

BUREAU VERITAS CERTIFICATION UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



BUREAU VERITAS CERTIFICATION UK LIMITED

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BUREAU VERITAS CERTIFICATION UK LIMITED

COMPANY INFORMATION

Directors	A. Kirkby (resigned 31 Dec 2017) K. Smith M. Gee J. Franks (appointed 1 Jan 2018)
Company secretary	C. Thomas
Company number	2244967
Registered office	Suite 308 Fort Dunlop Fort Parkway Birmingham West Midlands B24 9FD
Independent auditor	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
Bankers	NatWest Bank PLC 10 Southwark Street London SE1 1TJ

BUREAU VERITAS CERTIFICATION UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activities of the company during the year were the provision of certification for quality management systems, environmental certification and CE marking of medical devices and gas appliances.

Review of the business

The company's loss for the financial year is £979,806 (2016: loss £261,168).

The company's net liabilities at 31 December 2017 were £1,039,263 (2016: net liabilities £264,320).

The company considers the principal risk and uncertainty affecting the business is recruitment and retention of key staff. This risk is managed through structured and focused recruitment campaigns along with staff training, development programmes and incentive schemes designed to promote staff retention.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effect of changes in credit risk, liquidity risk and interest rate risk.

The company is not exposed to any significant commodity price risk.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure of any individual counterparty is subject to a limit which is assessed regularly by the board.

All the company's debt is inter-company and the interest rate risk, liquidity risk and cash-flow risk is managed by the Bureau Veritas SA board.

Future developments

Whilst the current economic climate can be described as challenging, the directors consider that the company is well placed to perform satisfactorily in the future.

Key performance indicators (KPI's)

The company's directors consider various KPI's on a frequent basis. These include turnover, gross profit, operating profit and average number of employees.

	2017	2016
Turnover	£7,058,157	£6,751,939
Gross profit	£1,872,502	£2,392,094
Operating (loss)/profit	(£978,034)	(£189,134)
Average headcount	65	65

On behalf of the board

M. Gee
Director
2 Aug 2018



BUREAU VERITAS CERTIFICATION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

Future developments

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

Going concern

The company has net current liabilities of £73,415 (2016: £1,030,617 net current assets) at the balance sheet date. The directors of Bureau Veritas SA have confirmed that they will provide financial support to enable the Company to meet its financial liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. On this basis, the directors have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

Dividends

The Directors do not recommend the payment of a dividend (2016: £nil).

Financial risk management

Financial risk management is described in the Strategic Report on page 2.

Directors

The following directors have held office since 1 January 2017 and up until the date of signing these financial statements:

K. Smith
A. Kirkby (resigned 31 Dec 2017)
M. Gee
J. Franks (appointed 1 Jan 2018)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This is purchased by Bureau Veritas SA on behalf of the Directors. The indemnity was in force throughout the last financial year and is currently in force.

Employee involvement and health and safety at work

The company is committed to the development of employees and thereby, to employees' greater involvement in its operations. The company holds periodic meetings between local management and employees to discuss matters likely to affect employees' interests and to allow a free flow of information. During the period the company has provided training for employees at all levels through a structured programme of courses, seminars and workshops.

The policy of the company is to ensure, as far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its business.

The company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for employees regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for

BUREAU VERITAS CERTIFICATION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Employment of disabled persons (continued)

training, career development and promotion as are available to other employees and if necessary, retraining is given to an employee who becomes disabled whilst in the Company's employment.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

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

Independent auditor

Ernst and Young LLP has indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

M. Gee
Director
2 August 2018



BUREAU VERITAS CERTIFICATION UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS CERTIFICATION UK LIMITED

Opinion

We have audited the financial statements of Bureau Veritas Certification UK Limited for the year ended 31 December 2017 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

BUREAU VERITAS CERTIFICATION UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS CERTIFICATION UK LIMITED (CONTINUED)

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BUREAU VERITAS CERTIFICATION UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS CERTIFICATION UK LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

3 August 2018

BUREAU VERITAS CERTIFICATION UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	2	7,058,157	6,751,939
Cost of sales		(5,185,655)	(4,359,845)
Gross profit		1,872,502	2,392,094
Administrative expenses		(2,850,536)	(2,581,228)
Operating loss	3	(978,034)	(189,134)
Interest payable and similar charges	6	(6,483)	(1,483)
Other finance expenses	11	(32,733)	(29,173)
Loss on ordinary activities before taxation		(1,017,250)	(219,790)
Tax on profit on ordinary activities	7	37,444	(41,378)
Loss on ordinary activities after taxation		(979,806)	(261,168)
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) relating to the pension fund	11	274,236	(510,722)
Deferred tax associated with actuarial gain/(loss) on pension fund	10	(80,257)	102,144
Other comprehensive (Loss)/income		193,979	(408,578)
Total comprehensive Loss		(785,827)	(669,746)

BUREAU VERITAS CERTIFICATION UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Current assets			
Debtors	8	2,236,090	2,153,359
Cash at bank		-	31,015
		2,236,090	2,184,374
Creditors: amounts falling due within one year	9	(2,309,505)	(1,153,757)
Net current (liabilities)/assets		(73,415)	1,030,617
Net (liabilities)/assets excluding pension deficit		(73,415)	1,030,617
Defined benefit pension liability	11	(965,848)	(1,294,937)
Net liabilities including defined benefit pension liability		(1,039,263)	(264,320)
Capital and reserves			
Called-up share capital	12	100,000	100,000
Profit and loss account		(1,139,263)	(364,320)
Shareholder deficit		(1,039,263)	(264,320)

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 2 Aug 2018 and are signed on its behalf by:

M. Gee
Director

2 August 2018



Bureau Veritas Certification UK Limited

Registered number: 2244967

BUREAU VERITAS CERTIFICATION UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2016	100,000	300,289	400,289
Loss for the year	-	(261,168)	(261,168)
Other comprehensive income, net of tax:- Actuarial loss on defined benefit plan	-	(408,578)	(408,578)
Total comprehensive income for the year	-	(669,746)	(669,746)
Share-based payment	-	5,137	5,137
Balance at 31 December 2016	100,000	(364,320)	(264,320)
Loss for the year	-	(979,806)	(979,806)
Other comprehensive income, net of tax:- Actuarial gain on defined benefit plan	-	193,979	193,979
Total comprehensive income for the year	-	(785,827)	(785,827)
Share-based payment	-	10,884	10,884
Balance at 31 December 2017	100,000	(1,139,263)	(1,039,263)

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

General information

Bureau Veritas Certification UK Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and place of business is Suite 308 Fort Dunlop, Fort Parkway, Birmingham, West Midlands, B24 9FD.

The company's principal activity and the nature of the Company's operations are disclosed as part of the strategic report on page 2. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Turnover

Turnover represents the amount receivable by the company in respect of services provided during the period and is recognised on provision of the service. Accrued income is recognised where the service has been provided but not yet billed to the customer. Turnover excludes sales related taxes.

Going concern

The Company has net current liabilities of £73,415 (2016: £1,030,617 net current assets). The directors of Bureau Veritas SA have confirmed that they will provide financial support to enable the company to meet its financial liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. On this basis, the directors have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

Taxation

Corporation tax payable is provided on taxable profits based on the tax rates and laws enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences where transactions or events that result in an obligation to pay more or less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial

A net deferred tax asset is regarded 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 from which the future reversal of the 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.

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All exchange differences are accounted for through the profit and loss account.

Pensions

The company participates in a group personal pension scheme operated by Bureau Veritas UK Limited. The cost of the company's group personal pension arrangements are charged to the profit and loss account on the basis of contributions payable in respect of the accounting period.

Certain employees of the company are deferred members of the Bureau Veritas Pension and Assurance Scheme, which is a defined benefit scheme for the group, based on final pensionable pay and which is closed to new entrants. The scheme requires contributions to be made to a separately administered fund.

The company has recognised an allocation of the liability in the scheme and related profit and loss and reserve movements, based on the proportion of pensionable members employed by the company compared to the full pensionable members of the scheme.

Under section 28 of FRS 102, assets held by defined benefit schemes are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present market value of liabilities of the company's defined benefit scheme expected to arise from employee service in the period is charged against operating profit. The expected return on the scheme assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of comprehensive income.

Provisions

Provisions are recognised when the company has a present obligation as a 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.

Share based payments

The cost of shares which will be awarded under the Share Options Plans and the Free Share Plans is measured at fair value. The fair value of shares in each scheme is accrued over the vesting period and reported in the wages and salaries expense and reserves.

Bureau Veritas Certification UK Limited will bear the cost of employers' national insurance at the maturity or exercise date. The liability is calculated by reference to the market value of the shares at the balance sheet date. The liability is accrued between the grant date and the maturity date for the free share plan and between the grant date and the end of the vesting period for the share option plans. This liability is reported in accruals.

At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to reserves.

The national insurance cost and option gain will be allowable for corporation tax deductions in the period that the options are exercised and the free shares are awarded. A deferred tax asset has been provided in respect of this timing difference.

Financial Instruments

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1. Accounting policies (continued)

Financial Instruments (continued)

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows'.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' paragraph 33.7.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following is the Company's key source of estimation uncertainty:

The recoverability of assets such as trade debtors is based on a review by senior management with considerable knowledge of the industry and client.

Amounts recoverable on contracts are largely calculated using a percentage of completion method, and as such, prudent judgement is exercised around sensitive areas affecting the calculations, such as budgeted fees and budgeted hours.

Pension and other post-employment benefits are based on the cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Taxation provisions are based on reasonable estimates, for possible consequences of audits by the tax authorities of the consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2. Turnover

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	4,491,530	4,483,130
Rest of Europe	1,386,919	1,211,584
Rest of World	1,179,708	1,057,225
	7,058,157	6,751,939

3. Loss on ordinary activities before taxation

Operating loss is stated after charging/crediting:

	2017 £	2016 £
Foreign exchange losses/(gain)	48,494	(16,425)
Operating lease rentals:		
- Plant and machinery	116,490	88,543
Auditors' remuneration - audit services	6,200	5,960
Franchise fees paid to Bureau Veritas SA	337,078	343,690

4. Directors' emoluments

No directors received remuneration for the year-ending 31st December 2017 (2016: none). The directors provide services to other group companies. Their services to this Company are inconsequential to their other roles hence no remuneration is disclosed as being as being in respect of their services to this Company.

No directors had a loan with the company at the year-end (2016: none).

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is none (2016: none). No directors are accruing benefits under a defined benefit pension scheme (2016: none).

No directors exercised share options in 2017 (2016: none).

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5. Employee information

The average monthly number of employees (including directors) during the year was:

	2017 Number	2016 Number
By activity		
Technical	33	36
Administration	32	29
	65	65

Employment costs (including directors' emoluments):

	2017 £	2016 £
Wages and salaries	2,852,039	2,580,147
Social security costs	305,079	286,353
Share-based payments	10,884	5,137
Other pension costs (note 11)	134,995	226,097
	3,302,997	3,097,734

6. Interest payable and similar charges

	2017 £	2016 £
Interest payable on loan with group undertakings	6,483	1,483
	6,483	1,483

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

7. Tax on loss on ordinary activities

	2017 £	2016 £
Current tax:		
Overseas tax	11,083	21,061
Tax losses sold to other group companies	(60,782)	-
Total current tax	(49,699)	21,061
Deferred tax:		
Origination and reversal of timing differences (note 10)	(2,279)	8,637
Pension contribution / actuarial gain in excess of pension charge (note 10)	14,533	11,680
Total deferred tax (note 10)	12,255	20,317
Tax on loss on ordinary activities	(37,444)	41,378

The tax for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(1,017,250)	(219,790)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2016: 20%)	(195,821)	(43,958)
Effects of:		
Pension contributions in excess of pension charge	(10,557)	(11,680)
Net disallowable expenditure	322	407
Other differences	12,255	20,317
Overseas taxation	11,083	21,061
Group relief surrendered free of charge	206,056	55,231
Tax losses sold to other group companies	(60,782)	-
Total tax charge/(credit) for the year	(37,444)	41,378

Factors which affect tax charges

Further reductions to the UK corporation tax rate have been announced. The changes reduce the rate to 17% from 1 April 2020. These changes were substantively enacted on 6 September 2016.

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

8. Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,424,888	1,457,278
Amounts owed by group undertakings	631,877	364,988
Other debtors	3,856	56,608
Deferred tax (note 10)	167,530	260,041
Prepayments and accrued income	7,939	14,444
	2,236,090	2,153,359

The amounts owed by group undertakings are unsecured, interest-free, has no fixed date of repayment and is repayable on demand.

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank overdraft	1,422	-
Trade creditors	61,515	24,442
Amounts owed to group undertakings	1,838,673	631,589
Taxation and social security	237,189	251,890
Accruals and deferred income	170,706	245,836
	2,309,505	1,153,757

Included in amounts due to group undertakings is an unsecured loan of £1,106,233 (2016: 290,594) owed to Bureau Veritas SA which is subject to interest based on LIBOR plus an applicable margin and is repayable on demand. The remaining £732,440 (2016: £340,995) owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

10. Deferred taxation

	2017 £	2016 £
Deferred tax asset		
Share option and free share plans	3,334	1,055
	3,334	1,055
1 January	1,055	9,692
Deferred tax charge in profit and loss account (note 7)	2,279	(8,637)
31 December	3,334	1,055

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10. Deferred taxation (continued)

	2017 £	2016 £
Deferred tax asset relating to pension deficit		
1 January	258,986	168,522
Deferred tax charge in profit and loss account (note 7)	(14,533)	(11,680)
Deferred tax charged to the statement of comprehensive income	(80,257)	102,144
31 December	164,196	258,986

11. Pension deficit

Defined contribution

The company participates in a group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable to the fund by the company.

	2017 £	2016 £
Contributions payable by the Company for the year	134,995	226,097

Included within other taxation and social security as at 31 December 2017 were contributions payable of £8,701 (2016: £15,077).

Defined benefit

The company participates in a group scheme, The Bureau Veritas Pension and Assurance Scheme, which is a defined benefit scheme and is closed to new entrants. The assets of the scheme are held separately from those of the company. All employees within the scheme are deferred members.

The latest actuarial valuation was at 31 December 2017. The gross deficit for the scheme was valued at £2,234,000. The market value of assets was £13,662,000 and the present value of scheme liabilities was £15,896,000. The portion of the deficit relating to employees of this company is £965,848 (2016: £1,294,937).

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

11. Pension deficit (continued)

The difference arises from adjustments to the assumptions, additional contributions and movements in asset values. The assumptions used in the last actuarial valuation were 3.4% for rate of increase in pensions in payment, 2.5% deferred pensions and 3.4% for inflation. These assumptions were adjusted to 3.3%, 2.4% and 3.3% respectively at 31st December 2017, to reflect the investment market's expectation of long term future inflation.

	2017	2016
	%	%
The major actuarial assumptions used were:		
Rate of increase in pensions in payment	3.30	3.40
Rate of increase for deferred pensions	2.40	2.50
Discount rate	2.50	2.70
Inflation assumption (RPI)	3.30	3.40
Inflation assumption (CPI)	2.40	2.50

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2017	2016
Male	21.9	21.9
Female	23.7	23.9

The average life expectancy for an employee that is aged 45 on the reporting date is:

	2017	2016
Male	23.0	23.2
Female	25.0	25.4

The pension fund deficit is calculated as follows:

	2017	2016
Valuation of assets in the scheme:	£	£
Equities	1,932,745	2,100,854
Diversified growth assets	2,085,575	1,999,316
Bonds	-	-
Other assets	1,103,709	703,947
Total market value of assets	5,122,029	4,804,117
Present value of scheme liabilities	(6,087,877)	(6,099,054)
Deficit in the scheme	(965,848)	(1,294,937)
Related deferred tax asset	164,196	258,987
Net pension deficit	(801,652)	(1,035,950)

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

11. Pension deficit (continued)

The amounts recognised in profit or losses are as follows:

	2017	2016
	£	£
Analysis of amount charged to other finance expenses		
Interest on pension scheme liabilities	(32,733)	(29,173)
	(32,733)	(29,173)

	2017	2016
	£	£
Analysis of amount recognised in the statement of comprehensive income		
Actual return on pension scheme assets	332,516	569,447
Changes in assumptions underlying the present value of the scheme liabilities	(58,280)	(1,080,169)
	274,236	(510,722)

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
	£	£
Movement in gross deficit during the year		
Gross deficit in scheme at beginning of year	(1,294,937)	(842,608)
Other finance income / (expense)	(32,733)	(29,173)
Company contributions paid	87,586	87,566
Actuarial gains/(losses)	274,236	(510,722)
Gross deficit in scheme at end of year	(965,848)	(1,294,937)

	2017	2016
	£	£
Reconciliation of present value of scheme liabilities		
1 January	6,099,054	4,637,666
Interest cost	168,055	183,754
Benefits paid	(237,512)	(137,152)
Actuarial losses/(gains)	58,280	1,414,786
31 December	6,087,877	6,099,054

	2017	2016
	£	£
Reconciliation of fair value of scheme assets		
1 January	4,804,117	3,795,051
Interest income	135,322	154,588
Company contributions paid	87,586	87,566
Benefits paid	(237,512)	(137,152)
Actuarial (losses)/gains	332,516	904,064
31 December	5,122,029	4,804,117

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

11. Pension deficit (continued)

	2017	2016	2015	2014	2013
	£	£	£	£	£
History of experience gains and losses					
Difference between expected and actual return on scheme assets:					
Amount	332,516	569,477	(62,272)	37,505	136,459
Percentage of scheme assets at end of year	6.49%	11.85%	1.64%	1.0%	4.2%
Experience gains and losses on scheme liabilities:					
Amount	-	-	221,844	-	(19,685)
Percentage of scheme assets at end of year	-	-	5.85%	-	0.6%
Total gross amount recognised in Statement of Comprehensive Income:					
Amount	274,236	(510,722)	450,764	(462,081)	(176,648)
Percentage of scheme liabilities at end of year	4.5%	8.37%	9.72%	10.4%	4.3%

12. Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid:		
100,000 (2016: 100,000) ordinary shares of £1 each	100,000	100,000

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

13. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases for plant and machinery are as follows:

	Plant and Machinery	
	2017	2016
	£	£
Expiring within one year	66,368	82,957
Expiring between two and five years	65,150	62,617
	131,518	145,574

BUREAU VERITAS CERTIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

14. Contingent liabilities

The company participates in a group arrangement with other members of the Bureau Veritas UK Group. At 31 December 2017, the company had guaranteed bank borrowings of other Bureau Veritas UK Group companies amounting to £nil (2016: £nil).

16. Ultimate parent undertaking

The immediate parent company is Bureau Veritas Certification Holdings SAS, a company incorporated in France. The parent company of Bureau Veritas Certification Holdings SAS is Bureau Veritas SA.

The smallest group of undertakings of which the company is a member that produces consolidated financial statements is Bureau Veritas SA, a company registered in France. Its group financial statements are available from the Company's registered office at 67/71 Boulevard du Chateau, 92200 Neuilly-sur-Seine, France (www.bureauveritas.com).

The directors regard the Wendel Group, a Company incorporated in France, as the company's ultimate parent and ultimate controlling party by virtue of its majority interest in the equity capital of Bureau Veritas SA.

The largest group of undertakings of which the company is a member that produces consolidated financial statements is Wendel Group, a company registered in France. Its group financial statements are available from the company's registered office at 89 rue Taitbout, 75009, Paris, France (www.wendelgroup.com).

17. Post balance sheet events

There were no post balance sheet events which require reporting.

18. Capital commitments

There were no capital commitments in place at the year end.

19. Financial instruments

	2017 £	2016 £
Financial assets measured at amortised cost		
Trade debtors	1,424,888	1,457,278
Other debtors	11,795	56,608
Cash	-	31,015
Amounts owed by group undertaking	631,877	364,988
Financial liabilities measured at amortised cost		
Trade creditors	61,515	24,442
Other tax and social security	237,189	251,890
Amounts owed to group undertakings	1,838,673	631,589
Bank overdraft	1,422	-
Accruals and deferred income	170,706	245,836