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## Clarke UK Limited

### Report and Financial Statements

31 December 2011

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17/05/2012

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COMPANIES HOUSE

**Directors**

D Petrie  
J Blackwood

**Secretary**

P Loebig

**Auditors**

Ernst & Young LLP  
G1 Building  
5 George Square  
Glasgow G1 2DY

**Bankers**

The Royal Bank of Scotland plc  
37 High Street  
Dumbarton G82 1LX

**Solicitors**

Dundas & Wilson  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EN

**Registered Office**

Unit 1  
Grange Works  
Lomond Road  
Coatbridge ML5 2NN

Registered No. SC081670

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2011.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,117,925 (2010 – profit of £830,804). An ordinary dividend of £7.77 per ordinary share amounting to £500,000 was paid in the year (2010 – £1,000,000). Preference dividends of £7,328 (2010 – £7,328) were also paid during the year.

### **Principal activities and review of the business**

The principal activities of the company throughout the year were to provide diesel engines to the industrial sprinkler and commercial sectors.

We approached 2011 with a quiet confidence that we may be able to further increase our market share by continuing the same strategy that had served us well over the last 4 years. Furthermore the fact that we had also added some new products to our range meant that we could compete in markets that were before out with our capability.

Unfortunately 3 months into the year our major engine supplier experienced production problems which had a negative effect on our performance to the market place which lost us some business, however despite this set back we still managed to improve our market share resulting in an increase of turnover from 2010 of £2.9m

We do not get too complicated in our approach to our business as our aim is simply to improve our products and level of service from year to year. This in its self is a challenge when competition is getting stronger from China and India with product that may be lacking in quality but is considerably less expensive than our own.

Despite this challenge our aim is to grow our markets and in turn increase our business.

The Board of Directors in USA were more than satisfied with our performance in 2011 and we are determined to ensure we keep going forward in 2012.

### **Principal risks and uncertainties**

#### **Competitive risks**

The company is at risk from aggressive pricing and goods delivery strategies from its competitors. The company is focused on cost control and the delivery of high quality products to minimise the impact of this competition.

#### **Legislative risks**

The company is required to comply with all relevant legislation, but in particular covering activities such as standards of health and safety of employees and employment legislation.

#### **Financial risk management**

The company's financial risk management policies are determined by the company's ultimate parent undertaking and controlling party Clarke Power Services Inc. The company's principal financial instruments comprise cash, short term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations. The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the company's financial instruments are liquidity and foreign currency risks. The company has clear policies for managing each of these risks.

## Directors' report

### Directors

The directors who served the company during the year were as follows:

D Petrie  
J Blackwood

### Qualifying third party indemnity provisions for directors

The ultimate parent undertaking of the company maintains liability and indemnity insurance for its directors and officers and for those of its subsidiaries. The provision has been in place throughout the year.

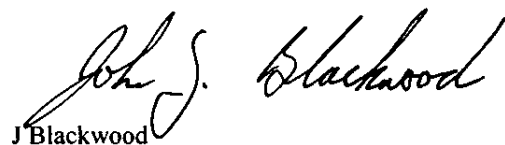
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



J Blackwood  
Director

07th MAY 2012

## Statement of directors' responsibilities

The directors are responsible for preparing 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 profit or loss of the company 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Independent auditors' report**

## **to the members of Clarke UK Limited**

We have audited the financial statements of Clarke UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 21. 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 set out 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. 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report**

**to the members of Clarke UK 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Ernst & Young LLP*

Mark Harvey (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Glasgow

*10 May 2012*

## Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>Turnover</b>	2	16,390,816	13,398,142
Cost of sales		<u>12,609,877</u>	<u>10,156,904</u>
<b>Gross profit</b>		3,780,939	3,241,238
Administration expenses		<u>2,242,873</u>	<u>2,068,916</u>
<b>Operating profit</b>	3	1,538,066	1,172,322
Interest payable and similar charges	6	<u>7,117</u>	<u>6,848</u>
<b>Profit on ordinary activities before taxation</b>		1,530,949	1,165,474
Tax	7	<u>413,024</u>	<u>334,670</u>
<b>Profit for the financial year</b>	16	<u>1,117,925</u>	<u>830,804</u>

All amounts relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 December 2011

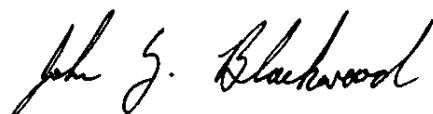
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,117,925 in the year ended 31 December 2011 (2010 – profit of £830,804).



## Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	8	106,281	122,736
Investments	9	2	2
		<u>106,283</u>	<u>122,738</u>
<b>Current assets</b>			
Stocks	10	2,730,561	2,455,734
Debtors	11	3,499,941	2,618,273
Cash at bank and in hand		<u>349,370</u>	<u>413,574</u>
		6,579,872	5,487,581
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,576,197)</u>	<u>(3,114,005)</u>
<b>Net current assets</b>		<u>3,003,675</u>	<u>2,373,576</u>
<b>Total assets less current liabilities</b>		<u>3,109,958</u>	<u>2,496,314</u>
<b>Creditors: amounts falling due after more than one year</b>			
Obligations under finance leases and hire purchase contracts	13	(2,057)	(3,042)
Preference shares	14	(104,680)	(104,680)
<b>Provisions for liabilities</b>	7	<u>(9,837)</u>	<u>(13,133)</u>
<b>Net assets</b>		<u>2,993,384</u>	<u>2,375,459</u>
<b>Capital and reserves</b>			
Called up share capital	15	6,431	6,431
Share premium account	16	153,889	153,889
Other reserves	16	100,000	100,000
Profit and loss account	16	<u>2,733,064</u>	<u>2,115,139</u>
<b>Shareholders' funds</b>	16	<u>2,993,384</u>	<u>2,375,459</u>



J Blackwood  
Director

07th MAY 2012

## Statement of cash flows

for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>Net cash outflow from operating activities</b>	17(a)	856,746	1,228,340
<b>Returns on investments and servicing of finance</b>	17(b)	(7,117)	(6,848)
<b>Taxation</b>	17(b)	(380,763)	(374,630)
<b>Capital expenditure and financial investment</b>	17(b)	(32,171)	(62,854)
<b>Equity dividends paid</b>	17(b)	(500,000)	(1,000,000)
<b>Financing</b>	17(b)	(899)	(1,059)
<b>(Decrease)/increase in cash</b>	17(c)	<u>(64,204)</u>	<u>(217,051)</u>

### Reconciliation of net cash flow to movement in net funds

	Notes	2011 £	2010 £
(Decrease)/increase in cash		(64,204)	(217,051)
Capital element of finance leases and hire purchase contracts		899	1,059
Change in net funds resulting from cash flows	17(c)	(63,305)	(215,992)
New finance leases and hire purchase contracts	17(c)	–	(5,000)
<b>Net funds at 1 January</b>	17(c)	<u>409,633</u>	<u>630,625</u>
<b>Net funds at 31 December</b>	17(c)	<u>346,328</u>	<u>409,633</u>

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Going concern*

The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the director's report.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### *Group financial statements*

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

#### *Tangible fixed assets*

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	over the lease term
Plant and equipment	–	between 12.5% and 25% per annum
Motor vehicles	–	3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in-first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### *Research and development*

Research and development expenditure is written off to the profit and loss account as incurred.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing and hire purchase commitments*

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their estimated useful life. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity of manufacture of bespoke fire protection systems, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2011 £	2010 £
United Kingdom	3,652,443	3,612,744
Rest of World	12,738,373	9,785,398
	<u>16,390,816</u>	<u>13,398,142</u>

## Notes to the financial statements

at 31 December 2011

### 3. Operating profit

This is stated after charging/(crediting):

	2011 £	2010 £
Auditors' remuneration – audit services	15,725	15,725
– non-audit services	8,243	7,805
Depreciation of owned fixed assets	48,626	41,028
Operating lease rentals – plant and machinery	6,663	7,369
– land and buildings	105,000	105,000
Rental income	(10,224)	(10,224)
Research and development expenditure	2,504	400
Net exchange loss/(gain) on normal trading activities	12,529	78,983

### 4. Directors' remuneration

	2011 £	2010 £
Remuneration in respect of qualifying services	139,535	131,606
Company contributions paid to defined contribution pension schemes	5,825	6,210
	No.	No.
Number of directors to which benefits are accruing to under a defined contribution pension scheme	1	1

### 5. Staff costs

	2011 £	2010 £
Wages and salaries	980,053	899,230
Social security costs	106,306	94,566
Other pension costs (note 18)	20,021	20,756
	1,106,380	1,014,552

The average monthly number of employees during the year was made up as follows:

	No.	No.
Administration	15	13
Manufacturing	24	21
	39	34

## Notes to the financial statements

at 31 December 2011

### 6. Interest payable and similar charges

	2011	2010
	£	£
Bank interest received	(537)	(849)
Finance charges payable under finance lease and hire purchase contracts	326	369
3% preference dividend (note 14)	7,328	7,328
	<u>7,117</u>	<u>6,848</u>

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2011	2010
	£	£
<b>Current tax:</b>		
UK corporation tax on the profit for the year	416,320	322,201
Adjustments in respect of previous years	–	–
Total current tax (note 7(b))	<u>416,320</u>	<u>322,201</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences (note 7(c))	(3,053)	12,469
Effect of changes in tax rate on opening liability (note 7(c))	(243)	–
Tax on profit on ordinary activities	<u>413,024</u>	<u>334,670</u>

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below:

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>1,530,949</u>	<u>1,165,474</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	405,701	326,333
<b>Effects of:</b>		
Expenses not deductible for tax purposes	8,155	8,824
Capital allowances in excess of depreciation	(855)	(13,412)
Other timing differences	3,319	456
Adjustments in respect of previous years	–	–
Current tax for the year (note 7(a))	<u>416,320</u>	<u>322,201</u>

## Notes to the financial statements

at 31 December 2011

### 7. Tax (continued)

#### (c) Deferred tax

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

	2011 £	2010 £
Included in provisions for liabilities	(9,837)	(13,133)
Accelerated capital allowances	(13,399)	(13,598)
Other timing differences	3,562	465
	<u>(9,837)</u>	<u>(13,133)</u>
		£
At 1 January 2011		(13,133)
Profit and loss account		3,296
At 31 December 2011		<u>(9,837)</u>

#### (d) Factors that may affect future tax charges

In his Budget speech on 21 March 2012, the Chancellor announced that the main UK corporation tax rate would be reduced from the current rate of 26% to 22%. This change is to be made by way of a 2% reduction to 24% from 1 April 2012, and a further series of 1% annual reductions, resulting in the new rate of 22% from 1 April 2014. The reduction in the corporation tax rate to 24% was substantively enacted on 26 March 2012. The further rate reductions are to be incorporated within future legislative acts and so will not be substantially enacted until later periods. The rate changes will impact the amount of future tax payments to be made by the company.

### 8. Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost:				
At 1 January 2011	366,346	592,718	9,275	968,339
Additions	–	32,171	–	32,171
At 31 December 2011	<u>366,346</u>	<u>624,890</u>	<u>9,275</u>	<u>1,000,510</u>
Depreciation:				
At 1 January 2011	356,324	480,005	9,275	845,604
Provided during the year	3,626	45,000	–	48,626
At 31 December 2011	<u>359,950</u>	<u>525,005</u>	<u>9,275</u>	<u>894,230</u>
Net book value:				
At 31 December 2011	<u>6,396</u>	<u>99,885</u>	<u>–</u>	<u>106,281</u>
At 1 January 2011	<u>10,022</u>	<u>112,714</u>	<u>–</u>	<u>122,736</u>

The net book value of plant and equipment includes an amount of £3,083 (2010 – £4,667) in respect of assets held under finance lease and hire purchase contracts.

## Notes to the financial statements

at 31 December 2011

### 9. Investments

*Subsidiary  
undertakings*  
£

At 1 January 2011 and at 31 December 2011

2

The company owns 100% of the ordinary share capital of Firedriver Diesel Engines Limited. Firedriver Diesel Engines Limited is a dormant company registered in Scotland.

### 10. Stocks

	2011 £	2010 £
Raw materials and consumables	2,376,006	2,135,215
Work in progress	354,555	320,519
	<u>2,730,561</u>	<u>2,455,734</u>

### 11. Debtors

	2011 £	2010 £
Trade debtors	3,162,339	2,362,023
Other debtors	289,932	193,465
Prepayments and accrued income	47,670	62,785
	<u>3,499,941</u>	<u>2,618,273</u>

### 12. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	2,025,575	1,894,100
Amounts owed to parent undertaking	586,129	529,410
Corporation tax	154,830	119,273
Other taxes and social security costs	46,749	46,219
Other creditors	47,761	61,018
Obligations under finance leases and hire purchase contracts (note 13)	985	899
Accruals and deferred income	714,168	463,086
	<u>3,576,197</u>	<u>3,114,005</u>



## Notes to the financial statements

at 31 December 2011

### 13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2011 £	2010 £
Amounts payable:		
Within one year	1,224	1,224
In two to five years	2,244	3,468
	<u>3,468</u>	<u>4,692</u>
Less: finance charges allocated to future periods	426	751
	<u>3,042</u>	<u>3,941</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 12)	985	899
Non-current obligations	2,057	3,042
	<u>3,042</u>	<u>3,941</u>

### 14. Preference shares

		2011 £		2010 £
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
<i>Non-equity share capital:</i>				
Preference shares of £0.10 each	1,046,799	<u>104,680</u>	1,046,799	<u>104,680</u>

The preference shares, which were issued at par, carry a final dividend of 3% above base rate per annum, payable half yearly in arrears on 30 June and 31 December. The dividend rights are cumulative.

The preference shares carry no votes at general meetings unless the dividend thereon is three months or more in arrears, in which event each holder will be entitled to ten votes per 10p share on a poll.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, 10p per share plus any arrears, deficiency or accruals of fixed dividend.

The preference dividend of £7,328 (2010 – £7,328) was paid in the year.

### 15. Issued share capital

		2011 £		2010 £
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £0.10 each	64,313	<u>6,431</u>	64,313	<u>6,431</u>

## Notes to the financial statements

at 31 December 2011

### 16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Shares premium account £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2010	6,431	153,889	100,000	2,284,335	2,544,655
Profit for the year	–	–	–	830,804	830,804
Dividends	–	–	–	(1,000,000)	(1,000,000)
At 1 January 2011	6,431	153,889	100,000	2,115,139	2,375,459
Profit for the year	–	–	–	1,117,925	1,117,925
Dividends	–	–	–	(500,000)	(500,000)
At 31 December 2011	6,431	153,889	100,000	2,733,064	2,993,384

### 17. Notes to the statement of cash flows

#### (a) Reconciliation of operating profit to net cash outflow from operating activities

	2011 £	2010 £
Operating profit	1,538,066	1,172,322
Depreciation	48,626	41,028
Decrease/(increase) in debtors	(881,668)	260,733
Decrease/(increase) in stocks	(274,827)	(779,220)
Increase/(decrease) in creditors	426,549	533,477
Net cash outflow from operating activities	856,746	1,228,340

#### (b) Analysis of cash flows for headings netted in the statement of cash flows

	2011 £	2010 £
Returns on investments and servicing of finance:		
Interest received	537	849
Interest element of finance lease rental payments	(326)	(369)
3% preference dividends	(7,328)	(7,328)
	(7,117)	(6,848)
Taxation:		
Corporation tax paid	(380,763)	(374,630)
Capital expenditure and financial investment:		
Payment to acquire tangible fixed assets	32,171	(62,584)
Equity dividends paid	(500,000)	(1,000,000)
Financing:		
Capital element of finance lease and hire purchase obligations	(899)	(1,059)

## Notes to the financial statements

at 31 December 2011

### 17. Notes to the statement of cash flows (continued)

(c) Analysis of net outflow

	<i>At 1 January 2011 £</i>	<i>Cash flow £</i>	<i>Non cash changes £</i>	<i>At 31 December 2011 £</i>
Cash at bank and in hand	413,574	(64,204)	–	349,370
Finance leases and hire purchase contracts	(3,941)	899	–	(3,042)
	<u>409,633</u>	<u>(63,305)</u>	<u>–</u>	<u>346,328</u>

### 18. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge (note 5) represents contributions payable by the company to the fund and amounted to £20,021 (2010 – £20,756). The unpaid contributions outstanding at the year-end were £2,980 (2010 – £3,062).

### 19. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2011</i>		<i>2010</i>	
	<i>Land and buildings £</i>	<i>Other £</i>	<i>Land and buildings £</i>	<i>Other £</i>
Operating leases which expire:				
Within one year	–	–	–	1,963
In two to five years	105,000	6,263	105,000	4,319
	<u>105,000</u>	<u>6,263</u>	<u>105,000</u>	<u>6,282</u>

## Notes to the financial statements

at 31 December 2011

### 20. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The transactions entered into, and trading balances outstanding at 31 December, are as follows:

<i>Related party</i>	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
	£	£	£	£
Clarke Fire Protection Products Inc.				
Parent undertaking				
2011	20,745	3,460,451	3,751	147,770
2010	53,186	1,946,712	2,560	284,640
Clarke Power Services Inc.				
Ultimate parent undertaking				
2011	—	9,639	—	—
2010	—	41,316	—	—

### 21. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Clarke Fire Protection Products Inc. which is in turn wholly owned by Clarke Power Services Inc, both companies being incorporated in the United States of America. In the opinion of the directors, Clarke Power Services Inc. is the company's ultimate parent undertaking and controlling party.