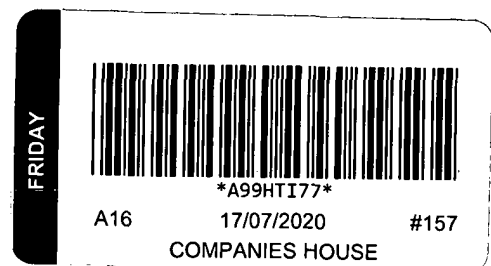


REGISTERED NUMBER: 03294136

Strategic Report, Directors' Report and
Audited Financial Statements for the Year Ended 31 December 2019
for
GL Industrial Services UK Limited



GL Industrial Services UK Limited

Contents of the Financial Statements
for the Year Ended 31 December 2019

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GL Industrial Services UK Limited

Company Information
for the Year Ended 31 December 2019

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

GL Industrial Services UK Limited

Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

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

	2019	2018	Change
	£'000	£'000	%
		restated*	
Turnover	50,308	47,387	6%
Operating profit	4,121	1,146	360%
Shareholders' fund	32,113	11,632	276%

*Please see additional information regarding the prior year restatement in Note 3 in the notes to the financial statements.

Turnover increased in line with expectations due to the recovering Oil and Gas market. The directors do not expect this to continue into 2020 due to the current conditions, see separate note relating to COVID-19.

The increase in the Operating profit is attributable to the improving market conditions and the increase in turnover, but also down to the continued streamlining of costs in 2019.

During the year, the direct parent company made an additional investment into the company for proceeds of £16m.

The increase in both the share capital and profit were the main drivers for the increase in the shareholders' funds from the prior year.

GL Industrial Services UK Limited

Strategic Report
for the Year Ended 31 December 2019

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

The UK has officially departed the EU with a withdrawal agreement in place on 31 January 2020. The UK is currently in a transition period until the end of 2020 as they are in the process of negotiating a comprehensive trade agreement with the bloc and in the transition period they still align to the rules of the EU. Therefore the first part of Brexit negotiations have concluded. However a "hard Brexit" could still occur in the event that the UK and EU cannot reach a conclusion on a future trade agreement. Given the uncertainty that exists around this, 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 Price Risk above. 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.

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.

GL Industrial Services UK Limited

Strategic Report for the Year Ended 31 December 2019

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. 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.

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.

COVID-19

During the first quarter of 2020, the spread of Coronavirus (COVID-19) has impacted an increasing number of countries including the UK with increasing severity. In March 2020, the World Health Organisation (WHO) declared COVID-19 a Global pandemic. The impact of the pandemic during the first quarter of 2020 has been limited but is worsening during the second quarter. The situation is being monitored closely and the impact on employees, customers and business is being assessed continuously and all necessary mitigations will be implemented as required. The full extent, consequences and duration of the COVID-19 pandemic and the operational and financial impact for the Company is difficult to predict.

The key risks associated with the COVID-19 pandemic include :

Employees: The Company is working to look after the health and well-being of all employees. The Company has ensured that business can continue with employees working from home wherever possible.

Customers: Revenues may be impacted by restriction of movements of customers. The Company has also put in place plans to provide services remotely where possible. The Company could be exposed to a downturn in consumer confidence, particularly linked to the current low oil price.

Supply chain: Business processes could be disrupted due to lack of availability of workforce, disruption to distribution networks, and restrictions placed by overseas governments. The Company is working with key suppliers to ensure continuity of supplies wherever possible.

Debt collection: It is expected that some customers may experience liquidity problems and could struggle to pay their debts. To mitigate, the Company has increased its debt collection processes. The financial forecasts have also been adjusted to assume a worsening in debt collection over the 2nd and 3rd quarters of 2020.

Finance: The Company has updated its financial projections to incorporate the anticipated impact of the pandemic. This includes the anticipated worsening in revenue and a comprehensive cost saving programme. Cash flows are being monitored closely to ensure that all liabilities can be paid as they fall due. In the event this happens the Company would utilize the support already obtained from its intermediate parent DNVGL AS.

GL Industrial Services UK Limited

Strategic Report
for the Year Ended 31 December 2019

COVID-19 continued

Financial Projections

Using the above risk factors, a detailed financial assessment has been undertaken. Based on management's view of the most likely outcome, a reduction in revenue of £2.9m (7%) and profit before tax of £1.5m (29%) in 2020 is expected. The impact on cashflow for 2020, in comparison to original forecasts is a reduction of £3.1m.

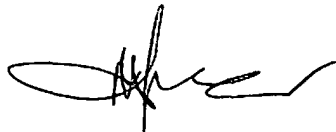
A comprehensive cost saving programme has been put in place to include salary cuts for all staff, reduction in use of agency staff, furloughing of employees where appropriate, the delay of all non-essential projects, and the review and elimination of all unnecessary costs

The adverse end of the range of possible outcomes assumes a further worsening of £8.9m in the 2020 cash position. In this scenario, no revenue is assumed in the 2nd and 3rd quarters of 2020 unless the revenue is contracted. In this worst-case cash scenario, it is possible that cash balances will fall below agreed overdraft limits. If this were to happen, the Company would utilize the support already obtained from its intermediate parent DNVGL AS.

SECTION 172(1) STATEMENT

The Directors consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1) (a-f) of the Companies Act 2006) in decisions taken during the year ended 31 December 2019.

ON BEHALF OF THE BOARD:



M C Fernandez - Director

3 July 2020

GL Industrial Services UK Limited

Directors' Report
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

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

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Dr M J Pritchard
M C Fernandez

Other changes in directors holding office are as follows:

P Vamadevan - appointed 6 February 2019

POLITICAL DONATIONS AND EXPENDITURE

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

GL Industrial Services UK Limited

Directors' Report for the Year Ended 31 December 2019

GOING CONCERN

During the year, the company made a profit after tax of £4,480,425 (2018: loss of £10,756,548). At the balance sheet date, it held net assets of £32,112,908 (2018: £11,632,483).

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including COVID 19, the company will have sufficient funds, through its overdraft facility and funding from its intermediate parent company, DNV GL AS, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on DNV GL AS providing additional financial support during that period. DNV GL AS has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

ENGAGEMENT WITH EMPLOYEES

The group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the group has been continued through the company's intranet in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employee representatives via the Employee Communication and Consultation Forum to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group profit share and bonus bank schemes. In addition, employees are asked to share their thoughts on what it is like to work for DNV GL Group via regular colleague opinion surveys. The results of these surveys are considered by the board and show improvement in employee sentiment.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Board is committed to fostering the Company's business relationships with suppliers, customers and other stakeholders. The board considers stakeholders throughout the year and at every meeting through information provided by management and also by direct engagement with stakeholders.

GL Industrial Services UK Limited

Directors' Report
for the Year Ended 31 December 2019

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

2019 saw continuing change in the corporate governance environment, the revised UK Governance Code took full effect, with its emphasis in corporate purpose and stakeholders other than shareholders. The board has continued to monitor these developments closely and fully supports efforts to improve governance standards. Results of Internal audit provided by the group, 6 monthly director forums and the AGM ensure standards are adhered to.

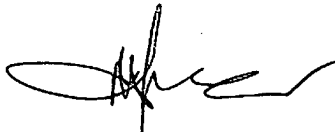
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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:

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

M C Fernandez - Director

3 July 2020

GL Industrial Services UK Limited

Statement of Directors' Responsibilities
for the Year Ended 31 December 2019

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.

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

Opinion

We have audited the financial statements of GL Industrial Services UK Limited ("the company") for the year ended 31 December 2019 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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.

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 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.

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

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 directors' 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 directors' 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 nine, 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.

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

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

3 July 2020

GL Industrial Services UK Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	2019 £	Restated* 2018 £
TURNOVER	4	50,307,504	47,386,839
Cost of sales		(36,397,901)	(36,099,603)
GROSS PROFIT		13,909,603	11,287,236
Administrative expenses		(15,233,379)	(15,970,006)
Other operating income	5	<u>5,444,861</u>	<u>5,829,132</u>
OPERATING PROFIT	7	4,121,085	1,146,362
Loss on sale of investments	8	-	(11,572,482)
Interest receivable and similar income	9	502,178	346,903
Impairment of Investment	10	(540,002)	-
Interest payable and similar expenses	11	<u>(64,811)</u>	<u>(112,713)</u>
PROFIT/(LOSS) BEFORE TAXATION		4,018,450	(10,191,930)
Tax on profit/(loss)	12	<u>461,975</u>	<u>(564,618)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		4,480,425	(10,756,548)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,480,425</u>	<u>(10,756,548)</u>

*2018 numbers are restated due to a prior year adjustment.
Details can be found in note 3.

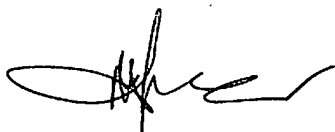
The notes form part of these financial statements

GL Industrial Services UK Limited (Registered number: 03294136)

Statement of Financial Position
31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	5,534,193	5,923,643
Investments	15	<u>240,000</u>	<u>780,002</u>
		<u>5,774,193</u>	<u>6,703,645</u>
CURRENT ASSETS			
Stocks	16	515,316	382,846
Debtors	17	37,601,693	19,865,662
Cash at bank		<u>4,666,889</u>	<u>5,159,455</u>
		42,783,898	25,407,963
CREDITORS			
Amounts falling due within one year	18	<u>(14,765,079)</u>	<u>(18,726,998)</u>
NET CURRENT ASSETS		<u>28,018,819</u>	<u>6,680,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,793,012	13,384,610
PROVISIONS FOR LIABILITIES	21	<u>(1,680,104)</u>	<u>(1,752,127)</u>
NET ASSETS		<u>32,112,908</u>	<u>11,632,483</u>
CAPITAL AND RESERVES			
Called up share capital	22	21,000,000	5,000,000
Retained earnings		<u>11,112,908</u>	<u>6,632,483</u>
SHAREHOLDERS' FUNDS		<u>32,112,908</u>	<u>11,632,483</u>

The financial statements were approved by the Board of Directors and authorised for issue on 3 July 2020 and were signed on its behalf by:



M C Fernandez - Director

The notes form part of these financial statements

GL Industrial Services UK Limited

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	5,000,000	17,389,031	22,389,031
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>
Changes in equity			
Issue of share capital	16,000,000	-	16,000,000
Total comprehensive income	-	4,480,425	4,480,425
Balance at 31 December 2019	<u>21,000,000</u>	<u>11,112,908</u>	<u>32,112,908</u>

The notes form part of these financial statements

GL Industrial Services UK Limited

Notes to the Financial Statements
for the Year Ended 31 December 2019

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. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 profit after tax of £4,480,425 (2018: loss of £10,756,548). At the balance sheet date, it held net assets of £32,112,908 (2018: £11,632,483).

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including COVID 19 (as explained in the strategic report), the company will have sufficient funds, through its overdraft facility and funding from its intermediate parent company, DNV GL AS, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on DNV GL AS providing additional financial support during that period. DNV GL AS has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3. ACCOUNTING POLICIES - continued

Prior year restatement

During the current year it was discovered that certain transactions were inappropriately presented in the statement of comprehensive income for the year ended 31 December 2018. The following adjustments were required:

The first adjustment is for an amount of £2,041,051 which had been presented as turnover in the statement of comprehensive income when, in fact, it was a general ledger code used by management to track turnover between cost centres within the Company. As such, the amount has been offset against the respective cost of sales and administrative expense general ledger codes used to track expenses between cost centres within the Company, resulting in a decrease in turnover. Cost of sales and administrative expenses on the statement of comprehensive income.

Furthermore, it was identified that an amount of £9,329,928 of out of pocket expenses recharged to external customers had been presented net of the respective cost of sales in the prior year statement of comprehensive income. The Company has re-classified those recharged amounts to turnover which has resulted in an increase in turnover of £9,329,928 and an increase in cost of sales for that same amount in prior year in the statement of comprehensive income.

Finally, the Company recharges a proportion of the external administrative expenses incurred to intra-group entities based on an intra-group sharing arrangement. The Company had presented the recharge as turnover, however it does not form part of the Company's operating activities and therefore has been re-presented as 'Other operating income'. Therefore, there was a decrease in turnover of £361,602 and an increase in Other operating income of £361,602.

In aggregate, the adjustments have resulted in a decrease of £2,295,565 in gross profit but no impact on operating profit for the year ended 31 December 2018. Additionally, there was no impact on the net assets as of 31 December 2018.

	2018	adjustments	Restated 2018
Turnover	40,459,564	6,927,275	47,386,839
Cost of Sales	(26,876,763)	(9,222,840)	(36,099,603)
Administration Expenses	(17,903,969)	1,933,963	(15,970,006)
Other Operating Income	5,467,530	361,602	5,829,132

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.

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Provision for dilapidations - judgment and estimation

The company provides for future liabilities arising from contractual obligations to return property held under operating leases to the specified condition contained within the lease agreement. Management judgement and estimation is required to determine the amount of dilapidations to be provided. These judgements and estimates may in the passage of time not be proved to be correct and may impact the recognition of costs.

Taxation - judgement

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

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

Turnover

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

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. 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 some smaller items that have been built at our spadeadam test site to be used for clients testing.

Investments in subsidiaries

Investments in subsidiary undertaking is recognised at cost less impairment.

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. ACCOUNTING POLICIES - continued

Stocks

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

Current and deferred taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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, Stiftelsen Det Norske Veritas. The group financial statements of Stiftelsen Det Norske Veritas within which this company is included can be obtained from the address given in note 21.

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. 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.

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. TURNOVER

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019	restated* 2018
	£	£
United Kingdom	35,274,903	32,127,527
Europe	8,828,814	9,198,328
Asia and Africa	2,788,248	3,561,008
Americas	2,706,982	2,499,976
Rest of the World	708,557	-
	<u>50,307,504</u>	<u>47,386,839</u>

*More details can be found on Note 3.

5. OTHER OPERATING INCOME

	2019	restated* 2018
	£	£
Group recharges	<u>5,444,861</u>	<u>5,829,132</u>

*More details can be found on Note 3.

6. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	15,716,531	14,390,620
Social security costs	1,578,077	1,682,033
Other pension costs	<u>1,377,591</u>	<u>1,459,700</u>
	<u>18,672,199</u>	<u>17,532,353</u>

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

	2019	2018
Technical	247	247
Sales and Admin	<u>48</u>	<u>40</u>
	<u>295</u>	<u>287</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

6. EMPLOYEES AND DIRECTORS - continued

	2019	2018
	£	£
Directors Remuneration	182,227	117,706
Directors pension contributions to money purchase schemes	<u>16,081</u>	<u>13,511</u>

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

	2019	2018
Money purchase schemes	<u>3</u>	<u>2</u>

The highest paid director in the year received aggregate remuneration of £107,142 (2018: £95,669) and £11,078 (2018: £11,392) for company contributions to money purchase pension plan.

The costs for some of these services were directly borne by fellow group companies, and no recharge been made in respect of their services to the Company.

In addition to the sums detailed above, they received aggregate remuneration of £13,635 (2018 : £12,240) for qualifying services and £1,374 (2018: £1,370) for company contributions to money purchase pension plan in relation to subsidiaries of this company in which they are also a director.

Key Management Staff

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel.

7. OPERATING PROFIT

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

	2019	2018
	£	£
Depreciation - owned assets	931,579	570,593
Computer software amortisation	-	3,486
Foreign exchange differences	452,673	(601,812)
Cost of stocks recognised as expense	132,470	88,012
Operating Lease rental - land & buildings	1,230,647	1,459,941
Operating lease rentals - machinery & equipment	194,441	319,491
Auditor's remuneration	<u>85,000</u>	<u>74,704</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

8. LOSS ON SALE OF INVESTMENTS

	2019	2018
	£	£
Loss on sale of investments	<u>-</u>	<u>(11,572,482)</u>

The loss relates to the sale of shares in a group company in previous year (See note 18).

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Deposit account interest	62,268	47,974
Interest Receivable from group	<u>439,910</u>	<u>298,929</u>
	<u>502,178</u>	<u>346,903</u>

10. IMPAIRMENT OF INVESTMENT

	2019	2018
	£	£
Impairment of investment	<u>540,002</u>	<u>-</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	-	4,230
Intercompany Interest	64,791	103,551
Intercompany Bank Interest	<u>20</u>	<u>4,932</u>
	<u>64,811</u>	<u>112,713</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	83,174	959,271
Adjustment in respect of prior periods	<u>25,787</u>	<u>21,905</u>
Total current tax	<u>108,961</u>	<u>981,176</u>
Deferred tax:		
Origination & Reversal of timing differences	(555,959)	(378,991)
Adjustments in respect of prior periods	<u>(14,977)</u>	<u>(37,567)</u>
Total deferred tax	<u>(570,936)</u>	<u>(416,558)</u>
Tax on profit/(loss)	<u>(461,975)</u>	<u>564,618</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2019 £	2018 £
Profit/(loss) before tax	<u>4,018,450</u>	<u>(10,191,930)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	763,506	(1,936,467)
Effects of:		
Expenses not deductible for tax purposes	123,522	31,677
Adjustments to tax charge in respect of previous periods	10,810	(15,662)
Fixed Asset differences	66,173	30,709
R&D expenditure credits	(75,438)	(61,719)
Adjust closing deferred tax to average rate 19%	209,823	301,812
Adjust opening deferred tax to average rate 19%	(293,464)	(238,305)
Deferred Tax not recognised	(1,266,907)	160,815
Group relief claimed	(83,174)	(549,898)
Payment for group relief	83,174	549,898
Loss on Sale of investments not deductible	-	2,198,772
Write off of Loan not deductible	-	92,986
Total tax (credit)/charge	<u>(461,975)</u>	<u>564,618</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. TAXATION - continued

Factors affecting future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31st December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £149,258

The company has tax losses of £3,028,218 (2018: £10,986,117) 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 2019	£
	(697,760)
Deferred tax charge in the profit and loss account	(570,936)
At 31 December 2019	(1,268,696)

	2019 £	2018 £
The deferred tax in the balance sheet is as follows:		
Accelerated capital allowances	(531,014)	(691,168)
Short-term timing differences	(6,683)	(6,592)
Trade Losses	(730,999)	-
Deferred tax asset	(1,268,696)	(697,760)

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

13. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 January 2019 and 31 December 2019	<u>15,831</u>
AMORTISATION	
At 1 January 2019 and 31 December 2019	<u>15,831</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

14. TANGIBLE FIXED ASSETS

	Short leasehold improvements £	Assets under construction £	Fixtures and fittings £	Totals £
COST				
At 1 January 2019	2,947,985	2,871,668	5,993,086	11,812,739
Additions	8,673	-	691,496	700,169
Transfer to ownership	<u>1,344,353</u>	<u>(2,859,887)</u>	<u>1,357,494</u>	<u>(158,040)</u>
At 31 December 2019	<u>4,301,011</u>	<u>11,781</u>	<u>8,042,076</u>	<u>12,354,868</u>
DEPRECIATION				
At 1 January 2019	558,929	-	5,330,167	5,889,096
Charge for year	<u>355,559</u>	<u>-</u>	<u>576,020</u>	<u>931,579</u>
At 31 December 2019	<u>914,488</u>	<u>-</u>	<u>5,906,187</u>	<u>6,820,675</u>
NET BOOK VALUE				
At 31 December 2019	<u>3,386,523</u>	<u>11,781</u>	<u>2,135,889</u>	<u>5,534,193</u>
At 31 December 2018	<u>2,389,056</u>	<u>2,871,668</u>	<u>662,919</u>	<u>5,923,643</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

15. FIXED ASSET INVESTMENTS

	2019	2018
COST	£	£
At 1 January & 31 December	<u>780,002</u>	<u>780,002</u>
IMPAIRMENT		
During the year	<u>(540,002)</u>	-
At 31 December	<u>(540,002)</u>	-
Net Book Value		
At 31 December	<u>240,000</u>	<u>780,002</u>

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

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 previous 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.

16. STOCKS

	2019	2018
	£	£
Stocks	<u>515,316</u>	<u>382,846</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

17. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	8,066,256	5,750,568
Amounts owed by group undertakings	4,859,630	5,795,156
Amounts recoverable on contract	5,217,868	6,451,041
Other debtors	661,477	953,368
Social Security & other taxes	70,380	217,769
Corporation tax	457,386	-
	<u>19,332,997</u>	<u>19,167,902</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	17,000,000	-
Deferred tax	1,268,696	697,760
	<u>18,268,696</u>	<u>697,760</u>
Aggregate amounts	<u>37,601,693</u>	<u>19,865,662</u>

On 15th May 2019, the company loaned to Det Norske Veritas UK Holding Limited a fellow group company £17m. The loan is repayable on 14th May 2024. The loan accrues interest monthly at the rate of 5-year LIBOR +3% per annum.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	803,495	642,593
Amounts owed to group undertakings	4,474,149	8,082,262
Social security and other taxes	1,404,112	1,216,513
Other creditors	23,506	40,599
Corporation Tax	-	50,515
Accruals and deferred income	8,059,817	8,694,516
	<u>14,765,079</u>	<u>18,726,998</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

19. LEASING AGREEMENTS

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

	2019	2018
	£	£
Within one year	937,520	880,025
Between one and five years	<u>1,528,938</u>	<u>2,215,648</u>
	<u>2,466,458</u>	<u>3,095,673</u>

Lease payments recognised as an expense:

	2019	2018
	£	£
Property Rental	893,571	1,159,666
Car Lease	<u>222,106</u>	<u>319,492</u>
Total	<u>1,115,677</u>	<u>1,479,158</u>

20. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial assets measured at amortised cost:		
Cash	4,666,889	5,159,455
Debtors	<u>29,925,886</u>	<u>11,545,724</u>
	<u>34,592,775</u>	<u>16,705,179</u>
Financial liabilities measured at amortised cost:		
Creditors	(5,301,150)	(8,724,855)
	<u>29,291,625</u>	<u>7,980,324</u>

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

21. PROVISIONS FOR LIABILITIES

	Onerous Dilapidations		
	Lease		Total
As at 1 January 2019	54,023	1,698,104	1,752,127
Arising during the year	-	-	-
Utilised	(54,023)	(18,000)	(72,023)
As at 31 December 2019	-	1,680,104	1,680,104

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.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
21,000,000	Ordinary Shares	£1	<u>21,000,000</u>	<u>5,000,000</u>

16,000,000 Ordinary Shares shares of £1 each were allotted and fully paid for cash at par during the year.

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.

23. 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.

GL Industrial Services UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

24. POST BALANCE SHEET EVENTS

During the first quarter of 2020, the spread of Coronavirus (COVID-19) has impacted an increasing number of countries including the UK with increasing severity. In March 2020, the World Health Organisation (WHO) declared COVID-19 a Global pandemic. The impact of the pandemic during the first quarter of 2020 has been limited but is worsening during the second quarter. The situation is being monitored closely and the impact on employees, customers and business is being assessed continuously and all necessary mitigations will be implemented as required. The full extent, consequences and duration of the COVID-19 pandemic and the operational and financial impact for the Company is difficult to predict. The key risks faced and the likely impact on the Company's financial performance is outlined in the Strategic Report in more detail.

25. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Germanischer Lloyd Industrial Services Holdings (UK) Limited, incorporated in the United Kingdom (registered office address: 1 Holywell Park, Ashby Road, Loughborough, LE11 3GR).

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/.