

GL Industrial Services UK Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number 3294136

MONDAY



A2108KWX

A44

30/09/2013

#525

COMPANIES HOUSE

GL Industrial Services UK Limited

Report and financial statements for the year ended 31 December 2012

Contents

Page

1	Report of the directors
6	Independent auditor's report
8	Profit and loss account
9	Balance sheet
10	Notes forming part of the financial statements

Directors

L H O Wittenberg
Dr M J Pritchard
M C Fernandez

Registered office

Holywell Park, Ashby Road, Loughborough, Leicestershire, LE11 3GR

Company number

3294136

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

GL Industrial Services UK Limited

Report of the directors for the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year

During the year an interim dividend amounting to £Nil (2011 - £2,600,000) was paid. The directors do not recommend the payment of a final dividend (2011 - £Nil)

Principal activities

GL Industrial Services UK Limited delivers value adding technical and engineering solutions to UK gas transportation companies and other energy sector and utility infrastructure owners and operators internationally. It is also a specialist provider of technology products and services that support the development of gas markets. The company employs world leaders in many disciplines, enabling it to offer bespoke consultancy services. GL Industrial Services UK Limited is particularly active in the gas and pipelines markets, focusing on transmission pipelines, distribution networks and gas measurement, with niche skills in relation to upstream asset performance improvement and energy utilisation.

Review of business and future developments

GL Industrial Services UK Limited continued to provide technology-based solutions to UK gas distribution companies and other utilities and pipeline operators worldwide. Turnover for the year was in line with expectations.

The results for the company show a profit before taxation of £4,156,000 (2011 - £4,584,000) and a profit of £3,143,000 (2011 - £4,085,000) after tax.

Cash collection has remained strong during the year and the company has continued to transfer surplus cash balances to the group head office.

The company foresees further opportunities worldwide as it extends its range of services across the Germanischer Lloyd global network.

Financial risk management

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as debtors and creditors that arise directly from its operations. The main risks from the company's financial instruments have been considered below along with the policy for managing these risks.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

GL Industrial Services UK Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Financial risk management (*continued*)

Currency risk

The company is exposed to transaction and translation foreign exchange risk on intercompany transactions. Exposures are managed through fixed group exchange rates.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

Sufficient liquidity of the company, in order to meet foreseeable needs, is achieved through retained profits.

Charitable and political donations

The company made no political donations during 2012 (2011 - £Nil).

The company made charitable donations during 2012 of £20,000 (2011 - £20,000).

Land and buildings

There are no material differences between the book value and market value of assets classified under land and buildings. These assets represent costs incurred in altering leased premises.

Research and development

Costs incurred in relation to research and development activity are charged to the profit and loss account in the period in which they are incurred, other than costs of plant and equipment, which are capitalised.

As part of the company's services to customers, the company undertakes certain research and development activities on their behalf. Turnover and costs associated with such activities are treated in the same way as all other service activities.

GL Industrial Services UK Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Key performance indicators ("KPIs")

Germanischer Lloyd SE manages the group's operations on a divisional basis. The development, performance and position of Germanischer Lloyd SE's activities are discussed in the group's annual report, which does not form part of this report.

For GL Industrial Services UK Limited, the key performance indicators during the year were as follows:

	2012 £'000	2011 £'000
Turnover	51,699	48,993
Turnover growth rate	6%	4%
Operating profit	3,713	4,189
Profit margin	7.18%	8.55%
Shareholders' funds	36,805	33,662
Return on capital	11.78%	12%

Turnover has increased year on year due to the company focusing on winning larger projects and extending its range of services across the Germanischer Lloyd global network.

Profit margin has reduced due to the tighter economic environment.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company and how they are mitigated is set out below:

The loss or modification of large contracts

The company has a broad customer base with a significant number of individual contracts which limits the impact of potential adverse changes to or loss of projects.

The competitive nature of the industry

The strength of customer relationships founded on the company's reputation for quality service delivery combined with the scale and geographical coverage of the group underpins the company's ability to win new business.

Changes in laws or regulation

The group has invested in internal quality controls and training provision to ensure the highest standards are maintained in line with legal and regulatory requirements.

Breaches in environmental or health and safety law or regulation

The group has invested in internal HSE controls and training provision to ensure the highest standards are maintained in line with legal and regulatory requirements.

Disabled persons

The company remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find appropriate alternative jobs for those who are unable to continue in their existing job due to disability.

GL Industrial Services UK Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Employee involvement

The company and Germanischer Lloyd SE have well established and effective arrangements, through electronic mail, intranet and in-house publications, as well as videos and briefing meetings, at each business location, for communication and consultation with both employees and trade union representatives and for communication of the company's and Group's results and significant business issues

Policy and practice on payment of creditors

It is the company's policy to agree the terms of the payment at the start of business with each supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations

The company had 51 days' purchases outstanding at 31 December 2012 (2011 - 46 days) based on the average daily amount invoiced by suppliers during the year

Directors' insurance

The company has purchased insurance to cover the directors against liabilities in relation to the company

Directors

The directors of the company during the year were

P F Shreve	(resigned 21 December 2012)
A W Stoddart	(resigned 9 July 2012)
L H O Wittenberg	
Dr M J Pritchard	(appointed 21 December 2012)
M C Fernadez	(appointed 21 December 2012)
R V Ahilan	(resigned 21 December 2012)

No director had an interest in any contract that the company was a party to

GL Industrial Services UK Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Directors' responsibilities

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

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

Ultimate parent company

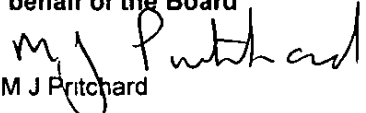
The ultimate parent company is Germanischer Lloyd SE, which is registered in Germany and consolidates the accounts of the company. Copies of the consolidated accounts of Germanischer Lloyd SE are publicly available.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board


Dr M J Pritchard

Director

Date 25/09/2013

GL Industrial Services UK Limited

Independent auditor's report

TO THE MEMBERS OF GL INDUSTRIAL SERVICES UK LIMITED

We have audited the financial statements of GL Industrial Services UK Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GL Industrial Services UK Limited

Independent auditor's report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Nicholas Carter-Pegg (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

30/9/13

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

GL Industrial Services UK Limited

Profit and loss account for the year ended 31 December 2012

	Note	Total 2012 £'000	Total 2011 £'000
Turnover	2	51,699	48,993
Other operating income		10,744	7,047
Net operating expenses		(58,730)	(51,851)
		<hr/>	<hr/>
Operating profit	5	3,713	4,189
Interest receivable and similar income	6	445	396
Interest payable and similar charges	7	-	(1)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,158	4,584
Tax on profit on ordinary activities	8	(1,015)	(499)
		<hr/>	<hr/>
Profit for the financial year	17	3,160	4,085
		<hr/>	<hr/>

All amounts in the current year relate to continuing activities

There are no recognised gains or losses which have not been included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year and their historical cost equivalents

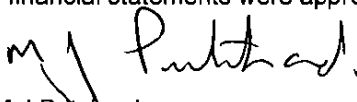
The notes on pages 10 to 21 form part of these financial statements

GL Industrial Services UK Limited

Balance sheet at 31 December 2012

Company number 3294136	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	9		3,619		1,485
Tangible assets	10		1,410		1,246
Investments	11		7,830		8,116
			12,859		10,847
Current assets					
Stocks	12	19		18	
Debtors	13	40,288		37,907	
Cash at bank and in hand		1,753		2,917	
		42,060		40,842	
Creditors amounts falling due within one year	14	18,114		18,027	
Net current assets			23,946		22,815
Total assets less current liabilities			36,805		33,662
Net assets			36,805		33,662
Capital and reserves					
Called up share capital	16		30,882		30,882
Profit and loss account	17		5,923		2,780
Total shareholders' funds	18		36,805		33,662

The financial statements were approved by the Board of Directors and authorised for issue on 25/09/2013


Dr M J Pritchard
Director

The notes on pages 10 to 21 form part of these financial statements

GL Industrial Services UK Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Consolidated financial statements

The financial statements provide information about GL Industrial Services UK Limited as an individual company and do not contain consolidated financial information as the parent company of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Germanischer Lloyd SE, a company registered in Germany

Turnover

Turnover is based on invoiced values to customers for goods and services, excluding value added tax. Long-term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to the total contract value and stage of completion of these contracts. The amount by which turnover is in excess of payments on account is included in debtors as accrued income. Payments in excess of recorded turnover are included in creditors as deferred income.

Other operating income

Other operating income represents management charges and costs, which are recharged to other members of the group.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Fixed assets and depreciation

Depreciation of tangible fixed assets is provided on cost in equal instalments over the estimated useful economic life. The principal rates of depreciation are as follows:

Leasehold improvements	-	15 years
Fixtures, fittings and equipment	-	5 years
Short life computer equipment	-	3 years

Investments

Fixed asset investments are valued at cost, less provision for any impairment.

GL Industrial Services UK Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the year end. Differences on translation are dealt with through the profit and loss account for the year. Foreign currency transactions are translated at the rates ruling when they occur.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease. Income from operating leases is recognised on a straight-line basis over the life of the lease. Reverse premiums and similar incentives received to enter into operating lease arrangements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pensions

The majority of employees of the company were members of the National Grid UK Pension Scheme (formerly named the Lattice Group Pension Scheme) (the Scheme), sponsored by National Grid plc, the company's former parent company. The Scheme is a group scheme, although the company's employees were only included for an interim period until 29 February 2008. The company accounts for the Scheme as a defined contribution scheme, as required by FRS 17 (Retirement Benefits). Reported pension costs will be equal to the amounts payable by the company to National Grid plc. The disclosures required by FRS 17 in respect of Scheme assets and liabilities are reported in the accounts of National Grid plc.

The company is now a member of a defined contribution scheme, the GL Industrial Services UK Defined Contribution Pension Scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension contributions into the scheme are charged to the profit and loss account in the year that they fall due.

Research and development

Costs incurred in relation to research and developments are charged to the profit and loss account in the year in which they are incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value on a first in first out basis.

Goodwill

On acquisitions, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of the net assets acquired, is capitalised. Goodwill capitalised is amortised on a straight-line basis over a period of 20 years.

Impairment of Goodwill

In accordance with FRS 10 (goodwill and intangible assets), goodwill is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the opinion of the directors goodwill attributable from past acquisitions made is not recoverable and has therefore been written down to nil.

Other intangibles

Under FRS 10, the company accounts for its other intangible assets at cost less accumulated amortisation. Amortisation is charged on other intangibles over equal instalments over the estimated useful economic life. This has been set at 5 years for the rights to software packages.

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

Provisions

Under FRS 12 (Provisions, contingent liabilities and contingent assets), the company accounts for provisions where an obligation has arisen as a result of a past event and the liability is of an uncertain amount or of uncertain timing

Legal claims

The company is subject to claims. These claims are generally insured, subject to insurance policy excesses. The company estimates its uninsured liability for such claims based on the detailed evaluation of claims and past experience. The nature of these claims is such that these estimates are inherently uncertain as to the likelihood of their being realised and quantum.

2 Segmental reporting

A geographical analysis of turnover, profit before taxation and net assets is provided below

Geographical analysis

	Turnover 2012 £'000	Turnover 2011 £'000	Profit before taxation 2012 £'000	Profit before taxation 2011 £'000	Net assets 2012 £'000	Net assets 2011 £'000
UK	36,783	34,157	2,642	2,541	26,186	23,469
Europe	4,943	6,817	355	686	3,519	4,684
Americas	3,966	2,829	285	412	2,823	1,943
Asia Pacific & Africa	6,007	5,190	431	550	4,277	3,566
Total	51,699	48,993	3,713	4,189	36,805	33,662

All activities above relate to the company's principal activity by destination

3 Employees

	2012 £'000	2011 £'000
Staff costs consist of		
Wages and salaries	21,452	19,169
Social security costs	2,562	2,318
Other pension costs (note 24)	2,769	2,774
	26,783	24,261

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

3 Employees (*continued*)

The average monthly number of persons (including executive directors) employed by the company during the year was

	2012 Number	2011 Number
By activity		
Technical	328	337
Selling and distribution	13	14
Administration	92	72
	<u>433</u>	<u>423</u>

4 Directors' emoluments

The aggregate amount of emoluments paid to directors in respect of qualifying services was £317,688 (2011 - £388,736) for the year under review. The highest paid director received aggregate emoluments totalling £204,925 (2011 - £227,090). His accrued pension at the year end was £Nil (2011 - £Nil). The aggregate value of company contributions paid, or treated as paid, to a money purchase pension scheme in respect of directors' qualifying services was £30,059 (2011 - £23,005).

As at 31 December 2012, no retirement benefits were accruing to any of the directors (2011 - none) under a defined benefit scheme.

5 Profit on ordinary activities before interest and tax

	2012 £'000	2011 £'000
This has been arrived at after charging		
Depreciation of tangible fixed assets - owned assets	519	473
Amortisation of other intangible fixed assets	109	109
Loss on disposal of fixed assets	-	2
Operating lease rentals - machinery and equipment	1,046	831
Other operating lease rentals - land and buildings	2,009	2,022
Loss on foreign exchange	185	481
Auditors' remuneration		
- fees payable to the company's auditor for the audit for the company's annual accounts	42	37
- tax	22	16
	<u></u>	<u></u>

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

6	Interest receivable and similar income	2012 £'000	2011 £'000
	Interest receivable from group undertakings	<u>445</u>	<u>396</u>
7	Interest payable and similar charges	2012 £'000	2011 £'000
	Bank and other interest payable	<u>-</u>	<u>1</u>
8	Taxation on profit from ordinary activities	2012 £'000	2011 £'000
	<i>Current tax</i>		
	UK corporation tax on profit for the year	570	733
	Adjustment in respect of previous years	27	(537)
	Overseas tax	<u>399</u>	<u>325</u>
	Total current tax charge	996	521
	<i>Deferred tax</i>		
	Current year deferred tax charge	(16)	(9)
	Adjustment in respect of previous years	26	(23)
	Movement due to changing tax rates	<u>9</u>	<u>10</u>
	Total deferred tax charge	19	(22)
	Tax on profit on ordinary activities	<u>1,015</u>	<u>499</u>

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

8 Taxation on profit from ordinary activities (*continued*)

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	4,158	4,584
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	1,018	1,214
Effects of		
Expenses not chargeable for tax purposes	-	(9)
Capital allowances for year in excess of depreciation	24	10
Movement in other short term timing differences	21	(270)
Enhanced deduction in respect of R&D Expenditure	(220)	-
Overseas tax suffered	399	325
Double tax relief	(259)	(211)
Group Relief	(14)	(1)
Adjustments in respect of previous years	27	(537)
Current tax charge for year	996	521

9 Intangible assets

	Goodwill £'000	Other £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	6,533	1,594	8,127
Additions	-	2,243	2,243
At 31 December 2012	6,533	3,837	10,370
<i>Accumulated depreciation</i>			
At 1 January 2012	(6,533)	(109)	(6,642)
Charge for the year	-	(109)	(109)
At 31 December 2012	(6,533)	(218)	(6,751)
<i>Net book value</i>			
At 31 December 2012	-	3,619	3,619
At 31 December 2011	-	1,485	1,485

The additions to the intangible assets represent capitalised costs in respect of proprietary software products

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

10 Tangible assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	264	5,803	6,067
Additions	-	683	683
Disposals	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	264	6,484	6,748
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2012	(78)	(4,743)	(4,821)
Charge for the year	(22)	(497)	(519)
Disposals	-	2	2
	<hr/>	<hr/>	<hr/>
At 31 December 2012	(100)	(5,238)	(5,338)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2012	164	1,246	1,410
	<hr/>	<hr/>	<hr/>
At 31 December 2011	186	1,060	1,246
	<hr/>	<hr/>	<hr/>

The net book value of £164,000 (2011 - £186,000) in respect of leasehold improvements all relates to short leaseholds

11 Investments

	Subsidiary companies £'000	Other investments £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	8,116	447	8,563
Disposals	(286)	-	(286)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	7,830	447	8,277
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation</i>			
At 1 January 2012 and 31 December 2012	-	(447)	(447)
	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>			
At 31 December 2012	7,830	-	7,830
	<hr/>	<hr/>	<hr/>
At 31 December 2011	8,116	-	8,116
	<hr/>	<hr/>	<hr/>

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

11 Investments (*continued*)

The company owns 100% of the ordinary shares of Advantica Corporate Ventures Limited, a company registered in England and Wales, and whose principal activity is to make investments in the equity of small innovative companies, either through a venture capital fund or via direct investment. The cost of investment is £2.

The company owns 100% of the ordinary shares of Advantica Intellectual Property Limited, a company registered in England and Wales, and whose principal activity is that of holding the corporate trademarks and patents of the company and certain of its subsidiaries. The cost of investment is £780,000.

The company owns 100% of the ordinary shares of GL Industrial Holdings USA Inc (219 shares of US \$0.01 per share), a company registered in Delaware USA, and whose principal activity is that of holding the US trading subsidiary. The cost of investment is £1.

The company has made a US\$ loan of £7,050,000 to a subsidiary undertaking, GL Noble Denton Holdings Inc. The amount bears interest at a three month US Libor rate. Although the loan is technically repayable on the earlier of 31 December 2012 and on a request being made by the company, the directors believe that this is effectively a long term investment as it will be rolled over each year. As such, the long term loan has been treated as a fixed asset investment balance and is held at the historical exchange rate rather than being retranslated at the year end exchange rate.

The company owns 100% of the ordinary shares and preference shares of Germanischer Lloyd Industrial Services (UK) Limited, a company registered in England and Wales, and whose principal activity was that of technical assurance and industrial inspection services.

12 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	19	18

There is no material difference between the replacement cost of stocks and the amounts stated above.

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

13 Debtors

	2012 £'000	2011 £'000
Trade debtors	7,777	8,663
Amounts owed by group undertakings	23,665	22,331
Corporation Tax	287	911
Prepayments	582	682
Amounts recoverable on contracts	7,856	5,180
Deferred taxation (note 15)	121	140
	<hr/>	<hr/>
	40,288	37,907
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

Amounts owed by group undertakings are unsecured, interest bearing at 2% per annum and repayable on demand

14 Creditors' amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	2,749	2,076
Amounts owed to group undertakings	5,343	6,214
Other creditors	28	32
Taxation and social security	1,150	1,786
Accruals and deferred income	5,453	4,394
Payments on account	3,391	3,525
	<hr/>	<hr/>
	18,114	18,027
	<hr/>	<hr/>

The amounts owed to group undertakings are unsecured, interest bearing at 2% per annum and repayable on demand

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

15 Deferred taxation

	2012 £'000	2011 £'000
Accelerated capital allowances	121	140
Deferred tax asset	121	140
Asset at the start of the year	140	118
Deferred tax movement - against profit and loss	(19)	22
Asset at the end of the year	121	140

The deferred tax asset is recognised within debtors (note 13)

16 Share capital

	2012 Number	Allotted and fully paid 2011 Number	2012 £'000	2011 £'000
Ordinary shares of £1 each	30,881,700	30,881,700	30,882	30,882

17 Reserves

	Profit and loss account £'000
At 1 January 2012	2,780
Profit for the year	3,143
At 31 December 2012	5,923

GL Industrial Services UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

18 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the year	3,143	4,085
Dividends paid	-	(2,600)
Opening shareholders' funds	33,662	32,177
	<hr/>	<hr/>
Closing shareholders' funds	36,805	33,662
	<hr/>	<hr/>

19 Commitments under operating leases

As at 31 December 2012, the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and buildings £'000	2012 Other £'000	2011 Land and buildings £'000	2011 Other £'000
Operating leases which expire				
Within one year	395	87	179	2
In two to five years	1,285	235	200	460
Over five years	-	-	1,442	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,680	322	1,821	462
	<hr/>	<hr/>	<hr/>	<hr/>

20 Related party transactions

The company has taken advantage of the FRS 8 (Related party disclosures) exemption not to disclose transactions with Germanischer Lloyd SE companies on the basis that 100% of its voting rights are controlled by Germanischer Lloyd SE and consolidated financial results in which the company's financial results are included are publicly available

During the year ended 31 December 2012, the company made sales of £60,495 (2011 - £113,403) to, charged interest amounting to £12,250 (2011 - £16,894) and purchases of £ Nil (2011 - £3,799) from, Cogsys Limited, a company in which GL Industrial Services UK Limited controls less than 100% of the voting rights. The balance due from Cogsys Limited at 31 December 2012 is £109,718 (2011 - £435,609)

21 Cash flow statement

The company has taken advantage of the exemption in FRS1 "Cash flow statements" not to prepare a cash flow statement on the basis that 100% of its voting rights are controlled by Germanischer Lloyd SE and consolidated financial results in which the company's financial results are included are publicly available

GL Industrial Services UK Limited

**Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)**

22 Capital commitments

The company had capital commitments contracted for but not provided as at 31 December 2012 of £Nil (2011 - £70,000)

23 Ultimate holding company and controlling parties

At 31 December 2012, the company was a wholly owned subsidiary of Germanischer Lloyd Industrial Services Holdings (UK) Limited, a company registered in England

As at 31 December 2012 the ultimate holding company and ultimate controlling party was Germanischer Lloyd SE, which is registered in Germany and consolidates the accounts of the Company. Copies of the ultimate parent's consolidated financial statements are publicly available.

24 Pensions and post-retirement benefits

GL Industrial Services UK Limited participated in the National Grid UK Pension Scheme (formerly named the Lattice Group Pension Scheme) (the Scheme), sponsored by National Grid plc, the company's previous parent company for an interim period until 29 February 2008. National Grid plc charges its subsidiary undertakings with an allocation of the total Scheme cost. GL Industrial Services UK Limited's share of the underlying assets and liabilities of the Scheme cannot be identified separately. GL Industrial Services UK Limited costs of the Scheme for the year, together with unfunded pension costs, were £ Nil (2011 - £Nil).

Contributions by GL Industrial Services UK Limited employees to the National Grid UK Pension Scheme ceased on 29 February 2008 as a requirement of the change of ownership of the company. Employees were given the option to become members of the Advantica UK Defined Contribution Pension Scheme. GL Industrial Services UK Limited costs of the Scheme for the year were £2,769,000 (2011 - £2,774,000).

The company operates a defined contribution pension plan, the Advantica UK Defined Contribution Pension Scheme, whereby it contributes to the personal pension plans of certain individual employees up to 8.25% of the gross salary of the individuals. There were no amounts outstanding or prepaid in respect of pension costs at year end.