

**Draeger Safety UK Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2014**

**Registered number 777464**



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**for the year ended 31 December 2014**  
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# **Draeger Safety UK Limited**

## **Strategic report for the year ended 31 December 2014**

The director presents his Strategic Report on the company for the year ended 31 December 2014.

### **Results and dividends**

The company results show revenue for the year of £97.8m (2013: £93.9m) and profit for the financial year of £9.9m (2013: £11.6m). The 2015 result is reduced by a one-time charge of £1.2m to rectify a product fault.

An interim dividend of £0.82 (2013: £0.79) per £1 ordinary share amounting to £6.2m (2013: £6.0m) was paid on 22 May 2014. A final dividend of £0.82 (2013: £0.79) per £1 ordinary share amounting to £6.2m (2013: £6.0m) was paid on 23 September 2014.

### **Business environment**

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

During 2014, 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; and continued investment in the Oil & Gas sector as well as other growth industries has delivered continued revenue growth in UK and global markets. Draeger Safety UK Ltd continues to plan and react to differing market trends.

### **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. Volatility in the oil price is also impacting 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 Safety 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.

#### *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.

# Draeger Safety UK Limited

## Strategic report for the year ended 31 December 2014 (continued)

### Strategy (continued)

#### *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	2014	2013
<b>Growth in turnover</b>	Year on year turnover growth expressed as a percentage	4.1%	4.1%
<b>Operating profit to turnover</b>	EBIT in year expressed as a percentage of turnover	12.4%	15.8%
<b>Return on capital employed</b>	EBIT as a percentage of net assets	35.4%	40.3%
<b>Employee turnover</b>	Number of employees in the year leaving to seek alternative employment expressed as a percentage of the average workforce in the year.	8.9%	5.1%

### Principal risks and uncertainties

#### *Competition*

The group operates in a highly competitive well organized market 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.

#### *Government spending worldwide*

Major customers include governments, military, and fire services etc 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.

# **Draeger Safety UK Limited**

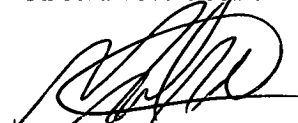
## **Strategic report for the year ended 31 December 2014 (continued)**

### **Principal risks and uncertainties (continued)**

#### **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

23 April 2015

# **Draeger Safety UK Limited**

## **Director's report for the year ended 31 December 2014**

The Director presents his report and the audited financial statements of the company for the year ended 31 December 2014.

### **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.

### **FRS 101**

In the year ended 31 December 2014 the financial statements of Draeger Safety UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). In these financial statements, the company has for the first time adopted FRS 101, before it is required. The transition to FRS 101 has not affected the financial position or financial performance of the company and therefore a detailed reconciliation has not been provided.

### **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

### **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.

# **Draeger Safety UK Limited**

## **Director's report for the year ended 31 December 2014 (continued)**

### **Financial risk management (continued)**

#### *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.

### **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.

# **Draeger Safety UK Limited**

## **Director's report for the year ended 31 December 2014 (continued)**

### **Statement of director's responsibilities (continued)**

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.

### **Disclosure of information to auditors**

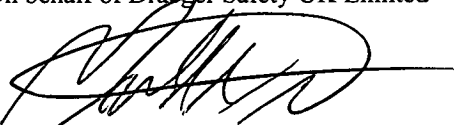
In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the company's auditor s 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**

22 April 2015



# **Draeger Safety UK Limited**

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

### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

*This opinion is to be read in the context of what we say in the remainder of this report.*

### **What we have audited**

The financial statements, which are prepared by Draeger Safety UK Limited, comprise:

- the statement of financial position and the statement of changes in equity as at 31 December 2014;
- the income statement and statement of comprehensive income for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

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

### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) ("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 director; and
- the overall presentation of the financial statements.

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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **Draeger Safety UK Limited**

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

### **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 requires 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.

#### **Director's remuneration**

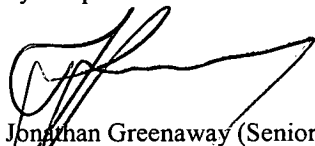
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the director**

As explained more fully in the Statement of Director's Responsibilities set out on page 5, the director is 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 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 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.



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

22 April 2015

# Draeger Safety UK Limited

## Income statement for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Revenue</b>	1	<b>97,805</b>	93,909
Cost of sales		(65,223)	(60,397)
<b>Gross profit</b>		<b>32,582</b>	33,512
Distribution costs		(9,811)	(8,422)
Administrative and R&D expenses		(10,619)	(10,257)
<b>Operating profit</b>	2	<b>12,152</b>	14,833
Finance income	3	43	47
Finance expense	4	(27)	(29)
<b>Profit on ordinary activities before taxation</b>		<b>12,168</b>	14,851
Income tax on ordinary activities	8	(2,278)	(3,216)
<b>Profit for the financial year</b>	16	<b>9,890</b>	11,635

All operations of the company are continuing.

## **Draeger Safety UK Limited**

### **Statement of comprehensive income for the year ended 31 December 2014**

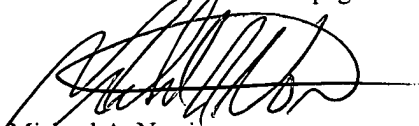
	Note	2014 £'000	2013 £'000
<b>Profit for the year</b>		<b>9,890</b>	<b>11,635</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>	<b>17</b>	<b>9,890</b>	<b>11,635</b>

# Draeger Safety UK Limited

## Statement of financial position as at 31 December 2014

	Note	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
<b>Fixed assets</b>				
Intangible assets	9	238	327	322
Property plant and equipment	10	13,720	13,283	13,120
		<b>13,958</b>	<b>13,610</b>	<b>13,442</b>
<b>Current assets</b>				
Inventory	11	9,186	8,810	8,305
Trade and other receivables	12	27,191	29,936	27,015
Cash at bank and in hand		217	260	192
		<b>36,594</b>	<b>39,006</b>	<b>35,512</b>
<b>Creditors; amounts falling due within one year</b>	13	<b>(15,701)</b>	<b>(14,965)</b>	<b>(10,841)</b>
<b>Net current assets</b>		<b>20,893</b>	<b>24,041</b>	<b>24,671</b>
<b>Total assets less current liabilities</b>		<b>34,851</b>	<b>37,651</b>	<b>38,113</b>
Provisions for liabilities	14	(610)	(877)	(974)
<b>Net assets</b>		<b>34,241</b>	<b>36,774</b>	<b>37,139</b>
<b>Capital and reserves</b>				
Ordinary shares	15	7,589	7,589	7,589
Retained Earnings	16	26,652	29,185	29,550
<b>Total shareholders' funds</b>	17	<b>34,241</b>	<b>36,774</b>	<b>37,139</b>

The financial statements on pages 9 to 32 were approved by the Director and signed on 22 April 2015:



Michael A. Norris

**Director**

Draeger Safety UK Limited  
Registered number 777464

# Draeger Safety UK Limited

## Statement of changes in equity as at 31 December 2014

	Notes	Called-up Share Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2013		7,589	29,550	37,139
Effect of changes in accounting policies		-	-	-
<b>Balance as at 1 January 2013</b>		<b>7,589</b>	<b>29,550</b>	<b>37,139</b>
Profit for the year		-	11,635	11,635
Other comprehensive income for the year:		-	-	-
Total comprehensive income for the year		-	11,635	11,635
Dividends	7	-	(12,000)	(12,000)
<b>Balance as at 31 December 2013</b>		<b>7,589</b>	<b>29,185</b>	<b>36,774</b>
Balance as at 1 January 2014		7,589	29,185	36,774
Effect of changes in accounting policies		-	-	-
<b>Balance as at 1 January 2014</b>		<b>7,589</b>	<b>29,185</b>	<b>36,774</b>
Profit for the year		-	9,890	9,890
Other comprehensive income for the year:		-	-	-
Total comprehensive income for the year		-	9,890	9,890
Dividends	7	-	(12,423)	(12,423)
<b>Balance as at 31 December 2014</b>		<b>7,589</b>	<b>26,652</b>	<b>34,241</b>

# 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). In these financial statements, the company has adopted FRS 101 early and for the first time. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS 101 has not affected the financial position or financial performance of the company and therefore a detailed reconciliation has not been provided.

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).

# **Draeger Safety UK Limited**

## **Statement of accounting policies (continued)**

### **Basis of preparation (continued)**

- 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2013 for the purposes of the transition to FRS 101.

### **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 amortisation.

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:

Purchased Software	- 25% per annum
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# **Draeger Safety UK Limited**

## **Statement of accounting policies (continued)**

### **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

### **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.

# **Draeger Safety UK Limited**

## **Statement of accounting policies (continued)**

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 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.

### **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.

# **Draeger Safety UK Limited**

## **Statement of accounting policies (continued)**

### ***(b) Inventory provisioning***

The company designs, manufactures and sells equipment and is subject to changing customer 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.

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1 Revenue

Analysis of revenue by destination:

	2014	2013
	£'000	£'000
United Kingdom	33,232	29,618
Rest of Europe	41,471	40,866
Rest of World	23,102	23,425
	97,805	93,909

Analysis of revenue by business segment:

	2014	2013
	£'000	£'000
UK & Ireland excluding Gas Detection	25,236	20,025
Sales to Draeger affiliates excluding Gas Detection	48,028	49,119
Gas Detection	24,541	24,765
	97,805	93,909

# **Draeger Safety UK Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **2 Operating profit**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Operating lease expenses	<b>678</b>	947
Foreign exchange losses	<b>581</b>	125
Depreciation of tangible fixed assets	<b>2,340</b>	1,904
Amortisation of intangible fixed assets	<b>122</b>	122
Research and development costs	<b>4,581</b>	4,180
Auditors' remuneration		
Audit	<b>43</b>	43
Other services	<b>34</b>	3

### **3 Finance income**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from Group undertakings	<b>43</b>	47
	<b>43</b>	47

### **4 Finance expense**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to Group undertakings	<b>24</b>	17
Interest payable other	<b>3</b>	12
	<b>27</b>	29

# **Draeger Safety UK Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **5 Staff costs**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>15,504</b>	14,768
Social security costs	<b>1,559</b>	1,421
Other pension costs (note 20)	<b>755</b>	665
	<b>17,818</b>	16,854

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

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Office and management	<b>46</b>	44
Selling, distribution and servicing	<b>181</b>	179
Manufacturing	<b>174</b>	174
Research and development	<b>58</b>	55
	<b>459</b>	452

### **6 Director's emoluments**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>All directors</b>		
Aggregate emoluments	<b>177</b>	214
Company contributions paid to money purchase schemes	<b>23</b>	22
	<b>200</b>	236

Aggregate emoluments for the year relate to remuneration for 1 executive director (2013: one).

1 director (2013: one) has benefits accruing under money purchase pension schemes.

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7 Dividends

	2014	2013
	£'000	£'000
Interim dividend paid: £0.82 (2013: £0.79) per £1 ordinary share	6,211	6,000
Final dividend paid: £0.82 (2013: £0.79) per £1 ordinary share	6,212	6,000
	12,423	12,000

### 8 Tax on profit on ordinary activities

	2014	2013
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits of the year	2,535	3,410
Adjustments in respect of prior years	(170)	(2)
Total current tax	2,365	3,408
<b>Deferred tax</b>		
Origination and reversal of timing differences	(87)	(192)
Total deferred tax (notes 12 & 14)	(87)	(192)
Tax on profit on ordinary activities	2,278	3,216

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Tax on profit on ordinary activities (continued)

#### Factors affecting current tax charges

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax (21.5%) (2013 23.25%) in the UK for the year ended 31 December 2014. The differences are explained below:

	2014	2013
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>12,168</b>	<b>14,851</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 2014 21.5% (2013 23.25%)	<b>2,616</b>	<b>3,453</b>
Effects of:		
Expenses not deductible for tax purposes	<b>389</b>	<b>(84)</b>
Innovation reliefs	<b>(557)</b>	<b>(151)</b>
Adjustments in respect of prior years	<b>(170)</b>	<b>(2)</b>
<b>Total tax charge</b>	<b>2,278</b>	<b>3,216</b>

#### Factors affecting and future tax charges:

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. A further reduction in the corporation tax rate, to 20% from 1 April 2015, was substantially enacted for accounting purposes on 2 July 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.5% and deferred taxation has been calculated at a rate of 20%.



# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 9 Intangible assets

At 31 December 2013

	<b>Total</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2013	1,483
Additions	123
Transfers	4
Disposals	(454)
<b>At 31 December 2013</b>	<b>1,156</b>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2013	1,161
Amortisation	122
Disposals	(454)
<b>At 31 December 2013</b>	<b>829</b>
<b>Net book amount</b>	
<b>At 31 December 2013</b>	<b>327</b>
At 31 December 2012	322

# **Draeger Safety UK Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **9 Intangible assets (continued)**

**At 31 December 2014**

	<b>Total £'000</b>
<b>Cost</b>	
At 1 January 2014	1,156
Additions	148
Disposals	(582)
<b>At 31 December 2014</b>	<b>722</b>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2014	829
Amortisation	122
Amortisation on Disposals	(467)
<b>At 31 December 2014</b>	<b>484</b>
<b>Net book amount</b>	
<b>At 31 December 2014</b>	<b>238</b>
At 31 December 2013	327

Intangible assets comprise purchased software.

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 10 Tangible assets

At 31 December 2013

	Freehold land and buildings	Plant, equipment and motor vehicles	Assets in course of construction	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2013	10,356	13,623	1,045	25,024
Additions	133	651	1,421	2,205
Transfers	82	1,308	(1,394)	(4)
Disposals	(128)	(570)	-	(698)
<b>At 31 December 2013</b>	<b>10,443</b>	<b>15,012</b>	<b>1,072</b>	<b>26,527</b>
<b>Accumulated depreciation</b>				
At 1 January 2013	3,224	8,680	-	11,904
Charge for the year	505	1,399	-	1,904
Disposals	(128)	(436)	-	(564)
<b>At 31 December 2013</b>	<b>3,601</b>	<b>9,643</b>	<b>-</b>	<b>13,244</b>
<b>Net book amount</b>				
<b>At 31 December 2013</b>	<b>6,842</b>	<b>5,369</b>	<b>1,072</b>	<b>13,283</b>
At 31 December 2012	7,132	4,943	1,045	13,120

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 10 Tangible assets (continued)

At 31 December 2014

	Freehold land and buildings £'000	Plant, equipment and motor vehicles £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	10,443	15,012	1,072	26,527
Additions	241	1,753	1,083	3,077
Transfers	98	974	(1,072)	-
Disposals	(78)	(530)	-	(608)
<b>At 31 December 2014</b>	<b>10,704</b>	<b>17,209</b>	<b>1,083</b>	<b>28,996</b>
<b>Accumulated depreciation</b>				
At 1 January 2014	3,601	9,643	-	13,244
Charge for the year	545	1,795	-	2,340
Disposals	-	(308)	-	(308)
<b>At 31 December 2014</b>	<b>4,146</b>	<b>11,130</b>	<b>-</b>	<b>15,276</b>
<b>Net book amount</b>				
<b>At 31 December 2014</b>	<b>6,558</b>	<b>6,079</b>	<b>1,083</b>	<b>13,720</b>
At 31 December 2013	6,842	5,369	1,072	13,283

#### *Leased plant and machinery*

At 31 December 2014 the net carrying amount of leased plant and machinery was £133,000 (2013: £191,000).

# **Draeger Safety UK Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **11 Inventories**

	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>1 January 2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raw materials	<b>3,379</b>	3,140	3,471
Work in progress	<b>1,607</b>	1,441	740
Finished goods and goods for resale	<b>4,200</b>	4,229	4,094
	<b>9,186</b>	8,810	8,305

### **12 Debtors**

	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>1 January 2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>10,289</b>	7,716	7,016
Amounts owed by group undertakings	<b>16,305</b>	21,807	19,575
Corporation tax	<b>87</b>	-	-
VAT & other taxation	<b>130</b>	239	172
Deferred tax	<b>15</b>	20	-
Other debtors	<b>155</b>	3	36
Prepayments	<b>210</b>	151	216
	<b>27,191</b>	29,936	27,015

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 arms 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 2014 (continued)

### 13 Creditors: amounts falling due within one year

	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Trade creditors	6,614	6,300	4,538
Amounts owed to group undertakings	4,229	4,699	2,292
Corporation tax	-	1,408	1,696
Other taxation and social security	341	392	397
Deferred income	726	654	256
Other creditors	127	-	15
Accruals	3,664	1,512	1,647
	15,701	14,965	10,841

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 arms 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 2014 (continued)

### 14 Provisions for liabilities

	Deferred tax provision £'000	Warranty provision £'000	Total £'000
At 1 January 2013	874	100	974
(Credited) / charged to profit and loss account	(192)	175	(17)
Utilised during the year	20	(100)	(80)
At 31 December 2013	702	175	877

	Deferred tax provision £'000	Warranty provision £'000	Total £'000
At 1 January 2014	702	175	877
(Credited) / charged to profit and loss account	(87)	-	(87)
Utilised during the year	(5)	(175)	(180)
At 31 December 2014	610	-	610

The warranty provision was set up to cover costs relating to goods sold under warranty. Future liabilities are included in current liabilities (see note 13 above).

	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Deferred tax comprises:			
Excess of capital allowances over depreciation	610	702	918
Short term timing differences	-	-	(44)
	610	702	874

# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 15 Called up share capital

	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
<b>Authorised</b>			
15,714,000 (2013: 15,714,000) ordinary shares of £1 each	15,714	15,714	15,714
<b>Allotted and fully paid</b>			
7,589,000 (2013: 7,589,000) ordinary shares of £1 each	7,589	7,589	7,589

### 16 Profit and loss account

	£'000
At 1 January 2013	29,550
Profit for the financial year	11,635
Dividends (note 7)	(12,000)
<b>At 31 December 2013</b>	<b>29,185</b>
	£'000
At 1 January 2014	29,185
Profit for the financial year	9,890
Dividends (note 7)	(12,423)
<b>At 31 December 2014</b>	<b>26,652</b>



# Draeger Safety UK Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 17 Reconciliation of movements in shareholders' funds

	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Profit for the financial year	9,890	11,635	11,622
Dividends (note 7)	(12,423)	(12,000)	(8,000)
Net (reduction)/ increase to shareholder funds	(2,533)	(365)	3,622
Opening shareholders' funds	36,774	37,139	33,517
Closing shareholders' funds	34,241	36,774	37,139

### 18 Commitments under operating leases

As at 31 December 2014, the company had future obligations under non-cancellable operating leases as follows:

	31 December 2014			31 December 2013			1 January 2013		
	Vehicles and equipment £'000	Land and buildings £'000	Total £'000	Vehicles and equipment £'000	Land and buildings £'000	Total £'000	Vehicles and equipment £'000	Land and buildings £'000	Total £'000
Within one year	544	261	805	465	159	624	431	242	673
Within two to five years	462	533	995	494	389	883	356	421	777
After five years	-	179	179	-	202	202	-	258	258
	1,006	974	1,980	959	750	1,709	787	921	1,708

### 19 Capital commitments

	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Capital expenditure authorised and contracted for	891	1,058	826

# **Draeger Safety UK Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **20 Pension commitments**

The pension cost charge for 2014 represents contributions payable by the company to the group personal pension plan during the year and amounts to £755,000 (2013: £665,000). 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 2014 there were outstanding bank guarantees in place that amounted to £274,000 (2013 £1,660,000).

### **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 2014. 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.