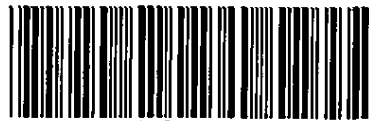


UL S.à r.l.

Consolidated Financial  
Statements for the year ended  
December 31, 2015

WEDNESDAY



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28/09/2016

#372

COMPANIES HOUSE

2-8 Avenue Charles de Gaulle  
L-1653 Luxembourg  
**R.C.S. Luxembourg: B 161 535**  
*Subscribed capital USD 164,994*

Parent co accounts for  
UL VS United Kingdom Ltd

2787492

pg 40

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## Consolidated management report

The Board of Managers are pleased to present the Consolidated management report and Consolidated Financial Statements of the Company for the financial year ended December 31, 2015

### Principal activities

UL S à r l (“the Company”) has its statutory seat in Luxembourg. The Company is part of the Underwriters Laboratories Group (“UL”). The ultimate parent company is Underwriters Laboratories Inc., Delaware, USA.

The Company is the parent company of a group of subsidiaries (“the Group”), which is composed of companies established in various foreign countries and whose core business is to perform safety testing, certification and inspection of equipment. Sales are made in both the domestic and foreign markets.

In 2011, UL performed a series of internal transactions and asset transfers of its US and foreign operations to better align itself for growth opportunities. On December 31, 2011, UL transferred economic benefits and burdens of its intellectual property to UL S a r l via exclusive, paid-in-full license in exchange for preferred stock. In addition, the shares of UL Holdings B V and UL B V – and their direct and indirect subsidiaries – were contributed to UL S a r l by their parent company in exchange for

- common shares,
- a contribution of share premium, and
- convertible preferred equity certificates

### Financial key indicators

Consolidated total income for 2015 was USD 998 million offset by charges of USD 1,021 million resulting in a negative result of USD 23 million. The cash balance decreased by USD 5 million to an amount of USD 83 million.

In 2015, the Group has continued to expand its global reach and services. The Group has entered new markets and attained new leadership positions through an acquisition.

Total net turnover decreased by USD 2 million, mainly driven by the business unit Commercial & Industrial (“C&I”) revenue, which dropped by USD 11 million compared to prior, as more work is being fulfilled in the United States. The decrease in C&I was almost fully off-set by increased revenue in the other business units.

The balance sheet remained relatively stable compared to the prior year. Total fixed assets decreased in 2015 by approximately USD 91 million, primarily driven by goodwill amortization and depreciation of tangible fixed assets and other intangible fixed assets. Current assets decreased by approximately USD 42 million, mainly due to lower receivables on affiliated debtors at year end as a result of increased collection activities.

**Research and development**

The Group has not performed any significant research and development activities

**Financial risk management**

Management considers the Group's solvability and liquidity at a sufficient level. The Group's main financial risks are

*Currency risk*

The Group operates worldwide. The currency risk for the Group largely concerns positions and future transactions in US dollars, British Pound, Hong Kong dollar, Japanese Yen, Danish Krona, Malaysian Ringgit, Mexican Peso, Swedish Krona, Swiss Franc, Brazilian Real, Korean Won, Polish Zloty, Taiwan dollars, Chinese Yuan Renminbi, Australian dollars and New Zealand dollars. Management has determined, based on a risk assessment, that some of these currency risks need to be hedged. Forward exchange contracts are used for this purpose.

*Interest rate and cash flow risk*

The Group incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets, securities and cash) and on interest-bearing non-current and current liabilities (including borrowings). On a regular basis the mix between fixed and variable rate facilities and the macroeconomic interest rate forecast are being reviewed. When employing interest rate risk strategies, the intention will be to provide protection against adverse rate fluctuations, on either a fully- or partially-hedged basis. Under no circumstances will the Group engage into speculative or directional transactions with interest rate options or other derivative instruments.

*Credit risk*

The Group does not have any significant concentrations of credit risk. Sales are made to customers that meet the Group's credit rating. Services are sold subjected to the Group's payment terms. A different payment term may apply to major supplies, in which case additional securities are demanded, including guarantees.

*Liquidity risk*

The Group uses several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

**Future development**

The operations did not significantly change during 2015 and management expects no significant changes in the near future. Also no significant changes are expected in terms of the finance structure, average workforce, investments in property, plant and machinery and financial fixed assets. Management's outlook for 2016 is to further grow the business, both autonomously and through acquisitions.

**Post balance sheet events**

The Company has evaluated subsequent events after the balance sheet date through August 22, 2016, which is the date the financial statements were available to be issued

On January 29, 2016, the Company acquired cr360, a Cambridge, U K -based privately held Company that is a market leader in environment, health and safety management and sustainability software for approximately USD 53 million. The acquisition was funded with available cash.

In April 2016 the Company received a settlement of USD 1 million from Equalia for the improper use of the UL mark for Hoverboards that caused fires and were not certified by UL.

Luxembourg, August 22, 2016

The Board of Managers,

M A Saltzman

S Jesudas

J Ansay

X de Cilia

## Consolidated balance sheet as at December 31, 2015

	Notes	2015 kUSD	2014 kUSD
<b>ASSETS</b>			
<b>C. Fixed assets</b>			
<i>I Intangible fixed assets</i>	4		
1 Concessions, patents, licences, trademarks and similar rights if they were acquired for valuable consideration and need not to be shown under C 13		600,113	639,113
2 Goodwill to the extent that it was acquired for valuable consideration		449,483	484,938
<i>II. Tangible fixed assets</i>	5		
1 Land and buildings		49,056	52,315
2 Plant and machinery		52,478	61,510
3 Other fixtures and fittings, tools and equipment		13,683	15,267
4 Payments on accounts and tangible fixed assets under development		11,169	3,701
<i>III Financial fixed assets</i>	6		
1 Shares in associates		10,406	11,250
2 Amounts owned by affiliated undertakings		34,264	34,599
3 Loans and claims held as fixed assets		8,578	9,496
<i>IV Deferred tax assets</i>	7	35,150	42,693
<b>Total Fixed Assets</b>		<b>1,264,380</b>	<b>1,354,882</b>

The accompanying notes form an integral part of the consolidated financial statements

## Consolidated balance sheet as at December 31, 2015

	Notes	2015 kUSD	2014 kUSD
<b>ASSETS (cont.)</b>			
<b>D. Current assets</b>			
<b>I Inventories</b>	8		
1 Work and contracts in progress		17,166	14,675
2 Finished goods and goods for resale		1 071	363
<b>II Debtors</b>	9		
1 Trade receivables			
A) becoming due and payable within one year		135,175	136,425
B) becoming due and payable after more than one year		179	4 704
2 Amounts owned by undertakings with which the company is linked by virtue of participating interests			
A) becoming due and payable within one year		52,785	111,579
B) becoming due and payable after more than one year		30,664	8,882
3 Other receivables			
A) becoming due and payable within one year		27 587	20,686
B) becoming due and payable after more than one year		4,304	8,929
<b>III Transferable securities</b>			
1 Other transferable securities	10	2,155	1,495
<b>IV Cash at bank, cash in postal cheque accounts, cheques and cash in hand</b>	11	82,560	88,014
<b>Total Assets</b>		<b>1,618,026</b>	<b>1,750,634</b>

The accompanying notes form an integral part of the consolidated financial statements

## Consolidated balance sheet as at December 31, 2015

	Notes	2015 kUSD	2014 kUSD
<b>LIABILITIES</b>			
<b>A. Equity</b>	12& 13		
1 Subscribed capital		165	100
2 Shares premium and similar premiums		244,486	144,137
3 Other reserve		-	-
4 Minority interest		718	531
5 Revaluation reserves		-24,785	5,119
6 Loss brought forward		-34,342	-44,229
7 Result for the financial year		-23,230	9,887
<b>Total capital and reserves – share of the Group</b>		<b>163 012</b>	<b>115,545</b>
<b>B. Subordinated debts</b>	14	<b>1 048,544</b>	<b>1,048 544</b>
<b>C. Provisions</b>	15		
1 Provisions for pensions and similar obligations		70,647	76,991
2 Provisions for taxation		25,289	36,600
3 Other provisions		12,797	11,754
<b>D. Non-subordinated debts</b>	16		
1 Amounts owed to credit institutions			
A) becoming due and payable within one year		1,452	-
B) becoming due and payable between 1- 5 years		-	1,459
2 Debts on purchases and provisions of trade creditors			
A) becoming due and payable within one year		16,733	21,525
B) becoming due and payable between 1- 5 years		836	132
3 Amounts owed to affiliated undertakings			
A) becoming due and payable within one year		137,017	116,129
B) becoming due and payable between 1- 5 years		1 964	212,699
4 Tax and social security debts			
A) becoming due and payable within one year		27,017	22 974
B) becoming due and payable between 1- 5 years		-	-258
C) becoming due and payable after 5 years		-	1,112
5 Other creditors			
A) becoming due and payable within one year		72,789	43 855
B) becoming due and payable between 1- 5 years		1,589	5,424
C) becoming due and payable after 5 years		104	180
<b>E. Deferred income</b>	17	<b>38,236</b>	<b>35,969</b>
<b>Total Liabilities</b>		<b>1,618,026</b>	<b>1,750,634</b>

The accompanying notes form an integral part of the consolidated financial statements



## Consolidated profit and loss account for the year ended December 31, 2015

	Notes	2015 kUSD	2014 kUSD
<b>Charges</b>			
1 Use of merchandise, raw materials and consumable materials	18	2 493	1,455
2 Other external charges	19	173 551	177,879
3 Staff costs	30		
A) Salaries and wages		270,512	266,073
B) Social security on salaries and wages		44,661	40,720
C) Supplementary pension costs		14,601	18,526
D) Miscellaneous social costs		30,539	31,090
4 Value adjustments	20		
A) On formation expenses and on tangible and intangible fixed assets		107,267	112,463
5 Other operating charges	21	272,745	247,385
6 Value adjustments and fair value adjustments on financial current assets	22	-	-
7 Interest and other financial charges	23		
A) Concerning affiliated undertakings		56 975	48 055
B) Other interest and charges		23,702	30,974
8 Extraordinary charges	24	10,101	1,546
9 Income taxes	25	15,408	14,948
10 Minority interest	13	187	917
11 Profit for the financial year - share of the Group		-	9,887
<b>Total charges</b>		<b>1,022,742</b>	<b>1,001,918</b>

The accompanying notes form an integral part of the consolidated financial statements

## Consolidated profit and loss account for the year ended December 31, 2015

	<i>Notes</i>	2015 kUSD	2014 kUSD
<b>Income</b>			
1 Net turnover	26	969,540	971,997
2 Reversal of value adjustments			
A) On formation expenses and on tangible and intangible fixed assets		-	-
B) On current assets		112	-
3 Other operating income	27	22,581	24 567
4 Income from financial current assets	28		
A) Derived from affiliated undertakings		2 130	2,705
B) Other income		-	1,574
5 Extraordinary income	29	3,954	-
6 Value adjustments and fair value adjustments on financial current assets	22	1,195	1 075
7 Minority interest	13	-	-
8 Loss for the financial year - share of the Group		23,230	-
<b>Total income</b>		<b>1,022,742</b>	<b>1,001,918</b>

The accompanying notes form an integral part of the consolidated financial statements

## **Notes to the consolidated financial statements**

### **1 General information**

UL S à r l (hereafter the “Company”) was incorporated on May 24, 2011 and is organised under the laws of Luxembourg as a ‘Société à responsabilité limitée’ for an unlimited period. The registered office of the Company is established in Luxembourg.

The Company is a member of the Underwriters Laboratories Group (hereafter “UL Group”). Financial numbers of the Company are incorporated in the consolidated annual report of the ultimate parent company Underwriters Laboratories, Inc., Delaware, USA.

The Company’s financial year starts on January 1 and ends on December 31 of each year.

The object of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The consolidated financial statements include the Company and its direct and indirect subsidiaries (together referred to as the “Group”). The operations of the Group mainly comprise of

- safety testing,
- certification, and
- inspection of equipment

### **2 Scope of consolidation and consolidation policies**

#### **2.1 Scope of consolidation**

The Consolidated Financial Statements of the Company as at December 31, 2015 include its stand-alone Financial Statements and those of all directly or indirectly owned subsidiaries. Subsidiaries are all entities over which the Company exercises control through direct or indirect shareholding of more than one half of the voting rights.

The Group and minority interests’ share of profit and losses or changes in the net equity of subsidiaries are determined based on existing voting rights, without considering the effects of potential voting rights which are exercisable or convertible.

Joint ventures are operations that are jointly controlled by the Group and one or more other parties in accordance with contractual arrangements between parties. Joint ventures are accounted for using the equity method of accounting.

Associates are all the entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated value adjustment.

**UL S.à r.l.****Notes to the Consolidated Financial Statements**

Entities including in the scope of consolidation are listed below

Name	Share in issued capital (%)		Country	Consolidation Method
	2015	2014		
UL S a r l	n/a	n/a	Luxembourg	Parent company
UL International Limited	100	100	Hong Kong	Fully consolidated
UL VS Hong Kong Ltd	100	100	Hong Kong	Fully consolidated
UL Quality Assurance Private Limited	100	100	India	Fully consolidated
UL India Private Limited	100	100	India	Fully consolidated
STR Bangladesh Private Ltd	100	100	Bangladesh	Fully consolidated
Underwriters Laboratories Middle East FZ LLC	100	100	United Arab Emirates	Fully consolidated
STR Vietnam	100	100	Vietnam	Fully consolidated
STR Sri Lanka	100	100	Sri Lanka	Fully consolidated
UL International Indonesia	100	-	Indonesia	Fully consolidated
UL International Singapore Private Ltd	100	100	Singapore	Fully consolidated
UL Verification Services Private Ltd	100	100	Singapore	Fully consolidated
UL Korea Ltd	100	100	Korea	Fully consolidated
UL VS Bangladesh Ltd	100	100	Bangladesh	Fully consolidated
UL TS Pte Ltd	100	100	Singapore	Fully consolidated
UL Services (Malaysia) Sdn Bhd	100	100	Malaysia	Fully consolidated
UL TS FZE	100	100	United Arab Emirates	Fully consolidated
UL Japan, Inc	100	100	Japan	Fully consolidated
UL Kashima	100	100	Japan	Fully consolidated
UL Shimadzu Laboratory Corporation	60	60	Japan	Fully consolidated
UL ASG Japan, Inc	100	100	Japan	Fully consolidated
UL VS Taiwan Ltd	100	100	Taiwan	Fully consolidated
Underwriters Laboratories Taiwan Co , Ltd	100	100	Taiwan	Fully consolidated
UL International Australia Pty Ltd	100	100	Australia	Fully consolidated
UL AG, Taiwan Branch	100	100	Taiwan	Fully consolidated
UL Electrical & Mechanical Technology (Shanghai) Limited	100	100	Shanghai	Fully consolidated
UL Verification Services (Guangzhou) Co Ltd	100	100	China	Fully consolidated
Green Safety (Shanghai) Investment Management Company Limited	100	-	Shanghai	Fully consolidated
UL VS Shanghai Ltd	100	100	Shanghai	Fully consolidated
UL Verification Services (Guangzhou) Co , Ltd SongShan Lake Branch	100	-	China	Fully consolidated
Witham Pty Limited	100	100	Australia	Fully consolidated
DEWI Wind Energy Technical Service (Beijing) Co , Ltd	100	100	China	Fully consolidated
UL International New Zealand Ltd	100	100	New Zealand	Fully consolidated
UL Standard and Technology Services Company Ltd	100	100	Shanghai	Fully consolidated
UL VS Philippines Ptd Ltd	100	100	Philippines	Fully consolidated
ICQ (HK) Ltd	100	100	Hong Kong	Fully consolidated
ICQ (MED), Sarl	90	90	Tunisia	Fully consolidated
UL VS South Africa (Pty) Ltd	100	100	South Africa	Fully consolidated

# UL S.à r.l.

## Notes to the Consolidated Financial Statements

Name	Share in issued capital (%)		Country	Consolidation Method
	2015	2014		
UL International Demko A/S	100	100	Denmark	Fully consolidated
UL IS B V	100	100	Netherlands	Fully consolidated
UL International (France) SA	99 92	99 92	France	Fully consolidated
MD Registration Support Ltd	100	100	Germany	Fully consolidated
UL International Germany GmbH	100	100	Germany	Fully consolidated
UL International TTC GmbH	100	100	Germany	Fully consolidated
UL International (Netherlands) BV	100	100	Netherlands	Fully consolidated
MDI Medical Device Testing GmbH	100	100	Germany	Fully consolidated
UL International Italia Srl	98	98	Italy	Fully consolidated
UL Transaction Security Ltd	100	100	United Kingdom	Fully consolidated
Collis Holding B V	100	100	Netherlands	Fully consolidated
Underwriters Laboratories Iberica, S L	99 96	99 96	Spain	Fully consolidated
UL VS Laboratuvar Hizmetleri Anonim Sirketi	100	100	Turkey	Fully consolidated
UL International (Sweden) AB	100	100	Sweden	Fully consolidated
UL AG	100	100	Switzerland	Fully consolidated
UL International (UK) Limited	100	100	United Kingdom	Fully consolidated
UL VS LTD	100	100	United Kingdom	Fully consolidated
UL International Finland Oy	99	99	Finland	Fully consolidated
Futuremark Oy	100	100	Finland	Fully consolidated
Eco-INSTITUT GmbH	100	100	Germany	Fully consolidated
DEWI Danışmanlık Mhendislik Ticaret Ltd Sti	100	100	Turkey	Fully consolidated
UL International Polska Sp zoo	100	100	Poland	Fully consolidated
DEWI GmbH - Deutsches Windenergie Institut	100	100	Germany	Fully consolidated
DEWI France	100	100	France	Fully consolidated
DEWI GmbH - Deutsches Windenergie Institut Sucursal En Espana	100	100	Spain	Fully consolidated
DEWI GmbH - Deutsches Windenergie Institut Branch in Italy	100	100	Italy	Fully consolidated
DEWI-OCC Offshore and Certification Centre GmbH	100	100	Germany	Fully consolidated
UL International Services BV	100	100	Netherlands	Fully consolidated
Underwriters Laboratories B V	100	100	Netherlands	Fully consolidated
Underwriters Laboratories Holdings B V	100	100	Netherlands	Fully consolidated
ICQ Holding s r l	100	100	Italy	Fully consolidated
Istituto Certificazione Qualita Srl	100	100	Italy	Fully consolidated
Nuovo Istituto Italiano Sicurezza dei Giocattoli S r l	100	100	Italy	Fully consolidated
UL de Argentina S R L	95	95	Argentina	Fully consolidated
UL do Brasil Ltda	99 99	99 99	Brazil	Fully consolidated
UL do Brasil Certificacocs	100	100	Brazil	Fully consolidated
UL de Mexico SA de CV	99	99	Mexico	Fully consolidated
Iesttech Laboratories	100	100	Brazil	Fully consolidated
DEWI do Brasil Engenharia de Energia E a Ltda	100	100	Brazil	Fully consolidated
Futuremark Inc	100	100	United States	Fully consolidated
UL TS Inc	100	100	United States	Fully consolidated
Underwriters Laboratories of Canada Inc	100	100	Canada	Fully consolidated
Acquirer Systems Limited	100	-	Ireland	Fully consolidated
Collis Nordic Oy	100	100	Finland	Fully consolidated

## ***UL S.à r.l.***

### **Notes to the Consolidated Financial Statements**

Name	Share in issued capital (%)		Country	Consolidation Method
	2015	2014		
STR Turkey LLC	100	100	United States	Fully consolidated
STR Int'l LLC	100	100	United States	Fully consolidated
ICQ (USA) Inc	100	100	United States	Fully consolidated
RFI China Holdings Ltd	100	100	China	Fully consolidated

The main changes in the consolidation scope is driven by a company that has been acquired (see note 2.2) during the financial year 2015

In accordance with article 317 of the Luxembourg law, STR (France) SAS which is separately and jointly of negligible importance has been excluded from consolidation

## **2.2 Acquisitions**

In November 2015, the Company acquired 100% of the outstanding stock of Acquirer Systems Limited ("AS") for USD 17.8 million. The aggregate purchase price consists of USD 16.1 million cash paid in 2015 and a holdback of USD 1.7 million. Of the purchase price USD 5.1 million has been allocated to goodwill. The holdback amount was retained by the Company and may be used to offset any unexpected liabilities that are the responsibility of the seller.

AS is an Ireland based company that provides enterprise test and validation software for the credit card payment industry. The acquisition broadens the Company's portfolio of testing software and simulators for the payment industry. In addition, the acquisition extends leadership in EMV migration services in the North American market and adds cloud-based testing product capabilities.

## **2.3 Consolidation policies**

### **2.3.1 General**

The accounts of the Group entities have been adjusted when necessary in order to comply with the Group's accounting policies.

### **2.3.2 Goodwill**

If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) will be directly included in the reserves. Goodwill arising on consideration paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable at the moment of acquisition.

This goodwill is amortised on a straight line basis over the time the Group considers that it will benefit from it. Such goodwill is amortised within a period of 20 years. The 20 year period is

## **Notes to the Consolidated Financial Statements**

driven by nature and the foreseeable life time that the acquired companies will generate economic benefits to the Group. Value adjustments are recorded if, in the opinion of the Board of Managers, the profitability achieved is below the initial estimates.

### **2.3.3 *Balances and transactions between consolidated companies***

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures and associates are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures and associates are recognised in the consolidated profit and loss account.

### **2.3.4 *Minority interest***

The share of the minority interest in the net equity and in the net profit for the year of the Group subsidiaries is shown separately in the consolidated balance sheet and consolidated profit and loss account, respectively.

In the event of a negative share of the minority interest in the Group subsidiaries' equity and when there is a contractual or legal obligation for the Group to assume this negative share in the Group subsidiaries' equity, the corresponding share of the minority interest is presented in the total capital and reserves –share of the Group (under the caption "Other reserve") and in the consolidated profit and loss account (under "Minority interest") as part of the profit/loss for the financial year – share of the Group.

### **2.3.5 *Profit and loss account***

The figures in the profit and loss account for the acquired companies are reflected on a pro-rata basis in the terms of their acquisition in order to incorporate only the result since the acquisition date.

### **2.3.6 *Translation of foreign subsidiaries***

The Group's Consolidated Financial Statements are prepared in US Dollars ("USD").

The results and financial position of all the Group subsidiaries that have a currency different from USD are translated into USD as follows:

- assets and liabilities, except for capital and reserves, for each balance sheet presented are translated at the rate prevailing at the balance sheet date,
- capital and reserves are converted at the historical rate of exchange,
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of

**Notes to the Consolidated Financial Statements**

the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and

- all resulting exchange differences are recognized as a separate component of equity under the caption “Revaluation reserves”

**3 Accounting policies**

**3.1 General principles**

The Consolidated Financial Statements have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Managers.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the Consolidated Financial Statements in the year in which the assumptions changed. The Board of Managers believes that the underlying assumptions are appropriate and that the Financial Statements therefore present the financial position and results fairly.

The Board of Managers makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**3.2 Foreign currency transactions**

The Group maintains its accounting records in US dollar (USD) and the Consolidated Financial Statements are expressed in this currency.

Income and expenses in currencies other than US dollars are translated in to US dollars at the exchange rates prevailing at the transaction dates.

Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account except for the financial derivatives instruments (see note 3.6).

**3.3 Intangible fixed assets**

On December 31, 2011 UL Group performed a series of internal transactions and asset transfer of its US and foreign operations to better align itself for growth opportunities. UL transferred economic benefits and burdens of its intellectual property to UL S.à r.l. via exclusive Group, paid-in-full license in exchange for preferred stock. In addition, the shares of UL Holdings BV and UL BV – and their direct and indirect subsidiaries - were contributed to UL S.à r.l. by their parent company.



**3.3.1 Goodwill**

Goodwill is valued at purchase price including the expenses incidental thereto, less accumulated amortisation, determined on a straight line basis over the estimated remaining useful lives of the assets. The amortisation is on a straight line basis over a period of 20 years.

The Group has used the market approach to value the goodwill which arose from the internal restructuring. The forecasted revenue, EBITDA and EBIT multiples of public comparable companies were referenced. Appropriate comparable multiple (high, low, median or average) was determined for the business units based on their relative growth, risk, and size as compared to the comparable companies. We believe we are conservative in including EBITDA and EBIT multiples in our market approach.

**3.3.2 Other intangible assets**

Intangible assets are valued at purchase price including the expenses incidental thereto, less accumulated amortisation, determined on a straight line basis over the estimated remaining useful lives of the assets. The amortisation rate and methods applied are as follows:

Other intangible assets	Rate of amortisation	Amortisation method
US IP Rights	20 years	Linear
Concessions, patents, licenses, trademarks and similar rights and assets	3 – 20 years	Linear

*US IP Rights*

The internal restructuring resulted in UL S.à r.l. purchasing US IP rights (to us the UL Mark in the US) in exchange for Convertible Preferred Equity Certificates. The initial fair value of the US IP rights was based on the income approach. Management continues to believe that the overall growth of the company is in line with the projections used in the 2C valuation. While we have seen some changes in the mix of the revenues between legal entities, we do expect growth in the US entities in the future that will be reasonably consistent with the valuation assumptions. Management believes that the perpetuity growth is in line with its strategic initiatives, historical price increases and the overall state of the TIC industry.

*Concessions, licences, intellectual property and similar rights and assets*

This primarily relates to non-US IP rights and customer relationship which were originated from the aforementioned internal restructuring. Management believes that the perpetuity growth is in line with its strategic initiatives, historical price increases and the overall state of the TIC industry. Management's outlook for non-US entities is that we might have a change in the mix of the revenues between legal entities but future growth will be reasonably consistent with the valuation assumptions.

**3.3.3 Impairment test**

US IP Rights, Concessions, licences, intellectual property and similar rights and assets and Goodwill are amortized intangible assets and as a result are tested for impairment where there is an impairment indicator. No impairment loss was recognized for the year.

**Notes to the Consolidated Financial Statements****3.4 Tangible fixed assets**

Tangible fixed assets are stated at historical cost, less accumulated depreciation, determined on a straight line basis over the estimated remaining useful lives of the assets

<b>Tangible assets</b>	<b>Rate of depreciation</b>	<b>Depreciation method</b>
Land and buildings	0 – 50 years	Linear
Plant and machinery	3 – 15 years	Linear
Other fixtures and fittings, tools and equipment	3 – 15 years	Linear
Payments on accounts and tangible fixed assets under development	N/A	N/A

Depreciation is not provided on land or on assets under development. Interest on capital borrowed to finance the production and/or development of fixed assets has been included in the costs to the extent to which it relates to the period.

The Group leases certain computer equipment of which it has substantially all the risks and rewards incidental to the ownership. These assets are capitalised and recognised in the balance sheet at the commencement of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the redemption of the liability and finance charges on annuity basis. The lease obligations are included in other long-term payables without the interest charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The computer equipment acquired under financial leases is depreciated over the shorter of the useful life of the asset and the contractual term.

**3.5 Financial fixed assets**

The financial fixed assets, except for those included in the scope of consolidation (note 2.1 'Scope of consolidation'), are recorded at their acquisition price. The acquisition price includes charges and expenses in connection with the financial fixed assets during the financial year of its acquisition. For any diminution in value which is considered, in the opinion of the Board of Managers, to be durable in nature, a value adjustment is made on the basis of a valuation of each individual asset at the end of each financial year.

**3.6 Financial derivative instruments**

The Group has global operations and enters into transactions denominated in various foreign currencies. In order to reduce the earnings and cash flow impact from the variation of foreign currency exposures, from time to time, the Group enters into both foreign currency forward and option contracts.

Under the Group policy, the use of derivatives is restricted to those intended to reduce the risk of exposure to any currency. The use of any derivative instrument for speculative purposes is strictly prohibited. The Group records gains and losses related to the changes in fair value, and the settlement of the currency hedging instruments, in the profit and loss accounts. Reference is made to note 22.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, a three-level fair value hierarchy is established that prioritizes information used in developing assumptions when pricing an asset or liability.

## ***UL S.à r.l.***

### **Notes to the Consolidated Financial Statements**

- |         |   |
|---------|---|
| Level 1 | Observable inputs such as quoted prices in active markets,  |
| Level 2 | Inputs, other than quoted prices in active markets, that are observable either directly or indirectly, and                      |
| Level 3 | Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions |

The policy requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Group has no open derivative instruments as of December 31, 2015 or 2014.

#### **3.7 Deferred taxation**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax basis used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

When appropriate, deferred taxation is provided on losses available for carry forward to offset against future taxable profits and on temporary differences between the tax basis of assets and liabilities and their carrying value for financial reporting purposes, measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted at the date of the consolidated balance sheet.

#### **3.8 Inventories**

Raw material is stated at the lower of acquisition cost on the basis of weighted average price, and market value.

Finished goods and work in progress are valued at the lower of production cost(s) including the acquisition price of the raw materials and consumables, the costs directly attributable to the product in question and a proportion of the costs indirectly attributable to the product in question, and market value. If necessary, a provision for obsolescence is recorded.

#### **3.9 Debtors**

Debtors are valued at their nominal value. If a debtor is considered unlikely to be able to pay the debt, a value adjustment is made.

#### **3.10 Transferable securities**

Transferable securities relate to short term deposits and are valued at the lower of cost or market value.

**3.11 Cash and deposits, creditors and other liabilities**

Cash and deposits, creditors and other liabilities are valued at their nominal value

**3.12 Provisions**

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to be settled, a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

**3.12.1 Pension benefits**

The Group offers its employees defined benefit plans or defined contribution plans.

Defined benefit plans

For defined benefit plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet reflects the defined benefit obligation minus the fair value of plan assets.

The Projected Unit Credit Cost method is used for the present value of the defined benefit obligation and the related current service cost. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the balance sheet date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The assets in the investments portfolio for defined benefit plans are diversified in a manner that is intended to achieve the return objective and reduce the volatility of returns on assets. The Group investment objective is to ensure that funds are available to meet the plans' benefit obligations when they become due. The overall investment strategy is to prudently invest plan assets into diversified equity and debt securities, as well as alternative instruments, to achieve long-term return expectations. The plan relies on a total return strategy in which investment returns consist of both capital appreciation (both realized and unrealized), as well as current yield (interest and dividends) over a long-term period.

**Notes to the Consolidated Financial Statements**

Actuarial gains and losses are charged or credited in the profit and loss account in the period in which they arise

Past-service costs are recognised immediately in the profit and loss account

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The commitment of the Group is limited to the contributions that the Group agreed to pay into the fund on behalf of its employees.

**3.12.2 Other provisions**

The other provisions are recognised at nominal value

**3.13 Deferred charges**

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year

**3.14 Deferred income**

This liability includes income received during the financial year but relating to a subsequent financial year

**3.15 Net turnover**

The net turnover includes the amounts derived from the sale of products and the provision of services falling within the ordinary activities of the Company and its subsidiaries, after deduction of sales rebates and of value added tax and other taxes linked directly to the turnover

The main revenue types are

- Conformity assessment, this relates to revenue for testing and/or certification services that will result in the customer receiving a certification issued by UL
- Annual certification fees, fees for maintaining client files
- Site inspection fees, inspection visits to the customer's facility which are typically performed on a periodic basis to ensure the client is producing the product in compliance with the original standards tested
- Product labels, UL provides its customers authorization to apply labels to customers products that display the UL certification markings. Customers are charged for the manufacturing, purchase and application of these labels
- Sample testing services, required for certain product categories to assure continued compliance with the safety requirements

The Company and its subsidiaries also generate revenue from selling safety training materials, seminars and through license income

**Notes to the Consolidated Financial Statements**

**4 Intangible fixed assets**

The movements for the year 2015 are as follows

	US IP rights	Concessions, licences, intellectual property and similar rights and assets	Goodwill	Total
	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	183,008	614,787	566,943	1,364,738
• Additions	-	17,444	5,156	22,600
• Disposals	-	-2,473	-	-2,473
• Exchange rate translation	-	-4,948	-14,918	-19,866
Gross book value – closing balance	183,008	624,810	557,181	1,364,999
Accumulated value adjustment – opening balance	-27,450	-131,232	-82,005	-240,687
• Amortisation	-9,150	-43,100	-27,634	-79,884
• Impairments	-	-	-	-
• Disposals	-	1,517	-	1,517
• Exchange rate translation	-	1,710	1,941	3,651
Accumulated value adjustment – closing balance	-36,600	-171,105	-107,698	-315,403
<b>Net book value closing balance</b>	<b>146,408</b>	<b>453,705</b>	<b>449,483</b>	<b>1,049,596</b>
Net book value opening balance	155,558	483,555	484,938	1,124,051

The exchange rate translation is the difference between the subsidiaries ending balances converted at the December 31, 2015 and December 31, 2014 year end rate

The total of US IP rights and Concessions, licences, intellectual property and similar rights and assets are presented in the balance sheet as intangible fixed assets under the section “Concessions, patents, licences, trademarks and similar rights and assets if they were acquired for valuable consideration and need not to be shown under C I 3”

**Notes to the Consolidated Financial Statements**

**5 Tangible fixed assets**

The movements for the year 2015 are as follows

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on accounts and tangible fixed assets under development	Total
	kUSD	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	67,813	90,019	27,075	3,701	188,608
• Additions	6,787	17,378	4,892	9,906	38,963
• Disposals	-5,263	-16,646	-5,985	-1,566	-29,460
• Transfers	-	-	-	-	-
• Exchange rate translation	-4,313	-7,107	-1,701	-872	-13,993
Gross book value – closing balance	65,024	83,644	24,281	11,169	184,118
Accumulated value adjustment – opening balance	-15,498	-28,509	-11,808	-	-55,815
• Depreciation	-6,830	-15,823	-4,730	-	-27,383
• Impairments	-	-	-	-	-
• Disposals	3,579	8,754	4,446	-	16,779
• Transfers	-	-	-	-	-
• Exchange rate translation	2,781	4,412	1,494	-	8,687
Accumulated value adjustment –closing balance	-15,968	-31,166	-10,598	-	-57,732
<b>Net book value closing balance</b>	<b>49,056</b>	<b>52,478</b>	<b>13,683</b>	<b>11,169</b>	<b>126,386</b>
Net book value opening balance	52,315	61,510	15,267	3,701	132,793

The exchange rate translation is the difference between the subsidiaries ending balances converted at the December 31, 2015 and December 31, 2014 year end rate

The additions to the tangible fixed assets primarily relate to the continuous investments the Groups makes in laboratories and plant and machineries to meet the customers demand

**6**

**Financial fixed assets**

The movements for the year 2015 are as follows

	Shares in affiliated undertakings	Loans to undertakings with which the company is linked by virtue of participating interest	Capitalised loans and receivables	Total
	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	11,250	34,599	9,496	55,345
• Result of the year	2,303	-	-	2,303
• Dividend	-1 903	-	-	-1,903
• Repayment	-	-335	-918	-1,253
• Exchange rate translation	-1 244	-	-	-1,244
Gross book value – closing balance	10,406	34,264	8,578	53,248

*Affiliated undertakings*

The affiliated undertakings relate to investments in the following non-consolidated affiliate

- a 27.78% ownership in DQS, a company located in Germany

The aforementioned entity is not consolidated as the Group does not exercise control through direct or indirect shareholding of more than one half of the voting rights. This entity is accounted for using the equity method. The result of the year, respectively the closing balance is equal to the share of UL S.à r.l. in the result of this entity in 2015, respectively in the net equity of this entity as at December 31, 2015.

*Undertakings with which the companies is linked by virtue of participating interest*

This solely relates to a long term receivable from UL LLC which is a legal entity within the UL Group but not within the consolidation group of UL S.à r.l. The loan is due and payable on December 31, 2017. The interest is fixed at 3%. No underlying securities have been issued.



**Notes to the Consolidated Financial Statements****7 Deferred tax assets**

The movements for the year are as follows

	2015 kUSD	2014 kUSD
Gross book value – opening balance	42,693	28,343
• Correction previous year	3	-
• Additions	8,406	18,483
• Utilized	-15,952	-1,418
• Transfers	-	-1,202
• Exchange rate translation	-	-1,512
	<hr/>	<hr/>
Gross book value – closing Balance	35,150	42,693
	<hr/>	<hr/>

**8 Inventories**

The inventories as at December 31, 2015 primarily relate to finished goods

**9 Debtors**

The receivables that fall due in less than one year are USD 215.5 million (December 31, 2014 USD 268.7 million) and the receivables due to more than one year are USD 35.1 million (December 31, 2014 USD 22.5 million). The fair value of the receivables approximates the book value. The trade receivables at December 31, 2015 and December 31, 2014 include provisions for obsolescence in the amount of USD 5.1 million and USD 7.2 million, respectively.

**10 Transferable securities**

Transferable securities are mainly composed of term deposits all having maturities of up to 6 months.

**11 Cash at bank**

Cash and cash equivalents are stated at face value. The cash is at the Group's free disposal.

**UL S.à r.l.**

**Notes to the Consolidated Financial Statements**

**12**

**Equity**

	Subscribed capital	Share premium account	Other reserve	Minority interest	Revaluation reserves	Loss brought forward	Profit for the financial year	Total capital and reserves/ share of the Group
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
<b>As at December 31, 2014</b>	<b>100</b>	<b>144,137</b>	-	<b>531</b>	<b>5,119</b>	<b>-44,229</b>	<b>9,887</b>	<b>115,545</b>
Allocation prior year result	-	-	-	-	-	9,887	-9,887	-
CPEC conversion	65	100,349	-	-	-	-	-	100,414
Profit or loss of the year	-	-	-	187	-	-	-23,230	-23,043
Foreign exchange translation	-	-	-	-	-29,904	-	-	-29,904
<b>As at December 31, 2015</b>	<b>165</b>	<b>244,486</b>	-	<b>718</b>	<b>-24,785</b>	<b>-34,342</b>	<b>-23,230</b>	<b>163,012</b>

**12.1 Subscribed capital**

In 2015 the Company issued 64,994 ordinary shares as part of the Convertible Preferred Equity Certificates ("CPEC") yield conversion. As at December 31, 2015 this resulted in the total share capital of the Company being set at USD 164,994 divided into 164,994 ordinary shares with a nominal value of USD 1 all of which are fully paid

**12.2 Share premium**

As a result of the internal transactions and asset transfers in 2011, an amount of USD 144.1 million was allocated to the share premium account of the Company as at December 31, 2014

In 2015 the Company satisfied its accrued Yield obligation for 2012 and 2013 in the amount of USD 108.8 million, by way of issuance of 64,994 common shares in the capital of the Company (Conversion Shares), payment of USD 1k in cash and incurrence of the UL LLC note payable in the amount of USD 8.4 million as payment in kind

**12.3 Revaluation reserve**

The revaluation reserve relates to the result of subsidiaries that have their capital converted to the reporting currency of the Company

**12.4 Legal reserve**

Under Luxembourg law, the Company must appropriate to the legal reserve a minimum of 5% of the net profit, until such reserve reaches 10% of the share capital. Distribution of the legal reserve is restricted. As at December 2015 the legal reserve is nil (December 31, 2014: nil)

**13 Minority interest and other reserve**

The minority interest is as follows

	2015 kUSD	2014 kUSD
Gross book value – opening balance	531	-386
Minority share of the net result of the year	187	917
Gross book value – closing balance	718	531

**14**

**Subordinated debts**

The subordinated debts are as follows

	Within one year	After one year and within five years	After more than five years	Total 2015	Total 2014
	kUSD	kUSD	kUSD	kUSD	kUSD
Convertible preferred equity certificates	-	-	1,048,544	1,048,544	1,048,544

The subordinated debts relate to Convertible Preferred Equity Certificates (“CPEC”) that were issued by the Company to the shareholder. These CPEC’s were issued on December 31, 2011 and have a maturity date of December 31, 2021. The yield on the CPEC’s is 12 month Libor + 4% for which has been accrued for the years 2014 and 2015.

The 2015 interest of an amount of USD 57 million has been recognized in the income statement in the section “interest and other financial charges”.

During the year ended December 31, 2015, the Company made an adjustment to correct for an error related to the accrual of interest on the CPEC subordinated debt in 2014. The adjustment increased interest and other financial charges concerning affiliated undertakings by USD 5 million and increased amounts owed to affiliated undertakings becoming due and payable within one year by USD 5 million. The adjustment did not have a material impact on any current or previously reported interim or annual consolidated financial statements.

*Redemption / conversion*

On the mandatory redemption date the Company will redeem all the then outstanding CPEC’s against either

- (a) an amount of cash per CPEC equal to the redemption price, provided that the Company will have sufficient funds available to settle its liabilities to all creditors, privileged, secured or unsecured, in each case ranking prior to the CPEC’s, and that the Company will not be insolvent after payment of the redemption price, or
- (b) such a number of conversion shares as the Board of Managers may determine in compliance with the terms and conditions of the CPEC agreement.

*Early repayment*

At any time the Company may at its own discretion decide to redeem some or all of the CPEC’s or proceed with a conversion of some or all of the CPEC’s into conversion shares. In addition, upon receipt of a conversion / redemption request from the CPEC holder, it may also, instead of proceeding with the conversion / redemption of the relevant CPEC’s, decide to redeem /convert all (but not some of) the CPEC’s indicated in the conversion request.

In case the optional redemption is made after receiving a conversion request or an optional conversion is made after receiving a redemption request, the Company will need to give notice to the CPEC holders within 10 business days following the receipt of the conversion request or redemption request.

The Company satisfied its accrued Yield obligation for 2012 and 2013 in the amount of USD 108.8 million, by way of issuance of 64,994 common shares in the capital of the Company (Conversion Shares), payment of USD 1k in cash and incurrence of the UL LLC note payable in the amount of USD 8.4 million as payment in kind.

**Notes to the Consolidated Financial Statements**

*Transfer restrictions*

Subject to the prior approval of all CPEC holders and shareholders of the Company, the CPEC holders may assign all their rights but shall notify the Company in writing of any such assignment

**15 Provisions**

Provisions are made up as follows

	2015 kUSD	2014 kUSD
Provisions for pensions and similar obligations	70,647	76,991
Provisions for taxation	25,289	36,600
Other provisions	12,797	11,754
<b>Total</b>	<b>108,733</b>	<b>125,345</b>

**15.1 Provisions for pensions and similar obligations**

The Group has set up defined benefit pension plans for its employees. The reserve created at the end of the year amounts to USD 70.6 million (2014: USD 77.0 million). The decrease in the pension provision is primarily driven by an increase in discount rate for the pension obligation.

The amount of the contributions for the exercise recorded in the profit and loss amounts to USD 14.6 million (2014: USD 18.5 million).

The weighted average assumptions used in the measurement of the benefit and costs and obligations at December 31, 2015 and 2014, are as follows:

	2015	2014
Discount rate for expenses	0.60 – 3.90%	0.80 – 3.90%
Discount rate for obligations	1.00 – 3.90%	0.60 – 3.90%
Long-term rate of return of plan assets	0.00 – 5.75%	0.00 – 5.75%
Rate of compensation increase	1.75 – 4.00%	1.75 – 4.00%

**15.2 Provisions for taxation**

Provisions for taxation are made up as follows:

	Current tax 2015 kUSD	Deferred tax 2015 kUSD	Total 2015 kUSD
Current and deferred taxes provisions – Opening balance	2,178	34,422	36,600
Correction previous year	559	-559	-
Additions	1,258	7,602	8,860
Utilized	-2,081	-18,090	-20,171
<b>Current and deferred taxes provisions – Closing balance</b>	<b>1,914</b>	<b>23,375</b>	<b>25,289</b>

Current tax	Deferred tax	Total
2015	2015	2015
kUSD	kUSD	kUSD

The provision for deferred income tax liabilities was formed based upon the income tax consequences of temporary differences between financial reporting and income tax reporting by applying enacted statutory income tax rates applicable to future years to differences between the financial statement carrying amounts and the income tax basis of existing liabilities

The main difference relate to accrued pension costs and amortization of intangible fixed assets which are not tax deductible

### 15.3 Other provisions

The Italian National Labour Contract states that it is mandatory to have a leaving indemnity reserve. As a consequence a provision of USD 3.5 million (2014: USD 3.9 million), solely related to Italian employees that are legally working for an Italian company, was formed.

The Group has an investment in an associate with an equity deficit of USD 3.0 million. As the Group can be held liable for this associate a provision was formed which equals the equity deficit.

The Group is currently undergoing a tax audit. While the audits are not yet final, the Company believes sufficient provision (USD 1.8 million) has been made for all potential adjustments for all years that is not closed and that any such adjustments would not have a material adverse effect on the Company's financial position, liquidity, or results of its operations.

In November 2015, the Company acquired 100% of the outstanding stock of Acquirer Systems Limited ("AS"). A holdback amount (USD 1.6 million) was retained by the Company and may be used to offset any unexpected liabilities that are the responsibility of the seller.

The remainder of the other provision is primarily composed of various individual provisions.

## 16 Non-subordinated debts

The non-subordinated debts are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2015	Total 2014
	kUSD	kUSD	kUSD	kUSD	kUSD
Amounts owed to credit institutions	1,452	-	-	1,452	1,459
Trade creditors	16,733	836	-	17,569	21,657
Amounts owed to affiliated undertakings	137,017	1,964	-	138,981	328,828
Tax and social security debts	27,017	-	-	27,017	23,828
Other creditors	72,789	1,589	104	74,482	49,459

**UL S.à r.l.****Notes to the Consolidated Financial Statements**

	Within one year	After one year and within five years	After more than five years	Total 2015	Total 2014
	kUSD	kUSD	kUSD	kUSD	kUSD
Total	255,008	4,389	104	259,501	425,231

*Amounts owed to credit institutions*

The amounts owed to credit institutions relates to a loan of USD 1.5 million with a maturity of September 30, 2016. The interest rate is LIBOR + 1.06%.

*Amounts owed to affiliated undertakings*

The amounts owed to affiliated companies relates primarily to UL LLC.

**17 Deferred income**

Accruals and deferred income are mainly composed of deposits received from clients for which the Group still needs to perform services in the amount of USD 31.0 million (2014: USD 30.1 million) and deferred revenue of USD 7.2 million (2014: USD 5.9 million).

**18 Use of merchandise, raw materials and consumables materials**

This represents raw materials and consumables directly attributable to revenue.

**19 Other external charges**

	2015 kUSD	2014 kUSD
Rent and service charges	39,976	41,947
Consulting & Outside Service fees	25,352	21,060
Traveling and entertainment	35,715	38,127
Materials and supplies	17,352	18,255
Subcontracting, maintenance and repairs	28,306	28,510
IT Communications	3,324	3,836
Employee related	7,399	7,308
Other miscellaneous external charges	16,127	18,836
Total	173,551	177,879

**20 Value adjustments**

	2015 kUSD	2014 kUSD
Amortisation of goodwill (note 4)	27,634	28,162
Amortisation of US IP Rights (note 4)	9,150	9,150
Amortisation of other intangibles (note 4)	43,100	42,954
Depreciation of tangible fixed assets (note 5)	27,383	30,900

**Notes to the Consolidated Financial Statements**

	2015 kUSD	2014 kUSD
Impairment of tangible fixed assets (note 5)	-	1,297
Total	107,267	112,463

**21 Other operating charges**

	2015 kUSD	2014 kUSD
Management fees	196,187	181,743
Expenses with affiliated undertakings	60,314	49,863
Other external charges	16,244	15,799
Total	272,745	247,385

*Management fees*

The management fees solely relate to transactions with related parties within the UL Group and covers amongst others costs for treasury, legal, tax etc

*Expenses with affiliated undertakings*

The expenses with affiliated undertakings relate to other legal entities within the UL Group

**22 Value adjustments and fair value adjustments on financial current assets**

The Group has no open derivative instruments as of December 31, 2015 or 2014

**23 Interest and other financial charges**

Interest and other financial charges are mainly composed of interest charges of USD 57.0 million (2014: USD 48.1 million) relating to the issued CPEC's

**24 Extraordinary charges**

The extraordinary charges are mainly restructuring costs of USD 10.1 million which were approved and completed within the Group

**25 Income taxes**

The income tax expense is broken down as follows

	2015 kUSD	2014 kUSD
Tax expenses on ordinary activities for the financial year	15,291	13,113
Foreign tax expenses for the financial year	2,966	1,177
Deferred tax expense (benefit) related to the financial year	-2,849	658
Total	15,408	14,948



2015  
kUSD

2014  
kUSD

The activities of the Group are subjected to taxable income in various countries with different legal tax rates

## 26 Net turnover

The net turnover is broken down as follows

	2015 kUSD	2014 kUSD
<b>Revenue per Business Unit</b>		
Commercial & Industrial	507,428	518,296
Consumer products	335,665	331,337
Life & Health Sciences	54,803	55,229
Workplace Health & Safety	28,635	27,751
Supply Chain & Sustainability	43,009	39,564
	<u>969,540</u>	<u>971,997</u>
<b>Revenue per region</b>		
Europe	624,489	627,167
Asia Pacific	288,780	287,899
North America	38,131	40,546
South America	18,140	16,385
	<u>969,540</u>	<u>971,997</u>

## 27 Other operating income

The other operating income mainly relates to royalty income as the Group has licensed the rights to use its intellectual property to UL LLC which is within the UL Group

## 28 Income from financial current assets

### *Derived from affiliated undertakings*

This relates to the results of a non-consolidated undertakings in which the Group holds at least 20% share capital

This entity is accounted for using the equity method. The result of the year, respectively the closing balance is equal to the share of UL S.à r.l. in the result of this entity in 2015, respectively in the net equity of this entity as at December 31, 2015

### *Other income*

This primarily relates to interest income

**UL S.à r.l.****Notes to the Consolidated Financial Statements****29 Extraordinary income**

This mainly relates to income that is not derived from conducting normal business like governmental lab expropriation

**30 Staff**

The average number of staff employed by the group during the year is as follows

	2015 FTE	2014 FTE
Europe	1,870	1,793
Asia pacific	3,872	3,160
North America	208	201
South America	170	158
Total	6,120	5,312

**31 Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies**

No remuneration was paid to members of the management and supervisory bodies of UL S a r l in 2015 (2014 nil) No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee

**32 Related parties transactions**

The transactions with related parties that occurred during the year are related to financing activities, rental income and services charges with other legal entities within the UL Group The majority of the transactions have been with UL LLC

**33 Work performed by the undertaking for its own purposes and capitalised**

The work performed by the Company for its own purposes and capitalised is nil

**34 Auditor's fees**

The total auditor's fees are presented as follows

	2015 kUSD	2014 kUSD
Audit fees	973	1,422
Audit-related fees	-	15
Tax related fees	250	258
Accounting fees	581	595
Other fees	-	12

***UL S.à r.l.***

**Notes to the Consolidated Financial Statements**

	2015 kUSD	2014 kUSD
Total	1,804	2,302

### **35 Off-balance sheet commitments**

#### *General*

The financial off balance sheet commitments of the Group are as follows

	Office / rent kUSD	Cars kUSD	Computers kUSD	Other kUSD	Total kUSD
2016	22,080	1 653	1 063	177	24,973
2017	14,903	1,098	552	93	16,646
2018	9,745	601	207	10	10,563
2019	5,650	165	80	2	5,897
2020 and thereafter	4,226	9	34	-	4,269
<b>Total</b>	<b>56,604</b>	<b>3,526</b>	<b>1,936</b>	<b>282</b>	<b>62,348</b>

### **36 Guarantees**

#### *General*

In the normal course of business, the Group enters into agreements that meet the definition of a guarantee. The Group's primary guarantees are as follows:

The Group has provided an indemnity under a lease agreement for the use of its operating facilities. Under the terms of the agreement, the Group agrees to indemnify the landlord for various items including, but not limited to, losses, claims and damages. The maximum amount of any potential future payment cannot be reasonably estimated.

Indemnity has been provided to all directors and/or officers of the Group for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Group, subject to certain restrictions. The Group has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any future payment cannot be reasonably estimated.

In the normal course of business, the Group has entered into agreements that include indemnities in favour of third parties, such as engagement letters with advisors, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Group to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation or as a result of litigation claims or statutory sanctions that may be suffered by the counterparties as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

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### **Notes to the Consolidated Financial Statements**

#### *Audit exemption UK entities*

The Company has given a guarantee for the following four entities

- UL International (UK) Limited
- UL Verification Services Ltd
- UL Transaction Security Ltd
- UL VS United Kingdom Limited ✓

These entities are exempt from audit under section 479A of the UK Companies Act 2006 because the Company has given a guarantee in respect of all the outstanding liabilities and obligations of these entities as at the year-end date ✓

**37**

#### **Subsequent events**

The Company has evaluated subsequent events after the balance sheet date through August 22, 2016, which is the date the financial statements were available to be issued

On January 29, 2016, the Company acquired cr360, a Cambridge, U K -based privately held Company that is a market leader in environment, health and safety management and sustainability software for approximately USD 53 million. The acquisition was funded with available cash.

In April 2016 the Company received a settlement of USD 1 million from Equalia for the improper use of the UL mark for Hoverboards that caused fires and were not certified by UL.

The Company determined that there were no other subsequent events or transactions that required recognition or disclosure in the consolidated financial statements.