>37,672,856</u>

5. Other operating income

	2017 £	2016 £
Other operating income	<u>1,542,312</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	923,826	753,032
Amortisation of intangible fixed assets, including goodwill	2,047,916	1,503,494
Exchange differences	758,743	(164,079)
Operating lease rentals	409,859	245,338
	<u>409,859</u>	<u>245,338</u>

During the year, no director received any emoluments (2016: £nil).

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>129,402</u>	<u>121,220</u>

Auditor's remuneration for the company was £22,500 (2016: £17,000).

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Employees

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

	Group 2017 £	Group 2016 £
Wages and salaries	7,699,680	7,534,117
Social security costs	1,280,601	1,343,644
Cost of defined contribution scheme	228,705	55,567
	<u>9,208,986</u>	<u>8,933,328</u>

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

	2017 No.	2016 No.
	<u>196</u>	<u>196</u>

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>128,601</u>	<u>-</u>

10. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	115,585	-
Loans from group undertakings	1,733,058	1,586,857
	<u>1,848,643</u>	<u>1,586,857</u>

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	<u>891,439</u>	<u>1,471,448</u>
Deferred tax		
Origination and reversal of timing differences	<u>(137,722)</u>	<u>(137,124)</u>
Taxation on profit on ordinary activities	<u>753,717</u>	<u>1,334,324</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(455,984)</u>	<u>(219,432)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<u>(87,777)</u>	<u>(43,886)</u>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	611,936	369,569
Capital allowances for year in excess of depreciation	(4,515)	(6,269)
Other timing differences leading to an increase (decrease) in taxation	371,795	1,157,652
Tax losses brought forward	-	(5,618)
Deferred taxation	<u>(137,722)</u>	<u>(137,124)</u>
Total tax charge for the year	<u>753,717</u>	<u>1,334,324</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £861,881 (2016: *profit* £1,282,388).

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Intangible assets

Group and Company

	Patents £	Goodwill £	Trade names & trademarks £	Developed technology £	Total £
Cost					
At 1 January 2017	1,626,780	21,787,481	-	-	23,414,261
Additions	16,534	30,893,571	2,552,148	4,326,828	37,789,081
Disposals	(17,967)	-	-	-	(17,967)
Foreign exchange movement	222,655	-	-	-	222,655
At 31 December 2017	<u>1,848,002</u>	<u>52,681,052</u>	<u>2,552,148</u>	<u>4,326,828</u>	<u>61,408,030</u>
Amortisation					
At 1 January 2017	683,455	4,643,732	-	-	5,327,187
Charge for the year	232,842	1,706,692	26,268	82,114	2,047,916
On disposals	(17,967)	-	-	-	(17,967)
Foreign exchange movement	191,225	-	-	-	191,225
At 31 December 2017	<u>1,089,555</u>	<u>6,350,424</u>	<u>26,268</u>	<u>82,114</u>	<u>7,548,361</u>
Net book value					
At 31 December 2017	<u>758,447</u>	<u>46,330,628</u>	<u>2,525,880</u>	<u>4,244,714</u>	<u>53,859,669</u>
At 31 December 2016	<u>943,325</u>	<u>17,143,749</u>	<u>-</u>	<u>-</u>	<u>18,087,074</u>

DREW MARINE UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Tangible fixed assets

Group

	Long term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 January 2017	4,765,044	5,834,561	78,929	3,194,840	327,419
Additions	103,245	688,059	18,200	188,794	1,165
Acquisition of subsidiary	383,390	1,678,746	-	802,525	-
Disposals	(174,539)	(269,519)	-	(132,876)	-
Exchange adjustments	176,596	74,305	-	(12,277)	(202)
At 31 December 2017	<u>5,253,736</u>	<u>8,006,152</u>	<u>97,129</u>	<u>4,041,006</u>	<u>328,382</u>
Depreciation					
At 1 January 2017	3,630,431	3,428,692	37,350	2,553,451	72,813
Charge for the year on owned assets	106,107	590,024	1,820	193,087	32,788
Transfers intra group	224,735	1,019,924	-	578,776	-
Disposals	(174,539)	(269,519)	-	(132,876)	-
Exchange adjustments	126,274	174,183	-	96,607	(225)
At 31 December 2017	<u>3,913,008</u>	<u>4,943,304</u>	<u>39,170</u>	<u>3,289,045</u>	<u>105,376</u>
Net book value					
At 31 December 2017	<u>1,340,728</u>	<u>3,062,848</u>	<u>57,959</u>	<u>751,961</u>	<u>223,006</u>
At 31 December 2016	<u>1,134,613</u>	<u>2,405,869</u>	<u>41,579</u>	<u>641,389</u>	<u>254,606</u>

DREW MARINE UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2017	14,200,793
Additions	999,463
Acquisition of subsidiary	2,864,661
Disposals	(576,934)
Exchange adjustments	238,422
At 31 December 2017	<u>17,726,405</u>
Depreciation	
At 1 January 2017	9,722,737
Charge for the year on owned assets	923,826
Transfers intra group	1,823,435
Disposals	(576,934)
Exchange adjustments	396,839
At 31 December 2017	<u>12,289,903</u>
Net book value	
At 31 December 2017	<u>5,436,502</u>
At 31 December 2016	<u>4,478,056</u>

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Wescom Signal and Rescue UK Limited	Ordinary	100 %	Marine Pyrotechnics
Wescom Signal and Rescue Germany GmbH	Ordinary	100 %	Marine Pyrotechnics
Wescom Signal and Rescue Spain SL	Ordinary	100 %	Marine Pyrotechnics
Wescom Signal and Rescue Australia Pty Limited	Ordinary	100 %	Marine Pyrotechnics
Drew Defense Germany GmbH	Ordinary	100 %	Specialised pyrotechnic products for military and civil applications
Drew Marine Germany Holding GmbH	Ordinary	100 %	Intermediate holding company
Ocean Signal Limited	Ordinary	100 %	Design and production of marine communication products
United Moulders Limited	Ordinary	100 %	Plastic moulding and assembly of components for the sea safety market
Skytrac Systems Limited	Ordinary	100 %	Flight data and communication technology

Name	Registered office
Wescom Signal and Rescue UK Limited	England and Wales
Wescom Signal and Rescue Germany GmbH	Germany
Wescom Signal and Rescue Spain SL	Spain
Wescom Signal and Rescue Australia Pty Limited	Australia
Drew Defense Germany GmbH	Germany
Drew Marine Germany Holding GmbH	Germany
Ocean Signal Limited	England and Wales
United Moulders Limited	England and Wales
Skytrac Systems Limited	Canada

DREW MARINE UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	35,074,217
Additions	36,723,669
At 31 December 2017	<u>71,797,886</u>
Net book value	
At 31 December 2017	<u>71,797,886</u>
At 31 December 2016	<u>35,074,217</u>

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	993,240	2,591	-	-
Finished goods and goods for resale	5,999,341	5,273,356	-	-
	<u>6,992,581</u>	<u>5,275,947</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £15,122,035 (2016: £3,156,960).

An impairment gain of £238,652 (2016: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	9,186,333	4,771,107	-	-
Amounts owed by group undertakings	-	-	582,067	1,171,847
Other debtors	2,883,992	3,820,324	-	-
Prepayments and accrued income	290,277	341,810	-	-
Deferred taxation	274,846	137,124	-	-
	<u>12,635,448</u>	<u>9,070,365</u>	<u>582,067</u>	<u>1,171,847</u>

DREW MARINE UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Loans due to parent undertaking	67,187,429	33,888,488	67,211,698	34,842,244
Trade creditors	2,639,441	2,348,269	-	-
Corporation tax	466,129	46,436	-	-
Taxation and social security	458,925	242,400	-	-
Other creditors	3,092,757	1,471,382	-	-
Accruals and deferred income	1,223,730	2,999,909	-	-
	<u>75,068,411</u>	<u>40,996,884</u>	<u>67,211,698</u>	<u>34,842,244</u>

The majority of the loans due to parent undertaking comprise loans received of £32 million in August 2015; and £35 million in August 2017, from its immediate parent undertaking, for the purchase of subsidiaries.

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

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	4,417,951	4,182,834	256,198	180,685
Financial assets that are debt instruments measured at amortised cost	11,910,027	8,591,431	582,067	1,171,847
	<u>16,327,978</u>	<u>12,774,265</u>	<u>838,265</u>	<u>1,352,532</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(73,765,835)	(40,708,048)	(67,211,696)	(34,842,244)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, loans due to parent undertaking, trade and other creditors and deferred income.

20. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	137,124	-
Charged to profit or loss	137,722	137,124
At end of year	<u>274,846</u>	<u>137,124</u>

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Deferred taxation (continued)

At end of year

The deferred tax asset is made up as follows:

	Group 2017 £	Group 2016 £
Timing differences	<u>274,846</u>	<u>137,124</u>

21. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

22. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
4,701,830 (2016: 1) Ordinary shares of £1 each	<u>4,701,830</u>	<u>1</u>

4,701,829 £1 ordinary shares were issued following the acquisition of Skytrac Systems Limited.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. Business combinations

Acquisition of United Moulders Limited

Drew Marine UK Holdings Limited acquired 100% of the issued share capital of United Moulders Limited on 11 August 2017. The results have been accounted for using acquisition accounting.

	Book value £	Fair value £
Fixed assets		
Tangible	654,488	654,488
	<u>654,488</u>	<u>654,488</u>
Current assets		
Stocks	915,933	915,933
Debtors	666,089	666,089
Cash at bank and in hand	127,023	127,023
	<u>2,363,533</u>	<u>2,363,533</u>
Total assets	2,363,533	2,363,533
Creditors		
Due within one year	(686,948)	(686,948)
	<u>1,676,585</u>	<u>1,676,585</u>
Total identifiable net assets	1,676,585	1,676,585

Consideration of £7,628,113 was paid. Goodwill of £4,751,528 and Other intangibles of £1,200,000 have arisen on the purchase of United Moulders Limited.

The results of United Moulders Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	2,010,762
Profit for the year	415,036

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Acquisition of Skytrac Systems Limited

Drew Marine UK Holdings Limited acquired 100% of the issued share capital of Skytrac Systems Limited on 31 October 2017. The results have been accounted for using acquisition accounting.

	Book value £	Fair value £
Fixed assets		
Tangible	386,741	386,741
Intangible	7,930,711	7,930,711
	<u>8,317,452</u>	<u>8,317,452</u>
Current assets		
Stocks	198,633	198,633
Debtors	2,342,452	2,342,452
Cash at bank and in hand	218,117	218,117
	<u>11,076,654</u>	<u>11,076,654</u>
Total assets	<u>11,076,654</u>	<u>11,076,654</u>
Creditors		
Due within one year	(5,909,875)	(5,909,875)
	<u>5,166,779</u>	<u>5,166,779</u>
Total identifiable net assets	<u>5,166,779</u>	<u>5,166,779</u>

Consideration of £29,095,563 was paid. Goodwill of £18,249,808 and Other intangibles of £5,678,976 have arisen on the purchase of Skytrac Systems Limited.

The results of Skytrac Systems Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	1,508,884
Profit for the year	166,496

24. Pension commitments

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contribution payable are charged to the profit and loss accounts and amounts payable in the year were £228,705 (2016: £55,567). There were contributions outstanding of £7,588 (2016: £nil) at the year end.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

25. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Land and buildings		
Not later than 1 year	351,827	57,943
Later than 1 year and not later than 5 years	664,332	181,114
	<hr/> <hr/>	<hr/> <hr/>
	Group 2017 £	Group 2016 £
Other		
Not later than 1 year	79,166	41,943
Later than 1 year and not later than 5 years	146,055	97,757
	<hr/> <hr/>	<hr/> <hr/>

26. Related party transactions

The group is exempt under FRS 102 paragraph 33.7 from disclosing any transactions or balances between wholly owned group entities that have been eliminated on consolidation.

	Intra-group charges and interest 2017 £	Balance due from/(to) Group 2017 £	Intra-group charges and interest 2016 £	Balance due from/(to) Group 2016 £
Drew Marine Partners LP	1,733,058	(67,187,429)	1,559,154	(33,888,488)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

27. Post balance sheet events

On 23 April 2018, the ultimate parent company, entered into an agreement to purchase Flight Data Systems, based in Melbourne, Australia. Flight Data Systems provides flight data management services and related hardware. The purchase price consists on fixed consideration of \$30 million AUD, and contingent consideration of up to a maximum of \$13 million AUD, payable over three years.

The ownership of the Australia and UK based companies of Flight Data Systems have since been transferred to Drew Marine UK Holdings Limited.

No other post balance sheet events have been identified.

DREW MARINE UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28. 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).

Drew Marine Intermediate II B.V. is the smaller group to consolidate, Drew Marine Partners LP (US) is the largest group to consolidate Drew Marine UK Holdings Limited.