

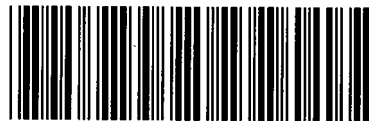
Registered number: SC081670

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Annual report and financial statements

For the year ended 31 December 2017

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Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Company Information

Directors	John Blackwood Dane Petrie
Company secretary	P Loebig
Registered number	SC081670
Registered office	Unit 1 Grange Works Lomond Road Coatbridge ML5 2NN
Independent auditors	Ernst & Young LLP 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

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

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Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Strategic report For the year ended 31 December 2017

Introduction

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

Business review

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 £2,566,387 (2016 – profit of £1,744,085). An ordinary dividend of £1,500,000 was paid in the year (2016 - £nil). Preference dividends of £7,066 (2016 – £7,066) were paid during the year.

Our best year to date by far with an increase in turnover and margin despite the rise in competition globally and the uncertainties of Brexit with its unknown consequences hanging over us. Our turnover of 2016 increased from £29.4 to £34.9m in 2017 with our engine sales increasing to 3,465 up 158 from 2016. Our margin did drop from 25.3% to 24.0% but the increase in sales again ensured we had another profitable year.

The biggest challenge we will face in 2018 will be to continue our rate of growth and maintain our margin. With the main reason for this being our costs are going up with suppliers passing onto us price increases that we are unable to transfer onto our client base due to the competitive pricing we are facing from European and Asia engine manufacturers.

However, specifically we feel we must mention Brexit as being a source of continued uncertainty and the lack of clarity around the Customs Union for example. This is of particular importance to us due to the revenue we generate in the European market.

One major change in 2017 was in our internal operations with the introduction of a new position of General Manager and respective Team to ensure that our growth and continuous improvement would be structured properly to meet the demands of our increasing business and the challenges this brings internally and externally.

We have again been developing new models to our portfolio at both ends of our power range which will allow us to target different market sectors where previously we have had no presence and we are hopeful this will start to show us a return in the last quarter of 18.

The Board of Directors in USA were satisfied with our performance in 2017 and we are aiming to do the same in 2018.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Strategic report (continued)
For the year ended 31 December 2017

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.

This report was approved by the board on 11th June 2018 and signed on its behalf.


John Blackwood
Director

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Directors' report
For the year ended 31 December 2017**

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

Results and dividends

The profit for the year, after taxation, amounted to £2,566,387 (2016 – profit of £1,744,085). An ordinary dividend of £1,500,000 was paid in the year (2016 - £nil). Preference dividends of £7,066 (2016 – £7,066) were paid during the year. The Company changed its name from Clarke UK Limited on 22 August 2017.

Directors

The directors who served during the year were:

John Blackwood
Dane Petrie

Future developments

The biggest threat we face in 2018 will be the increasing cost of our product lines with the inability to increase pricing in a very competitive and complicated market place, this will I am sure, reduce our margins. However, in saying that, our aim is to continue to increase our turnover and continue to grow in new and existing markets. The Board of Directors in USA were satisfied with our performance in 2017 and we are aiming to do the same in 2018.

Going concern

The Company's business activities, a review of the business, together with the factors likely to affect its future developments, its financial position, financial risk management objectives and details of its financial instruments are described in the Strategic Report on page 2.

After making suitable 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.

Qualifying third party indemnity provisions

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 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.

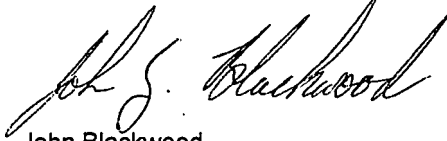
Auditors

Pursuant to section 487 of the Companies Act 2016, the auditor is deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Directors' report (continued)
For the year ended 31 December 2017

This report was approved by the board on 14th June 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'John Blackwood', is written over the printed name.

John Blackwood
Director

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Directors' responsibilities statement
For the year ended 31 December 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Independent auditors' report to the shareholders of Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Opinion

We have audited the financial statements of Clarke Fire Protection Products Limited (formerly Clarke UK Limited) (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows 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 Company's affairs as at 31 December 2017 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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.

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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Independent auditors' report to the shareholders of Clarke Fire Protection Products Limited (formerly Clarke UK Limited) (continued)

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.

Opinion 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 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 5, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Independent auditors' report to the shareholders of Clarke Fire Protection Products Limited (formerly Clarke UK Limited) (continued)

Auditors' 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 Auditors' 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 Auditors' report.

Use of our report

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.

Ernst & Young LLP

Nicola McIntyre (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

5 George Square
Glasgow
G1 2DY

Date: *14th June 2018.*

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Statement of comprehensive income
For the year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	3	34,868,884	29,439,797
Cost of sales		(26,481,629)	(22,060,521)
Gross profit		8,387,255	7,379,276
Administrative expenses		(5,196,180)	(5,188,557)
Operating profit	4	3,191,075	2,190,719
Interest receivable and similar income	7	3,391	4,314
Interest payable and expenses	8	(7,066)	(7,066)
Profit before tax		3,187,400	2,187,967
Tax on profit	9	(621,013)	(443,882)
Profit for the financial year		2,566,387	1,744,085

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

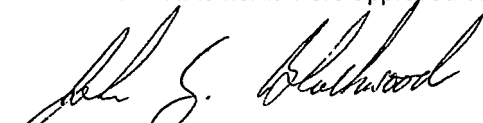
The notes on pages 14 to 28 form part of these financial statements.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)
Registered number:SC081670

Balance sheet
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	349,835	336,613
Investments	12	2	2
		<u>349,837</u>	<u>336,615</u>
Current assets			
Stocks	13	5,447,653	5,234,837
Debtors	14	6,165,799	7,628,535
Cash at bank and in hand	15	2,639,192	1,707,100
		<u>14,252,644</u>	<u>14,570,472</u>
Creditors: amounts falling due within one year	16	(6,041,894)	(7,428,014)
Net current assets		<u>8,210,750</u>	<u>7,142,458</u>
Total assets less current liabilities		<u>8,560,587</u>	<u>7,479,073</u>
Creditors: amounts falling due after more than one year	17	(104,680)	(104,680)
Provisions for liabilities			
Deferred tax	19	(26,733)	(11,606)
Net assets		<u><u>8,429,174</u></u>	<u><u>7,362,787</u></u>
Capital and reserves			
Called up share capital	20	6,431	6,431
Share premium account	21	153,889	153,889
Capital redemption reserve	21	100,000	100,000
Profit and loss account	21	8,168,854	7,102,467
		<u><u>8,429,174</u></u>	<u><u>7,362,787</u></u>

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



John Blackwood
Director

16th June 2018

The notes on pages 14 to 28 form part of these financial statements.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Statement of changes in equity
For the year ended 31 December 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	6,431	153,889	100,000	7,102,467	7,362,787
Comprehensive income for the year					
Profit for the year	-	-	-	2,566,387	2,566,387
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,566,387	2,566,387
Dividends: Equity capital	-	-	-	(1,500,000)	(1,500,000)
Total transactions with owners	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2017	6,431	153,889	100,000	8,168,854	8,429,174

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Statement of changes in equity
For the year ended 31 December 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	6,431	153,889	100,000	5,358,382	5,618,702
Comprehensive income for the year					
Profit for the year	-	-	-	1,744,085	1,744,085
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year					
	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	1,744,085	1,744,085
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	6,431	153,889	100,000	7,102,467	7,362,787
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The notes on pages 14 to 28 form part of these financial statements.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Statement of cash flows**For the year ended 31 December 2017**

	Notes	2017 £	2016 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		3,191,075	2,190,718
Depreciation		71,079	68,836
Decrease/(increase) in debtors		1,462,734	(3,200,796)
Increase in stocks		(212,814)	(319,687)
Decrease/(increase) in creditors		(1,392,235)	2,374,883
Taxation			
Corporation tax paid		(599,771)	(211,156)
		<u>2,520,068</u>	<u>902,798</u>
Net cash inflow from operating activities			
Investing activities			
Interest received		3,391	4,314
Sale of tangible fixed assets		15,163	-
Payments to acquire tangible fixed assets		(99,464)	(122,486)
		<u>(80,910)</u>	<u>(118,172)</u>
Net cash flow from investing activities			
Financing activities			
Interest on preference dividends		(7,066)	(7,066)
Equity dividends paid		(1,500,000)	-
		<u>(1,507,066)</u>	<u>(7,066)</u>
Net cash flow from financing activities			
Increase in cash and cash equivalents		932,092	777,560
Cash and equivalents at 1 January	15	1,707,100	929,540
		<u>2,639,192</u>	<u>1,707,100</u>
Cash and equivalents at 31 December	15	<u>2,639,192</u>	<u>1,707,100</u>

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Notes to the financial statements
For the year ended 31 December 2017**

1. General information

Statement of compliance

Clarke Fire Protection Products Limited is a limited liability Company incorporated in Scotland. The registered office is Unit 1, Grange Works, Lomond Road, Coatbridge, ML5 2NN.

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 financial statements are prepared in sterling which is the functional currency of the Company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 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 strategic and 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.

2.4 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.

Notes to the financial statements
For the year ended 31 December 2017

2. Accounting policies (continued)

2.5 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:

Leasehold improvements	- over the lease term
Plant and machinery	- between 12.5% and 25% per annum
Motor vehicles	- 3 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 Statement of comprehensive income.

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.

2.6 Research and development

Research and development expenditure is written off to the income statement as incurred.

2.7 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.8 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 income statement.

Notes to the financial statements
For the year ended 31 December 2017

2. Accounting policies (continued)

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.11 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.

2.12 Leasing and hire purchase commitments

Assets obtained under finance leases are capitalised in the statement of financial position and are depreciated over their estimated useful life. The interest element of the rental obligations is charged to income statement 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.

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

Notes to the financial statements
For the year ended 31 December 2017

3. 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:

	2017 £	2016 £
United Kingdom	4,870,611	3,878,531
Rest of the world	29,998,273	25,561,266
	<u>34,868,884</u>	<u>29,439,797</u>

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Auditors' remuneration - audit services	22,160	21,050
Auditors' remuneration - non-audit services	13,385	24,155
Depreciation of tangible fixed assets	71,079	68,836
Operating lease rentals - plant and machinery	5,055	7,211
Operating lease rentals - land and buildings	105,000	105,000
Rental income	-	(4,828)
Research and development expenditure	3,825	2,598
Net exchange loss on trading activities	820	402,230
	<u> </u>	<u> </u>

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Notes to the financial statements
For the year ended 31 December 2017**

5. Employees

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

	2017 £	2016 £
Wages and salaries	1,792,380	1,581,376
Social security costs	197,805	170,030
Pension costs	81,750	74,460
	<u>2,071,935</u>	<u>1,825,866</u>

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

	2017 No.	2016 No.
Administration	21	20
Manufacturing	48	43
	<u>69</u>	<u>63</u>

6. Director remuneration

	2017 £	2016 £
Director emoluments	202,251	169,317
Director pension costs	7,383	7,255
	<u>209,634</u>	<u>176,572</u>

During the year retirement benefits were accruing to one director (2016 - one) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £202,251 (2016 - £169,317).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,383 (2016 - £7,255).

Clarke Fire Protection Products Limited (formerly Clarke UK Limited)

**Notes to the financial statements
For the year ended 31 December 2017**

7. Interest receivable and similar income

	2017	2016
	£	£
Bank interest received	3,391	4,314
	3,391	4,314

8. Interest payable and similar charges

	2017	2016
	£	£
3 % preference dividend	7,066	7,066
	7,066	7,066

9. Taxation

	2017	2016
	£	£
(a) Tax on profit on ordinary activities		
Corporation tax		
Current tax on profits for the year	605,922	453,885
Adjustments in respect of previous periods	(36)	1,650
	605,886	455,535
Total current tax	605,886	455,535
Deferred tax		
Origination and reversal of timing differences	16,982	(7,942)
Changes to tax rates	(1,982)	(2,046)
Adjustment in respect of previous periods	127	(1,665)
Total deferred tax	15,127	(11,653)
Taxation on profit on ordinary activities	621,013	443,882

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**Notes to the financial statements
For the year ended 31 December 2017**

9. Taxation (continued)

(b) 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 £
Profit on ordinary activities before tax	<u>3,187,400</u>	<u>2,187,967</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	613,574	437,593
Effects of:		
Expenses not deductible for tax purposes	9,330	8,352
Tax rate changes	(1,982)	(2,048)
Adjustments to tax charge in respect of prior periods	91	(15)
Total tax charge for the year	<u>621,013</u>	<u>443,882</u>

(c) Factors that may affect future tax charges

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016. Deferred tax balances in the financial statements have therefore been recognised at the 17% rate.

10. Dividends

	2017 £	2016 £
Dividend paid at £233.24 per share	<u>1,500,000</u>	-
	<u>1,500,000</u>	<u>-</u>

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**Notes to the financial statements
For the year ended 31 December 2017**

11. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2017	609,789	866,339	20,547	1,496,675
Additions	68,515	30,949	-	99,464
Disposals	-	(15,163)	-	(15,163)
At 31 December 2017	<u>678,304</u>	<u>882,125</u>	<u>20,547</u>	<u>1,580,976</u>
Depreciation				
At 1 January 2017	419,901	719,614	20,547	1,160,062
Charge for the year on owned assets	30,751	40,328	-	71,079
At 31 December 2017	<u>450,652</u>	<u>759,942</u>	<u>20,547</u>	<u>1,231,141</u>
Net book value				
At 31 December 2017	<u>227,652</u>	<u>122,183</u>	<u>-</u>	<u>349,835</u>
At 31 December 2016	<u>189,888</u>	<u>146,725</u>	<u>-</u>	<u>336,613</u>

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**Notes to the financial statements
For the year ended 31 December 2017**

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	2
At 31 December 2017	2
Net book value	
At 31 December 2017	2
At 31 December 2016	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.

13. Stocks

	2017 £	2016 £
Raw materials and consumables	4,854,736	4,657,606
Work in progress	227,618	259,256
Finished goods	365,299	317,975
	5,447,653	5,234,837

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the year were £26,481,629 (2016 - £22,060,521).

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For the year ended 31 December 2017**

14. Debtors

	2017 £	2016 £
Trade debtors	5,486,616	6,638,896
Amounts owed by group undertakings	73,535	395,302
Other debtors	605,648	594,337
	<u>6,165,799</u>	<u>7,628,535</u>

Amounts owed by group undertakings are interest free and repayable on demand.

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	2,639,192	1,707,100
	<u>2,639,192</u>	<u>1,707,100</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,536,845	3,733,591
Amounts owed to group undertakings	1,877,362	1,791,240
Corporation tax	333,267	327,152
Other taxation and social security	88,280	73,960
Other creditors	114,568	79,741
Accruals and deferred income	1,091,572	1,422,330
	<u>6,041,894</u>	<u>7,428,014</u>

Amounts owed to group undertakings are interest free and repayable on demand.

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**Notes to the financial statements
For the year ended 31 December 2017**

17. Creditors: Preference shares

	2017 £	2016 £
Allotted, called up and fully paid	104,680	104,680
	<u>104,680</u>	<u>104,680</u>

In both years the preference shares are £0.10 each and there are 1,046,799 shares.

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 £7,066 was paid in the year (2016 – £7,066).

18. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	2	2
Financial assets that are debt instruments measured at amortised cost - Other debtors	6,165,799	7,628,535
	<u>6,165,801</u>	<u>7,628,537</u>
Financial liabilities		
Financial liabilities measured at amortised cost - liability component of Preference shares	104,680	104,680
Financial liabilities measured at amortised cost - trade creditors	2,536,845	3,752,342
	<u>2,641,525</u>	<u>3,857,022</u>

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**Notes to the financial statements
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19. Deferred taxation

	2017 £
At beginning of year	(11,606)
Utilised in year	(15,127)
At end of year	(26,733)

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(26,733)
	(26,733)

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**Notes to the financial statements
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20. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
64,313 Ordinary shares of £0.10 each	<u>6,431</u>	<u>6,431</u>
	2017 £	2016 £
Shares classified as debt		
Allotted, called up and fully paid		
1,046,799 Preference shares of £0.10 each	<u>104,680</u>	<u>104,680</u>

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Capital redemption reserve

This reserve relates to the nominal value of shares repurchased by the Company.

22. Pension commitments

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 £81,750 (2016 – £74,460). The unpaid contributions outstanding at the year-end were £13,376 (2016 – £12,560).

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Notes to the financial statements
For the year ended 31 December 2017

23. Commitments under operating leases

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

	2017 £	2016 £
Land and buildings		
Not later than 1 year	105,000	105,000
Later than 1 year and not later than 5 years	420,000	420,000
Later than 5 years	140,000	245,000
	<u>665,000</u>	<u>770,000</u>
	2017 £	2016 £
Other		
Not later than 1 year	2,518	2,968
Later than 1 year and not later than 5 years	3,818	7,987
	<u>6,336</u>	<u>10,955</u>

24. 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 2017, are as follows:

	Sales to related party £	Purchases from related party £	Amounts owed from related party £	Amounts owed to related party £
Related party				
Clarke Fire Protection Products Inc. Parent undertaking				
2017	270,040	8,771,666	73,535	1,877,362
2016	1,402,505	6,627,611	395,302	1,791,240
Clarke Power Service Inc. Ultimate parent undertaking				
2017	-	11,026	-	-
2016	-	11,074	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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**Notes to the financial statements
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25. 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. Copies of their group financial statements, which include the Company, are available from 3133 East Kemper Road, Cincinnati, Ohio, 45241 USA.