

REGISTERED NUMBER: 03294136

Strategic Report, Directors' Report and
Audited Financial Statements for the Year Ended 31 December 2018
for
GL Industrial Services UK Limited



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for the Year Ended 31 December 2018**

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GL Industrial Services UK Limited

Company Information

for the Year Ended 31 December 2018

DIRECTORS:

Dr M J Pritchard
M C Fernandez
P Vamadevan

REGISTERED OFFICE:

Holywell Park
Ashby Road
Loughborough
Leicestershire
LE11 3GR

REGISTERED NUMBER:

03294136

AUDITOR:

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Strategic Report
for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The key financial and other performance indicators during the year were as follows:

	2018	2017	Change
	£'000	£'000	%
Turnover	40,460	48,145	(19%)
Operating profit / (loss)	1,636	(2,101)	178%
Shareholders' fund	11,632	22,389	(48%)

Turnover reduced in line with expectations due to the ongoing challenges in the market. Recent improvements in the price of oil have resulted in a greater gross profit margin in 2018 compared with prior years. The directors expect this will continue in the future.

The reduction in turnover is not reflected in the resultant operating profit. This is due to the reduction in both external contractor costs and payroll costs in 2018. Reorganisation within the group structure has mean that payroll costs are reduced from 2017 to 2018. Mainly due to the introduction of the Shared Service Centre in Poland.

During the year due to restructure within the USA, Shares were purchased and sold during the year in the group company which resulted in a loss on sale of investments of £11.6m. This is the principal reason for the reduction in Shareholders funds from last year.

Strategic Report
for the Year Ended 31 December 2018

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 are 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.

Departure from the European Union

Following the UK's decision to leave the EU following the referendum held on 23 June 2016 and the consequential uncertainty surrounding the UK economy, the Directors have considered additional risk faced by the Company. The principal elements of this risk are considered to be increased volatility in currency exchange. This is monitored and mitigated as discussed in Currency Risk below. The second principle risk is considered to be labour market risk due to the multi-cultural workforce of the Company. There is already precedent for virtual teams forming across multiple locations in order to deliver projects and the Directors consider that this would manage the risk in the short to medium term while the profile of the workforce evolves for the long term stability of the Company.

FUTURE DEVELOPMENTS

The directors will continue to look to grow the business across the UK and international gas sector through continued investment in people and technology.

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 financial instruments have been considered below along with the policy for managing these risks.

Currency risk

The company is exposed to transaction and translation foreign exchange risk on intercompany transactions and significant sales to overseas companies. The company seeks to balance the flows of currency across countries to minimise any imbalance of foreign currency receipts and payments.

Credit risk

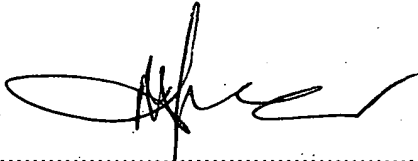
The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Strategic Report
for the Year Ended 31 December 2018

Liquidity risk

Sufficient liquidity of the company, in order to meet foreseeable needs, is achieved through retained profits. Excess cash balances of the company are transferred on a regular basis to the group cash pooling account, and cash flow is regularly monitored and controlled against forecast by the group treasury department.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M C Fernandez', is written over a horizontal dotted line.

M C Fernandez - Director

Date: 26 July 2019

Directors' Report
for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

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 and time of plant and equipment which are capitalized.

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.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

Dr M J Pritchard has held office during the whole of the period from 1 January 2018 to the date of this report.

Other changes in directors holding office are as follows:

P Vamadevan - resigned 23 April 2018

M C Fernandez - appointed 24 January 2018

P Vamadevan was appointed as a director after 31 December 2018 but prior to the date of this report.

POLITICAL DONATIONS AND EXPENDITURE

The Company made no political donations or incurred any political expenditure during the year.

GOING CONCERN

During the year the company made a loss after tax of £10,756,548 (2017: loss of £2,452,122). At the balance sheet date it held net assets of £11,632,483 (2017: £22,389,031).

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company's forecasts and projections, which are prepared for a period greater than 12 months from the date of approval of these financial statements and taking account reasonably possible changes in trading performance show the company should be able to continue to operate as a going concern. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

Directors' Report
for the Year Ended 31 December 2018

DISABLED EMPLOYEES AND EMPLOYEE INVOLVEMENT

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.

The company and DNV GL 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.

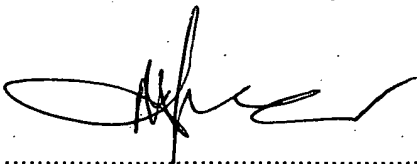
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
M C Fernandez - Director

Date: 26 July 2019

Statement of Directors' Responsibilities
for the Year Ended 31 December 2018

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditor to the Members of
GL Industrial Services UK Limited

We have audited the financial statements of GL Industrial Services UK Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors responsibilities

As explained more fully in their statement set out on page seven, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report of the Independent Auditor to the Members of
GL Industrial Services UK Limited- continued

The purpose of our audit work and to whom we owe our responsibilities

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.

Frederic Caharel

Frederic Caharel (Senior Statutory Auditor)
for and on behalf of KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 26 JULY 2019

GL Industrial Services UK Limited (Registered number: 03294136)

Statement of Comprehensive Income
for the Year Ended 31 December 2018

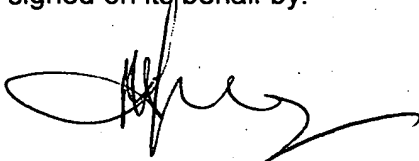
	Notes	2018 £	2017 £
TURNOVER	3	40,459,564	48,145,073
Cost of sales		(26,876,763)	(35,886,020)
GROSS PROFIT		13,582,801	12,259,053
Administrative expenses		(17,903,969)	(21,268,043)
Other operating income	4	<u>5,467,530</u>	<u>6,907,876</u>
OPERATING PROFIT/(LOSS)	6	1,146,362	(2,101,114)
Loss on sale of investments	7	(11,572,482)	-
Interest receivable and similar income	8	346,903	262,866
Interest payable and similar expenses	9	<u>(112,713)</u>	<u>-</u>
LOSS BEFORE TAXATION		(10,191,930)	(1,838,248)
Tax on loss	10	<u>(564,618)</u>	<u>(613,874)</u>
LOSS FOR THE FINANCIAL YEAR		(10,756,548)	(2,452,122)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(10,756,548)</u>	<u>(2,452,122)</u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	12	-	3,486
Tangible assets	13	5,923,643	3,763,756
Investments	14	<u>780,002</u>	<u>780,003</u>
		<u>6,703,645</u>	<u>4,547,245</u>
CURRENT ASSETS			
Stocks	15	382,846	294,834
Debtors	16	19,865,662	37,016,820
Cash at bank		<u>5,159,455</u>	<u>4,172,420</u>
		25,407,963	41,484,074
CREDITORS			
Amounts falling due within one year	17	<u>(18,726,998)</u>	<u>(21,899,164)</u>
NET CURRENT ASSETS		<u>6,680,965</u>	<u>19,584,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,384,610	24,132,155
PROVISIONS FOR LIABILITIES	20	<u>(1,752,127)</u>	<u>(1,743,124)</u>
NET ASSETS		<u>11,632,483</u>	<u>22,389,031</u>
CAPITAL AND RESERVES			
Called up share capital	21	5,000,000	5,000,000
Retained earnings		<u>6,632,483</u>	<u>17,389,031</u>
SHAREHOLDERS' FUNDS		<u>11,632,483</u>	<u>22,389,031</u>

The financial statements were approved by the Board of Directors on 26 July 2019 and were signed on its behalf by:



.....
M C Fernandez - Director

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	5,000,000	21,276,153	26,276,153
Changes in equity			
Dividends	-	(1,435,000)	(1,435,000)
Total comprehensive income	-	(2,452,122)	(2,452,122)
Balance at 31 December 2017	<u>5,000,000</u>	<u>17,389,031</u>	<u>22,389,031</u>
Changes in equity			
Total comprehensive income	-	(10,756,548)	(10,756,548)
Balance at 31 December 2018	<u>5,000,000</u>	<u>6,632,483</u>	<u>11,632,483</u>

Notes to the Financial Statements
for the Year Ended 31 December 2018

1. STATUTORY INFORMATION

GL Industrial Services UK Limited is a limited liability company incorporated in England. The Registered Office is Holywell Park, Ashby Road, Loughborough, Leicestershire, LE11 3GR.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the historical cost basis. The nature of operations and principal activity are set out in the Strategic Report.

The financial statements are prepared in Sterling which is the functional currency of the company.

Going concern

During the year the company made a loss after tax of £10,756,548 (2017: £2,101,113). At the balance sheet date it held net assets of £11,632,483 (2017: £22,389,031)

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company's forecasts and projections, which are prepared for a period greater than 12 months from the date of approval of these financial statements and taking account reasonably possible changes in trading performance show the company should be able to continue to operate as a going concern Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Computer software	- 10 years
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If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	- 15 years or over the duration of the lease if shorter
Fixtures, fittings & equipment	- 3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction relate mainly to the refurbishment of the Leasehold premises. There are also some smaller items that have been built at our spadeadam test site to be used for clients testing.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Group financial statements

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group. The results of subsidiary undertakings are dealt with in the consolidated financial statements of the ultimate parent undertaking, DNV GL Group AS. The group financial statements of DNV GL Group AS within which this company is included can be obtained from the address given in note 21.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue is based on the value to customers for goods sold and services performed, 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. Provision is made in full for any expected losses on uncompleted contracts.

Licence revenue is recognised upon delivery of software products to a customer, when there are no significant obligations remaining and the collection of the resulting debtor is considered probable. In instances where a significant obligation exists, revenue recognition is delayed until the obligation has been satisfied.

Maintenance fees are recognised over the period of the maintenance contract on a straight line basis.

Fees for professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Interest receivable

Interest receivable is recognised as interest accrues using the effective interest method.

Interest payable

Interest payable is also recognised as interest accrues using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	27,430,944	33,917,051
Europe	7,853,665	8,690,013
United States of America	2,134,515	2,461,004
Asia and Africa	3,040,440	3,077,005
	<u>40,459,564</u>	<u>48,145,073</u>

4. OTHER OPERATING INCOME

	2018 £	2017 £
Group recharges	5,467,530	6,863,400
Exchange gains	-	44,476
	<u>5,467,530</u>	<u>6,907,876</u>

5. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	14,390,620	8,704,583
Social security costs	1,682,033	449,307
Other pension costs	1,459,700	318,732
	<u>17,532,353</u>	<u>9,472,622</u>

The average number of employees during the year was as follows:

	2018	2017
Technical	247	233
Sales and Admin	40	100
	<u>287</u>	<u>333</u>

Key Management Staff

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £160,330 (2017 - £210,535).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

5. EMPLOYEES AND DIRECTORS - continued

	2018	2017
	£	£
Directors' remuneration	121,913	101,803
Directors' pension contributions to money purchase schemes	<u>13,402</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

	<u>1</u>	<u>1</u>
Money purchase schemes		

The remuneration disclosed above are for a single director who is therefore the highest paid director.

6. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	570,593	656,204
Loss on disposal of fixed assets	-	6,791
Computer software amortisation	3,486	3,166
Foreign exchange differences	(601,812)	5,544,196
Cost of stocks recognised as expense	88,012	174,000
Operating Lease rental - land & buildings	1,159,666	1,909,000
Operating lease rentals - machinery & equipment	319,491	449,000
Auditor's remuneration	<u>74,704</u>	<u>77,000</u>

7. LOSS ON SALE OF INVESTMENTS

	2018	2017
	£	£
Loss on sale of investments	<u>(11,572,482)</u>	<u>-</u>

The loss relates to the sale of shares in a group company. (See note 13).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Deposit account interest	47,974	-
Interest rec' from group	<u>298,929</u>	<u>262,866</u>
	<u>346,903</u>	<u>262,866</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	4,230	-
Intercompany Interest	103,551	-
Intercompany Bank Interest	<u>4,932</u>	<u>-</u>
	<u>112,713</u>	<u>-</u>

10. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	959,271	-
Adjustment in respect of prior periods	<u>21,905</u>	<u>390,602</u>
Total current tax	<u>981,176</u>	<u>390,602</u>
Deferred tax:		
Origination & Reversal of timing differences	(378,991)	166,746
Adjustments in respect of prior periods	<u>(37,567)</u>	<u>56,526</u>
Total deferred tax	<u>(416,558)</u>	<u>223,272</u>
Tax on loss	<u>564,618</u>	<u>613,874</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

10. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.
The difference is explained below:

	2018 £	2017 £
Loss before tax	(10,191,930)	(1,838,248)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(1,936,467)	(353,808)
Effects of:		
Expenses not deductible for tax purposes	31,677	33,822
Adjustments to tax charge in respect of previous periods	(15,662)	447,128
Fixed Asset differences	30,709	21,240
R&D expenditure credits	(61,719)	(122,619)
Adjust closing deferred tax to average rate 19%	301,812	275,093
Adjust opening deferred tax to average rate 19%	(238,305)	(226,239)
Deferred Tax not recognised	160,815	536,438
Other Permanent differences	-	2,819
Group relief claimed	(549,898)	-
Payment for group relief	549,898	-
Loss on Sale of investments not deductible	2,198,772	-
Write off of Loan not deductible	92,986	-
Total tax charge	564,618	613,874

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

10. TAXATION - continued

Factors affecting future tax charge

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017.

The 2016 Finance Act reduces the tax rate from 19% to 17% and takes effect from 1 April 2020.

A tax rate of 17% has been used in these financial statements to measure the deferred tax assets and liabilities.

The company has tax losses of £10,986,117 (2017: £10,040,147) that are available indefinitely for offset against future trading profits of the company.

Deferred tax assets have not been recognised in respect of these losses as currently there is insufficient evidence that these losses will be recoverable.

Deferred tax

The movement in the deferred tax account in the year was:

At 1 January 2018	£
	(281,202)
Deferred tax charge in the profit and loss account	(416,558)
	<u>(697,760)</u>
At 31 December 2018	<u>(697,760)</u>

	2018 £	2017 £
The deferred tax in the balance sheet is as follows:		
Accelerated capital allowances	(691,168)	(632,017)
Short-term timing differences	(6,592)	740,115
Trade Losses	-	(389,300)
	<u>(697,760)</u>	<u>(281,202)</u>
Deferred tax asset	<u>(697,760)</u>	<u>(281,202)</u>

11. DIVIDENDS

	2018 £	2017 £
Ordinary Shares shares of £1 each		
Final	<u>-</u>	<u>1,435,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

12. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 January 2018 and 31 December 2018	<u>15,831</u>
AMORTISATION	
At 1 January 2018	12,345
Amortisation for year	<u>3,486</u>
At 31 December 2018	<u>15,831</u>
NET BOOK VALUE	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>3,486</u>

13. TANGIBLE FIXED ASSETS

	Short leasehold improvements £	Assets under construction £	Fixtures and fittings £	Totals £
COST				
At 1 January 2018	2,947,985	207,019	6,707,358	9,862,362
Additions	-	2,664,649	65,999	2,730,648
Disposals	<u>-</u>	<u>-</u>	<u>(780,271)</u>	<u>(780,271)</u>
At 31 December 2018	<u>2,947,985</u>	<u>2,871,668</u>	<u>5,993,086</u>	<u>11,812,739</u>
DEPRECIATION				
At 1 January 2018	397,297	-	5,701,309	6,098,606
Charge for year	161,632	-	408,961	570,593
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(780,103)</u>	<u>(780,103)</u>
At 31 December 2018	<u>558,929</u>	<u>-</u>	<u>5,330,167</u>	<u>5,889,096</u>
NET BOOK VALUE				
At 31 December 2018	<u>2,389,056</u>	<u>2,871,668</u>	<u>662,919</u>	<u>5,923,643</u>
At 31 December 2017	<u>2,550,688</u>	<u>207,019</u>	<u>1,006,049</u>	<u>3,763,756</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2018	780,003
Additions	20,450,000
Disposals	(20,450,001)
At 31 December 2018	<u>780,002</u>
PROVISION	
At 1 January 2017 and 31 December 2017	<u>-</u>
NET BOOK VALUE	
At 31 December 2018	<u>780,002</u>
At 31 December 2017	<u>780,003</u>

During the year the company purchased shares in GL Noble Denton Holdings USA Inc to a value of £20,450,000. Later in the year it then sold all shares in GL Noble Denton Holdings USA Inc for a value of £8,877,519, resulting in a loss on the sale of investment of £11,572,482.

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Advantica Corporate Ventures Limited

Registered office: Holywell Park, Ashby Road, Loughborough, LE11 3GR

Nature of business: Make investments in equity

Class of shares:	holding
Ordinary Current Year	100.00%
Ordinary Prior Year	100.00%

Advantica Intellectual Property limited

Registered office: Holywell Park, Ashby Road, Loughborough, LE11 3GR

Nature of business: Holding Corporate trademarks and patents

Class of shares:	holding
Ordinary : Current year	100.00%
Ordinary : Prior Year	100.00%

The directors have considered the net asset and the future profitability of the subsidiary and have not recorded the impairment for the year ended 31st December 2018 (2017 : nil)

15. STOCKS

	2018 £	2017 £
Stocks	<u>382,846</u>	<u>294,834</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	5,750,568	7,575,490
Amounts owed by group undertakings	5,795,156	21,425,909
Amounts recoverable on contract	6,451,041	5,467,853
Other debtors	953,368	1,704,356
Social Security & other taxes	217,769	-
Corporation Tax	-	562,010
Deferred tax	697,760	281,202
	<u>19,865,662</u>	<u>37,016,820</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	642,593	469,388
Amounts owed to group undertakings	8,082,262	11,636,455
Social security and other taxes	1,216,513	1,618,679
Other creditors	40,599	15,781
Corporation Tax	50,515	-
Accruals and deferred income	8,694,516	8,158,861
	<u>18,726,998</u>	<u>21,899,164</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	880,025	1,780,126
Between one and five years	2,215,648	6,387,325
In more than five years	-	721,625
	<u>3,095,673</u>	<u>8,889,076</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

19. FINANCIAL INSTRUMENTS

	2018 £'000	2017 £'000
Financial assets measured at amortised cost:		
Cash	5,159	4,172
Debtors	<u>18,487</u>	<u>34,750</u>
	23,646	38,922
Financial liabilities measured at amortised cost:		
Creditors	<u>(9,567)</u>	<u>(13,725)</u>
	(9,567)	(13,725)

20. PROVISIONS FOR LIABILITIES

	Onerous Lease	Dilapidatio ns	Total
As at 1 January 2018	28,620	1,714,504	1,743,124
Arising during the year	25,403	398,600	424,003
Utilised		<u>(415,000)</u>	<u>(415,000)</u>
As at 31 December 2018	<u>54,023</u>	<u>1,698,104</u>	<u>1,752,127</u>

Provision for onerous leases

A provision has been recognised for lease contracts held by the company where the future economic benefit is expected to be less than the cost of the lease commitment.

Dilapidations provision

A provision has been recognised for dilapidations on leased properties where the company has a legal obligation to return the properties at the end of the lease to their original condition. The current lease term expires in 2034.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2018	2017
Number:	Class:	value:	£	£
5,000,000	Ordinary Shares	£1	<u>5,000,000</u>	<u>5,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

22. PENSION COMMITMENTS

The company operates a defined contribution pension plan, the GL Industrial Services UK Defined Contribution Pension Scheme (formerly 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.

23. POST BALANCE SHEET EVENTS

On 10 April 2019 The Company received £16m in share capital from its direct parent company Germanischer Lloyd Industrial Services Holdings (UK) Limited, who remained the 100% shareholder. On 15 May 2019 The Company loaned £17m to Det Norske Veritas UK Holding Limited. The loan is repayable on 14 May 2024. The loan accrues interest monthly at the rate of 5-year LIBOR + 3% per annum.

24. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of DNV GL AS Group, incorporated in Norway (registered office address: 1 Veritasveien, Hovik, 1363 Norway).

The ultimate controlling party is Stiftelsen Det Norske Veritas, incorporated in Norway (registered office address: 1 Veritasveien, Hovik, 1363 Norway).

The largest group in which the results of the Company are consolidated is that headed by DNV GL AS Group (registered office address: 1 Veritasveien, Hovik, 1363 Norway).

The consolidated financial statements of this groups are available upon request from DNV (Corporate Communications), 1322 Hovik, Norway and published online at www.dnvgl.com/publications/annual-report/.