

Clarke UK Limited

Report and Financial Statements

31 December 2013

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#318

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

Strategic report

The directors present their strategic report and for the year ended 31 December 2013.

Review of the business and future developments

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

The profit for the year, after taxation, amounted to £1,215,914 (2012 – profit of £1,122,519). An ordinary dividend of £1,250,000 was paid in the year (2012 - £nil). Preference dividends of £7,328 (2012 – £7,328) were paid during the year.

As always we had our challenges in the form of increased competition, fluctuating currency rates, and markets where margins were getting squeezed. However we managed to increase our market share. The introduction of the new product lines did come good for us which has allowed us to compete in the larger output side of the Fire Pump business that had previously been out with our ratings. Our turnover from 2012 increased by £1.6 million and our margins also increased from 22.5 to 23.6%.

The engine manufacturers from China, India and South Korea were still trying to make inroads into the Global Fire Pump business and taking into account that the more established Western Companies like Iveco, Deutz, Caterpillar and Cummins were all still pushing for new business it did make the market demanding and pricing very competitive.

Going forward we have new products coming to the market in 2014 and this applied to a non-complacent attitude we will hopefully further develop our markets and in turn increase our business.

The Board of Directors in USA were satisfied with our performance in 2013 and we are aiming to do the same in 2014.

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

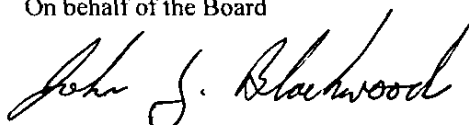
The company is required to comply with all relevant legislation, but in particular covering activities such as standards of health and safety of employees and employment legislation.

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.

On behalf of the Board



J Blackwood
Director
21st August 2014

Registered No. SC081670

Directors' Report

The directors present their report for the year ended 31 December 2013.

Directors

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

D Petrie

J Blackwood

Results and dividends

The profit for the year, after taxation, amounted to £1,215,914 (2012 – profit of £1,122,519). An ordinary dividend of £1,250,000 was paid in the year (2012 – £nil). Preference dividends of £7,328 (2012 – £7,328) were paid during the year.

Future developments

Going forward we have new products coming to the market in 2014 and this applied to a non-complacent attitude we will hopefully further develop our markets and in turn increase our business. The Board of Directors in USA were satisfied with our performance in 2013 and we are aiming to do the same in 2014.

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.

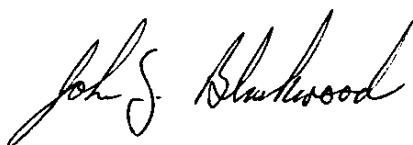
Disclosure of information to the auditors

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

In accordance with section 485, 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

21st August 2014

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 2013 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

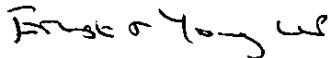
Independent auditors' report

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.



Walter Campbell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

22/8/2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	17,686,254	16,054,506
Cost of sales		<u>(13,505,479)</u>	<u>(12,437,452)</u>
Gross profit		4,180,775	3,617,054
Administration expenses		<u>(2,578,963)</u>	<u>(2,114,980)</u>
Operating profit	3	1,601,812	1,502,074
Interest payable and similar charges	6	<u>(6,379)</u>	<u>(6,707)</u>
Profit on ordinary activities before taxation		1,595,433	1,495,367
Tax	7	<u>(379,519)</u>	<u>(372,848)</u>
Profit for the financial year	16	<u>1,215,914</u>	<u>1,122,519</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2013

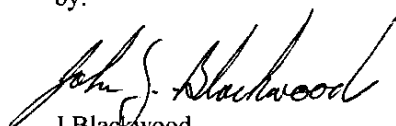
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,215,914 in the year ended 31 December 2013 (2012 – profit of £1,122,519).

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	8	89,501	96,854
Investments	9	2	2
		<u>89,503</u>	<u>96,856</u>
Current assets			
Stocks	10	3,121,572	3,145,199
Debtors	11	3,746,758	2,885,626
Cash at bank and in hand		<u>1,359,105</u>	<u>125,394</u>
		8,227,435	6,156,219
Creditors: amounts falling due within one year	12	<u>(4,126,397)</u>	<u>(2,026,725)</u>
Net current assets		4,101,038	4,129,494
Total assets less current liabilities		4,190,541	4,226,350
Creditors: amounts falling due after more than one year			
Obligations under finance leases and hire purchase contracts	13	-	(978)
Preference shares	14	(104,680)	(104,680)
Provisions for liabilities	7	<u>(4,044)</u>	<u>(4,789)</u>
Net assets		<u>4,081,817</u>	<u>4,115,903</u>
Capital and reserves			
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>3,821,497</u>	<u>3,855,583</u>
Shareholders' funds	16	<u>4,081,817</u>	<u>4,115,903</u>

The financial statements were approved by the Board of Directors on 21/1/14 and were signed on its behalf by:


J Blackwood
Director

Statement of cash flows

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	17(a)	2,938,406	182,424
Returns on investments and servicing of finance	17(b)	(6,379)	(6,707)
Taxation	17(b)	(392,613)	(363,366)
Capital expenditure and financial investment	17(b)	(54,624)	(35,342)
Equity dividends paid	17(b)	(1,250,000)	–
Financing	17(b)	(1,079)	(985)
Increase/(decrease) in cash	17(c)	<u>1,233,711</u>	<u>(223,976)</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2013 £	2012 £
Increase/(decrease) in cash		1,233,711	(223,976)
Capital element of finance leases and hire purchase contracts		1,079	985
Change in net funds resulting from cash flows	17(c)	<u>1,234,790</u>	<u>(222,991)</u>
Net funds at 1 January	17(c)	<u>123,337</u>	<u>346,328</u>
Net funds at 31 December	17(c)	<u>1,358,127</u>	<u>123,337</u>

Notes to the financial statements

at 31 December 2013

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.

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 2013

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:

	2013	2012
	£	£
United Kingdom	3,648,426	3,595,169
Rest of World	14,037,828	12,459,337
	<u>17,686,254</u>	<u>16,054,506</u>

Notes to the financial statements

at 31 December 2013

3. Operating profit

This is stated after charging/(crediting):

	2013 £	2012 £
Auditors' remuneration – audit services	16,981	16,725
– non-audit services	9,900	9,900
Depreciation of owned fixed assets	61,978	44,769
Operating lease rentals – plant and machinery	5,981	5,996
– land and buildings	105,000	105,000
Rental income	(10,224)	(10,224)
Research and development expenditure	9,125	12,057
Net exchange loss on normal trading activities	76,633	17,327

4. Directors' remuneration

	2013 £	2012 £
Remuneration in respect of qualifying services	139,297	143,627
Company contributions paid to defined contribution pension schemes	5,895	5,870
	No.	No.
Number of directors to which benefits are accruing to under a defined contribution pension scheme	1	1

5. Staff costs

	2013 £	2012 £
Wages and salaries	1,107,525	1,069,971
Social security costs	116,904	115,791
Other pension costs (note 18)	36,717	22,145
	1,261,146	1,207,907

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

	No.	No.
Administration	17	15
Manufacturing	30	28
	47	43

Notes to the financial statements

at 31 December 2013

6. Interest payable and similar charges

	2013	2012
	£	£
Bank interest received	(1,094)	(860)
Finance charges payable under finance lease and hire purchase contracts	145	239
3% preference dividend (note 14)	7,328	7,328
	<u>6,379</u>	<u>6,707</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013	2012
	£	£
Current tax:		
UK corporation tax on the profit for the year (note 7(b))	380,264	377,896
Deferred tax:		
Origination and reversal of timing differences (note 7(c))	(745)	(5,048)
Tax on profit on ordinary activities	<u>379,519</u>	<u>372,848</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 23.25% (2012 – 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>1,595,433</u>	<u>1,495,367</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	370,938	366,365
Effects of:		
Expenses not deductible for tax purposes	8,673	6,993
Capital allowances in excess of depreciation	(1,097)	2,847
Other timing differences	2,108	1,691
Adjustments in respect of previous periods	(358)	–
Current tax for the year (note 7(a))	<u>380,264</u>	<u>377,896</u>

Notes to the financial statements

at 31 December 2013

7. Tax (continued)

(c) Deferred tax

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

	2013 £	2012 £
Included in provisions for liabilities	<u>(4,044)</u>	<u>(4,789)</u>
Accelerated capital allowances	(10,087)	(9,654)
Other timing differences	<u>6,043</u>	<u>4,865</u>
	<u>(4,044)</u>	<u>(4,789)</u>
		£
At 1 January 2013		4,789
Profit and loss account		<u>(745)</u>
At 31 December 2013		<u>4,044</u>

(d) Factors that may affect future tax charges

The Finance Act 2013 reduced the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and from 21% to 20% effective from 1 April 2015. The deferred tax liability in the accounts is recognised at 20% as this is the rate at which timing differences are expected to reverse.

Notes to the financial statements

at 31 December 2013

8. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Plant and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2013	380,730	634,858	20,265	1,035,853
Additions	7,645	46,698	282	54,625
Disposals	-	(4,200)	-	(4,200)
At 31 December 2013	<u>388,375</u>	<u>677,356</u>	<u>20,547</u>	<u>1,086,278</u>
Depreciation:				
At 1 January 2013	363,279	566,140	9,580	938,999
Provided during the year	18,320	39,916	3,742	61,978
Disposals	-	(4,200)	-	(4,200)
At 31 December 2013	<u>381,599</u>	<u>601,856</u>	<u>13,322</u>	<u>996,777</u>
Net book value:				
At 31 December 2013	<u>6,776</u>	<u>75,500</u>	<u>7,225</u>	<u>89,501</u>
At 1 January 2013	<u>17,451</u>	<u>68,718</u>	<u>10,685</u>	<u>96,854</u>

The net book value of plant and equipment includes an amount of £978 (2012 – £2,057) in respect of assets held under finance lease and hire purchase contracts.

9. Investments

	<i>Subsidiary undertakings</i>
	£
At 1 January 2013 and at 31 December 2013	<u>2</u>

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

	<i>2013</i>	<i>2012</i>
	£	£
Raw materials and consumables	2,761,491	2,700,106
Work in progress	360,081	445,093
	<u>3,121,572</u>	<u>3,145,199</u>

Notes to the financial statements

at 31 December 2013

11. Debtors

	2013	2012
	£	£
Trade debtors	3,375,341	2,755,375
Other debtors	316,004	77,331
Prepayments and accrued income	55,413	52,920
	<u>3,746,758</u>	<u>2,885,626</u>

12. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	2,353,200	1,255,836
Amounts owed to parent undertaking	674,147	216,626
Corporation tax	157,011	169,360
Other taxes and social security costs	50,311	51,764
Other creditors	58,874	59,161
Obligations under finance leases and hire purchase contracts (note 13)	978	1,079
Accruals and deferred income	831,876	272,899
	<u>4,126,397</u>	<u>2,026,725</u>

13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2013	2012
	£	£
Amounts payable:		
Within one year	978	1,224
In two to five years	-	1,020
	<u>978</u>	<u>2,244</u>
Less: finance charges allocated to future periods	-	187
	<u>978</u>	<u>2,057</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 12)	978	1,079
Non-current obligations	-	978
	<u>978</u>	<u>2,057</u>

Notes to the financial statements

at 31 December 2013

14. Preference shares

	2013		2012	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</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 was paid in the year (2012 – £7,328).

15. Issued share capital

	2013		2012	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £0.10 each	64,313	<u>6,431</u>	64,313	<u>6,431</u>

16. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Shares premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2012	6,431	153,889	100,000	2,733,064	2,993,384
Profit for the year	–	–	–	1,122,519	1,122,519
At 1 January 2013	6,431	153,889	100,000	3,855,583	4,115,903
Profit for the year	–	–	–	1,215,914	1,215,914
Dividends	–	–	–	(1,250,000)	(1,250,000)
At 31 December 2013	<u>6,431</u>	<u>153,889</u>	<u>100,000</u>	<u>3,821,497</u>	<u>4,081,817</u>

Notes to the financial statements

at 31 December 2013

17. Notes to the statement of cash flows

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

	2013	2012
	£	£
Operating profit	1,601,812	1,502,074
Depreciation	61,977	44,769
Increase/(decrease) in debtors	(819,134)	614,315
Increase/(decrease) in stocks	23,627	(414,638)
Increase/(decrease) in creditors	2,070,124	(1,564,096)
Net cash inflow from operating activities	<u>2,938,406</u>	<u>182,424</u>

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

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

	2013	2012
	£	£
Returns on investments and servicing of finance:		
Interest received	1,094	860
Interest element of finance lease rental payments	(145)	(239)
3% preference dividends	(7,328)	(7,328)
	<u>(6,379)</u>	<u>(6,707)</u>
Taxation:		
Corporation tax paid	<u>(392,613)</u>	<u>(363,366)</u>
Capital expenditure and financial investment:		
Payment to acquire tangible fixed assets	<u>(54,624)</u>	<u>35,342</u>
Equity dividends paid	<u>(1,250,000)</u>	<u>—</u>
Financing:		
Capital element of finance lease and hire purchase obligations	<u>(1,079)</u>	<u>(985)</u>

(c) Analysis of net outflow

	At 1 January 2013 £	Cash flow £	At 31 December 2013 £
Cash at bank and in hand	125,394	1,233,711	1,359,105
Finance leases and hire purchase contracts	(2,057)	1,079	(978)
	<u>123,337</u>	<u>1,234,790</u>	<u>1,358,127</u>

Notes to the financial statements

at 31 December 2013

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 £36,717 (2012 – £20,021). The unpaid contributions outstanding at the year-end were £6,841 (2012 – £4,066).

19. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	2013		2012	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
Within one year	–	2,371	–	–
In two to five years	105,000	3,611	105,000	5,996
	<u>105,000</u>	<u>5,982</u>	<u>105,000</u>	<u>5,996</u>

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 2013, are as follows:

	<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>
	£	£	£	£
<i>Related party</i>				
Clarke Fire Protection Products Inc.				
Parent undertaking				
2013	30,565	5,550,601	–	176,485
2012	61,144	555,925	41,998	134,199
Clarke Power Services Inc.				
Ultimate parent undertaking				
2013	–	10,816	–	–
2012	–	11,593	–	–

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.