

Draeger Safety UK Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered number 777464

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Draeger Safety UK Limited

Annual report and financial statements

for the year ended 31 December 2015

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Draeger Safety UK Limited

Strategic report for the year ended 31 December 2015

The director presents his Strategic Report on the company for the year ended 31 December 2015.

Results and dividends

The company results show revenue for the year of £94.1m (2014: £97.8m) and profit for the financial year of £7.8m (2014: £9.9m).

An interim dividend of £1.40 (2014: £0.82) per £1 ordinary share amounting to £10.6m (2014: £6.2m) was paid on 29 June 2015. No final dividend was paid or recommended (2014: £0.82 per £1 ordinary share amounting to £6.2m).

Business environment

Trading conditions in UK and worldwide have remained uncertain and the group continues to maintain the Draeger brand's well-established 125 year history and reputation for quality and technical excellence while developing innovative solutions focused on customer needs.

During 2015, the diverse Draeger product portfolio and customer base has enabled the company to maintain and develop its position in the market. CABE product continues to be strong especially in the Fire & Rescue Service market. The Oil & Gas sector has been impacted by the continuing decline in the oil price, which has affected the level of investment in particular in relatively high-cost oil production areas such as the North Sea.

The delay in achieving regulatory approval for our new generation of breathing apparatus in the North American and related markets has resulted in a substantial decline in sales in the US and other markets. The company has incurred additional scrapping and other costs during 2015 as a result of this; and has made significant additional investments in product development to ensure approval is achieved. Management are confident that approval will be granted early in 2016 and expects the future impact to be limited.

Future development

The global economic climate remains extremely uncertain and the effects of government austerity measures in many countries are continuing to act as a drag on markets in the developed world. The low level and recent further declines in the oil price also adversely impact the Oil & Gas industry in the North Sea. We continue to monitor the trends in the UK and global markets and to adapt the organisation in order to meet our future targets.

Strategy

The Draeger Group's overriding objectives is to achieve attractive and sustainable rates of growth and returns, through a combination of organic growth and acquisitions.

The key elements to the group's strategy for growth are:

- Building a broad product range to meet customer needs and regulatory requirements;
- Investing in research, development and innovation to maintain competitive advantage;
- Investing in employee training and development in order to enhance staff retention allowing the company to exceed customer expectations in service and support.

Broad product range

A broad product range is essential in order to compete in the Personal Protective Equipment market and the group is focussed on maintaining and updating its wide portfolio of products. A product pipeline is developed for each market segment looking forward at least five years.

Draeger Safety UK Limited

Strategic report for the year ended 31 December 2015 (continued)

Strategy (continued)

Research, development and innovation

The group regards the investment in research and development as integral to the continuing success of the business in order to meet customer needs and remain competitive and commits significant resources to these activities. Most of the investment in this area is concentrated on turning the product pipeline into marketable products.

Employee training and development

The company believes the investment in training gives a competitive edge as without a fully educated and trained workforce we would not be able to maintain our position as a market and technology leader. Draeger has invested in onsite training and employees can access courses via a web-based training catalogue. The training covers all needs of all staff from basic computer skills to strategic management.

Key performance indicators (KPIs)

KPI	Definition & method of calculation	2015	2014
Change in turnover	Year on year turnover growth expressed as a percentage	(3.8%)	4.1%
Operating profit to turnover	EBIT in year expressed as a percentage of turnover	10.0%	12.4%
Return on capital employed	EBIT as a percentage of net assets	29.8%	35.5%
Employee turnover	Number of employees in the year leaving to seek alternative employment expressed as a percentage of the average workforce in the year.	12.3%	8.9%

Principal risks and uncertainties

Competition

The group operates in highly competitive well organised markets worldwide with customer focus on price, quality and product availability. This results not only in downward pressure on margins but also in increased customer expectations and the risk that we might not meet these. In order to mitigate this risk we carry out regular customer satisfaction surveys, maintain close relationships with customers and seek their input to new products.

Supply chain and cost competitiveness

The company and the group rely on a healthy and robust supply chain in order to meet growing market demands. In order to manage this effectively a global purchasing organisation was set up some years ago. Our strategy is to work closely with key suppliers over the long term in order to develop innovative and cost competitive materials, components and finished products. This in itself exposes the group to reliance on these key suppliers. The group tries to mitigate this risk through effective supplier selection and procurement practices supplemented by appropriate insurance coverage.

Draeger Safety UK Limited

Strategic report for the year ended 31 December 2015 (continued)

Principal risks and uncertainties (continued)

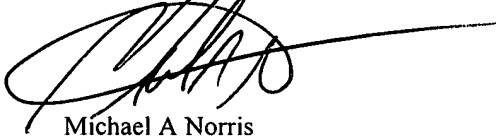
Government spending worldwide

Major customers include governments, military, fire services and other departments that are directly affected by government spending and other initiatives; this could have a significant impact on the business. In recent years governmental spending reductions have been shown to impact on our major markets. As the worldwide economy strives to reduce fiscal deficits, at least in developed economies, the likelihood of government austerity measures is recognised. Business intelligence is the key to planning for these market swings and potential impacts.

Corporate social responsibility

The company takes regular account of the significance of social, environmental and ethical (SEE) matters. It has identified and assessed the significant risks to the company's short- and long-term value arising from SEE matters, as well as the opportunities to enhance value that may arise from an appropriate response. The Director has received adequate information on the SEE-related risks and opportunities identified, and how they may impact the business, to make this assessment. The company has effective systems for managing significant risks which, where relevant, incorporate performance management systems and appropriate remuneration incentives.

On behalf of the board



Michael A Norris

Director

25 February 2016

Draeger Safety UK Limited

Director's report for the year ended 31 December 2015

The Director presents his report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activities

The company's principal activities during the year were:

- The design, manufacture and supply of industrial respiratory protection equipment. Draeger Safety UK Limited supplies 100% of the group worldwide requirement of the compressed air breathing equipment (CABE) product range.
- The design, manufacture and supply of gas detection systems and equipment.
- Sales and marketing in the UK of Draeger Group safety products including those manufactured in other countries.
- The provision of safety training courses.
- After sales service and support.

Directors

The Director of the company who served during the year and up to the date of signing the financial statements was:

Mr MA Morris

Strategic Report

Dividends and future developments are disclosed within the Strategic report

Qualifying third party indemnity provision

For the purposes of the Companies Act 2006, a qualifying third party indemnity provision was in place for the director of the company during the year and up to the date of signing the financial statements.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and foreign exchange risk. These risks are monitored on a regular basis in order to limit any adverse effects on financial performance.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made and the regular updating of customer credit ratings.

Liquidity risk

The company manages its working capital to minimise additional funding requirements. However, the company has access to group and external funds if required for ongoing operations and future investments.

Foreign exchange risk

The company is exposed to foreign exchange risk as a result of its operation and manages this risk via cash management activities carried out at a group level.

Draeger Safety UK Limited

Director's report for the year ended 31 December 2015 (continued)

Employment of disabled persons

It is the company's policy to offer equal opportunity to disabled persons applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

As far as possible arrangements are made to continue the employment of those employees who have become disabled persons during the course of their employment with the company. In all instances consideration will be given to arranging appropriate training facilities or providing special aids where necessary. It is the company's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all employees within the limitation of their aptitude and abilities.

Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its.

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Draeger Safety UK Limited

Director's report for the year ended 31 December 2015 (continued)

Disclosure of information to auditors

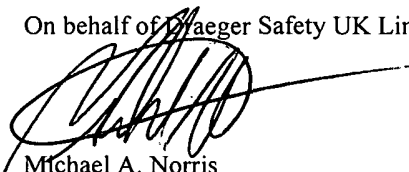
In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of Draeger Safety UK Limited



Michael A. Norris

Director

25 February 2016

Draeger Safety UK Limited

Independent auditors' report to the members of Draeger Safety UK Limited

Report on the financial statements

Our opinion

In our opinion, Draeger Safety UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Draeger Safety UK Limited

Independent auditors' report to the members of Draeger Safety UK Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of director's responsibilities set out 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
25 February 2016

Draeger Safety UK Limited

Income statement for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Revenue	1	94,088	97,805
Cost of sales		(64,627)	(65,223)
Gross profit		29,461	32,582
Distribution costs		(11,571)	(9,811)
Administrative and R&D expenses		(8,516)	(10,619)
Operating profit	2	9,374	12,152
Finance income	3	37	43
Finance expense	4	-	(27)
Profit on ordinary activities before taxation		9,411	12,168
Tax on profit on ordinary activities	8	(1,588)	(2,278)
Profit for the financial year	16	7,823	9,890

All operations of the company are continuing.

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Statement of comprehensive income for the year ended 31 December 2015

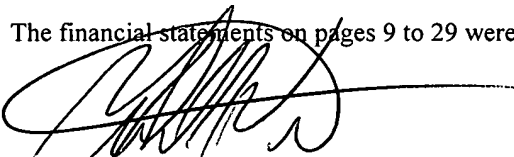
	Note	2015 £'000	2014 £'000
Profit for the year	16	7,823	9,890
Other comprehensive result for the year		-	-
Total comprehensive income for the year	17	7,823	9,890

Draeger Safety UK Limited

Statement of financial position as at 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Fixed assets			
Intangible assets	9	161	238
Tangible assets	10	13,193	13,720
		13,354	13,958
Current assets			
Inventory	11	12,840	9,186
Debtors	12	19,250	27,191
Cash at bank and in hand		1,744	217
		33,834	36,594
Creditors: amounts falling due within one year	13	(15,085)	(15,701)
Net current assets		18,749	20,893
Total assets less current liabilities		32,103	34,851
Provisions for liabilities	14	(658)	(610)
Net assets		31,445	34,241
Capital and reserves			
Ordinary shares	15	7,589	7,589
Retained Earnings	16	23,856	26,652
Total shareholder's funds	17	31,445	34,241

The financial statements on pages 9 to 29 were approved by the Director and signed on 25 February 2016:



Michael A. Norris

Director

Draeger Safety UK Limited
Registered number 777464

Draeger Safety UK Limited

Statement of changes in equity for the year ended 31 December 2015

	Notes	Called-up Share Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2014		7,589	29,185	36,774
Profit for the financial year	16	-	9,890	9,890
Total comprehensive income for the year	17	-	9,890	9,890
Dividends	7	-	(12,423)	(12,423)
Balance as at 31 December 2014		7,589	26,652	34,241
Balance as at 1 January 2015		7,589	26,652	34,241
Profit for the financial year	16	-	7,823	7,823
Total comprehensive result for the year	17	-	7,823	7,823
Dividends	7	-	(10,619)	(10,619)
Balance as at 31 December 2015		7,589	23,856	31,445

Draeger Safety UK Limited

Statement of accounting policies

General information

The company is a private company and is incorporated and domiciled in the UK. The address of the registered company is Ullswater close, Blyth Riverside business park, Blyth, Northumberland, NE24 4RG.

Basis of preparation

The financial statements of Draeger Safety UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 as applicable to FRS 101. The financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - statement of compliance with all IFRS;
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Draeger Safety UK Limited

Statement of accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and intercompany borrowings. The company's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the company should be able to operate within the level of its current cash and reserves. After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence and therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed below.

Revenue

Revenue, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied by the company in the ordinary course of business. Revenue is recognised when the goods are despatched to the customer, and when the service is supplied. Where income is received from customers in respect of goods or services to be supplied in the future, this gives rise to deferred income.

Intangible fixed assets

Intangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Amortisation is provided on the cost of intangible fixed assets on a straight-line basis at the following rates, which are calculated to write off each asset over its estimated useful life:

Software - 25% per annum

Property plant and equipment

Property plant and equipment are stated at historical cost less accumulated depreciation. In the case of leased assets cost comprises purchase price or standard manufacturing costs. For other tangible fixed assets, cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of assets, less their residual values, over their expected lives using the straight line basis.

The following rates are used:

Freehold land	- nil
Freehold buildings	- 2% per annum
Plant, equipment and motor vehicles	- 10% - 33% per annum
Assets in course of construction	- nil

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Statement of accounting policies (continued)

Inventory

Inventory is stated at the lower of cost (including works overheads in the case of own manufactured goods) and net realisable value, determined on a FIFO basis. Where necessary provision is made for obsolete, slow moving and defective stocks.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

Monetary assets and liabilities which are denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All exchange differences have been taken to the profit and loss account.

Research and development

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

Leases

Operating lease rentals are charged as an expense in the profit and loss account on a straight line basis in the period in which they are incurred.

Assets held for use as operating leases to third parties are included within fixed assets at cost. Cost comprises raw materials, labour and overhead at standard rates. They are depreciated over their useful economic life. Lease charges made in respect of these assets are taken to the profit and loss account as turnover in the year to which they relate.

Pensions

Pension contributions to defined contribution arrangements are charged to the profit and loss account in the year in respect of which they are payable.

Warranty provisions

Provision is made for expected future costs in respect of warranties given on goods sold, based upon evidence of claims. Provisions are recognised when the company has a present obligation as the result of a past event, it

Draeger Safety UK Limited

is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Statement of accounting policies (continued)

Cash flow

The company is a wholly-owned subsidiary company of a Group headed by Drägerwerk AG & Co KGaA and is included in the consolidated financial statements of that company. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of IAS 7 'Statement of cash flows'.

Trade receivables

Trade receivables are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Trade payables

Trade payables are non-interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Critical judgements assumptions and estimates

Application of certain company accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below:

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and above for the useful economic lives for each class of assets.

(b) Inventory provisioning

The company designs, manufactures and sells equipment and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of the inventory and associated provision.

(c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated impairment provision.

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Notes to the financial statements for the year ended 31 December 2015

1 Revenue

Analysis of revenue by destination:

	2015	2014
	£'000	£'000
United Kingdom	28,006	33,232
Rest of Europe	56,566	41,471
Rest of World	9,516	23,102
	94,088	97,805

Analysis of revenue by business segment:

	2015	2014
	£'000	£'000
Sales to third parties	35,373	41,413
Sales to Draeger affiliates	58,715	56,392
	94,088	97,805

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Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Operating profit

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

	2015	2014
	£'000	£'000
Operating lease expenses	592	678
Foreign exchange losses	200	581
Depreciation of tangible fixed assets	2,436	2,340
Amortisation of intangible fixed assets	84	122
Research and development costs	5,844	4,581
Auditors' remuneration		
Audit	42	43
Tax services	37	34

3 Finance income

	2015	2014
	£'000	£'000
Interest receivable from Group undertakings	37	43
	37	43

4 Finance expense

	2015	2014
	£'000	£'000
Interest payable to Group undertakings	-	24
Interest payable other	-	3
	-	27

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Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Staff costs

	2015	2014
	£'000	£'000
Wages and salaries	16,176	15,504
Social security costs	1,645	1,559
Other pension costs (note 20)	792	755
	18,613	17,818

The average monthly number of employees during the year (including director) was as follows:

	2015	2014
	Number	Number
Office and management	44	46
Selling, distribution and servicing	178	181
Manufacturing	178	174
Research and development	62	58
	462	459

6 Director's emoluments

	2015	2014
	£'000	£'000
Director		
Aggregate emoluments	201	177
Company contributions paid to money purchase schemes	24	23
	225	200

Aggregate emoluments for the year relate to remuneration for one executive director (2014: one).

One director (2014: one) has benefits accruing under money purchase pension schemes.

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Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Dividends

	2015	2014
	£'000	£'000
Interim dividend paid: £1.40 (2014: £0.82) per £1 ordinary share	10,619	6,211
Final dividend paid: £0.00 (2014: £0.82) per £1 ordinary share	-	6,212
	10,619	12,423

8 Tax on profit on ordinary activities

	2015	2014
	£'000	£'000
Current tax		
UK corporation tax on profits of the year	1,505	2,535
Adjustments in respect of prior years	20	(170)
Total current tax	1,525	2,365
Deferred tax		
Origination and reversal of timing differences	63	(87)
Total deferred tax (notes 12 & 14)	63	(87)
Tax on profit on ordinary activities	1,588	2,278

Draeger Safety UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Tax on profit on ordinary activities (continued)

Factors affecting current tax charges

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax (20.25%) (2014 21.5%) in the UK for the year ended 31 December 2015. The differences are explained below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	9,411	12,168
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 2015 20.25% (2014 21.5%)	1,906	2,616
Effects of:		
Expenses not deductible for tax purposes	67	389
Innovation reliefs	(405)	(557)
Adjustments in respect of prior years	20	(170)
Total tax charge	1,588	2,278

Factors affecting and future tax charges:

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 20.25% and deferred taxation has been calculated at a rate of 20%.

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Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Intangible assets

At 31 December 2015

	Total £'000
Cost	
At 1 January 2015	722
Additions	7
Disposals	(169)
At 31 December 2015	560
Accumulated amortisation and impairment	
At 1 January 2015	484
Amortisation	84
Amortisation on Disposals	(169)
At 31 December 2015	399
Net book amount	
At 31 December 2015	161
At 31 December 2014	238

Intangible assets comprise purchased software. Intangible assets amortisation is recorded in administrative expenses in the income statement.

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Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Tangible assets

At 31 December 2015

	Freehold land and buildings £'000	Plant, equipment and motor vehicles £'000	Assets in course of construction £'000	Total £'000
Cost				
At 1 January 2015	10,704	17,209	1,083	28,996
Additions	90	1,232	743	2,065
Transfers	98	913	(1,011)	-
Disposals	(180)	(1,134)	-	(1,314)
At 31 December 2015	10,712	18,220	815	29,747
Accumulated depreciation				
At 1 January 2015	4,146	11,130	-	15,276
Charge for the year	568	1,868	-	2,436
Disposals	(88)	(1,070)	-	(1,158)
At 31 December 2015	4,626	11,928	-	16,554
Net book amount				
At 31 December 2015	6,086	6,292	815	13,193
At 31 December 2014	6,558	6,079	1,083	13,720

Leased plant and machinery

At 31 December 2015 the net carrying amount of leased plant and machinery was £69,000 (2014: £133,000).

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Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Inventories

	31 December 2015	31 December 2014
	£'000	£'000
Raw materials	4,276	3,379
Work in progress	2,968	1,607
Finished goods and goods for resale	5,596	4,200
	12,840	9,186

Inventories are stated after provision for impairment of £1,052,000 (2014: £881,000)

12 Debtors

	31 December 2015	31 December 2014
	£'000	£'000
Trade debtors	8,625	10,289
Amounts owed by group undertakings	10,066	16,305
Corporation tax	-	87
VAT & other taxation	278	130
Deferred tax	-	15
Other debtors	86	155
Prepayments	195	210
	19,250	27,191

Amounts owed by group undertakings in respect of trading balances are interest-free if paid within agreed terms, whilst all other balances owed by group undertakings incur interest charges on an arm's length basis. All balances are unsecured and repayable on demand.

Receivables are stated after provision for impairment of £0 (2014: £0)

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Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Creditors: amounts falling due within one year

	31 December 2015 £'000	31 December 2014 £'000
Trade creditors	4,974	6,614
Amounts owed to group undertakings	4,075	4,229
Corporation tax	648	-
Other taxation and social security	-	341
Deferred income	868	726
Other creditors	91	127
Accruals	4,429	3,664
	15,085	15,701

Amounts owed to group undertakings in respect of trading balances are interest free if paid within agreed terms, whilst all other balances owed to group undertakings incur interest charges on an arm's length basis. All balances are unsecured and repayable on demand.

Draeger Safety UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

14 Provisions for liabilities

	Deferred tax provision £'000	Total £'000
At 1 January 2015	610	610
Charged to profit and loss account	63	63
Utilised during the year	(15)	(15)
At 31 December 2015	658	658

	31 December 2015 £'000	31 December 2014 £'000
Deferred tax comprises:		
Excess of capital allowances over depreciation	658	610
	658	610

15 Called up share capital

	31 December 2014 £'000	31 December 2014 £'000
Authorised		
15,714,000 (2014: 15,714,000) ordinary shares of £1 each	15,714	15,714
Allotted and fully paid		
7,589,000 (2014: 7,589,000) ordinary shares of £1 each	7,589	7,589

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Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Profit and loss account

	£'000
At 1 January 2014	29,185
Profit for the financial year	9,890
Dividends (note 7)	(12,423)
At 31 December 2014	26,652

	£'000
At 1 January 2015	26,652
Profit for the financial year	7,823
Dividends (note 7)	(10,619)
At 31 December 2015	23,856

17 Reconciliation of movements in shareholder's funds

	31 December 2015	31 December 2014
	£'000	£'000
Profit for the financial year and total comprehensive income for the financial year	7,823	9,890
Dividends (note 7)	(10,619)	(12,423)
Net reduction to shareholder's funds	(2,796)	(2,533)
Opening shareholder's funds	34,241	36,774
Closing shareholder's funds	31,445	34,241

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Notes to the financial statements for the year ended 31 December 2015 (continued)

18 Commitments under operating leases

As at 31 December 2015, the company had future obligations under non-cancellable operating leases as follows:

	31 December 2015			31 December 2014		
	Vehicles and equipment	Land and buildings	Total	Vehicles and equipment	Land and buildings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	444	219	663	544	261	805
Within two to five years	327	383	710	462	533	995
After five years	-	130	130	-	179	179
	771	732	1,503	1,006	973	1,979

19 Capital commitments

	31 December 2015	31 December 2014
	£'000	£'000
Capital expenditure authorised and contracted for	522	891

20 Pension commitments

The pension cost charge for 2015 represents contributions payable by the company to the group personal pension plan during the year and amounts to £792,000 (2014: £755,000). Contributions were made in accordance to the rules of the scheme and all contributions due were paid in the year.

21 Contingent liabilities

As at 31 December 2015 there were outstanding bank guarantees in place that amounted to £1,143,000 (2014 £274,000).

Draeger Safety UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

22 Related party transactions

The company has taken advantage of the exemptions available under paragraph 8(k) of FRS101 “Related party disclosures” and has not disclosed transactions between group companies. This is on the grounds that it is a wholly-owned subsidiary of a group headed by Drägerwerk AG & Co KGaA whose financial statements are publicly available.

23 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Dräger Safety AG & Co KGaA. The ultimate parent undertaking and controlling party is Drägerwerk AG & Co KGaA, incorporated in Germany.

Drägerwerk AG & Co KGaA is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Drägerwerk AG & Co KGaA are available from Drägerwerk AG & Co KGaA, Moislinger Allee 53/55, 23541 Lubeck, Germany.

Dräger Safety AG & Co KGaA is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statement of Dräger Safety AG & Co KGaA can be obtained from Drägerwerk AG & Co KGaA, Moislinger Allee 53/55, 23541 Lubeck, Germany.