

# **Lloyd's Register Drilling Integrity Services (UK) Limited**

## **Annual report and financial statements**

### **30 June 2019**

Company registration number: SC115074 (Scotland)



# Contents

	Page
Directors and advisors	1
Directors' report	2
Statement of the directors' responsibilities in respect of the financial statements	3
Profit and loss account	4
<i>Balance sheet</i>	5
Statement of changes in equity	6
Notes to the financial statements	7

# Directors and advisors

## **Directors**

J D Benoit

T A Bigmore

J R W Crowe

## **Secretary**

T A Bigmore

## **Bankers**

National Westminster Bank

Corporate and Commercial Banking

250 Bishopsgate

London

EC2M 4AA

## **Registered office**

Kingswells Causeway

Prime Four Business Park

Kingswells

*Aberdeen*

AB15 8PU

## **Registered number**

SC115074

# Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2019.

This report is prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under s415(a) of the Companies Act 2006.

The exemption available from the requirement to prepare a strategic report has been taken in line with s414B of the Companies Act 2006.

## Board of directors

The directors of the company during the year and subsequently were:

	Appointed	Resigned
D J Mitchell		30 April 2019
W A van Noppen		13 December 2019
A L Gerrard		31 January 2019
T A Bigmore	4 February 2019	
J D Benoit	2 January 2020	
J R W Crowe	2 January 2020	

## Principal activities

Lloyd's Register Drilling Integrity Services (UK) Limited provides services in the field of engineering consultancy, technical surveys and risk management to a wide range of national and international markets.

## Future developments

The directors do not foresee any material change in the nature of the business activities carried out, or trading results.

## Dividend

The directors do not recommend a dividend (2018: none).

## Post-balance sheet events

There are no post-balance sheet events to report.

## Employees

Lloyd's Register Drilling Integrity Services (UK) Limited strives to be an equal opportunities employer.

Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is company policy wherever practicable to provide *continuing employment under normal terms and conditions* and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group continually aims to provide employees with information on relevant matters, including financial and *economic factors affecting the performance of the company* both by email and by posting to the Group's intranet website and using internal social media.

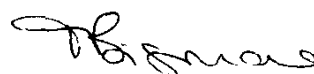
## Parent and ultimate parent

The ultimate parent is Lloyd's Register Foundation, a company registered in England and Wales and a registered charity. The immediate parent is Lloyd's Register Inspection Limited, a company registered in England and Wales.

## Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the *going concern basis in preparing the financial statements*.

By order of the Board



T A Bigmore  
Secretary

13<sup>th</sup> / 3 / 2020

Company number: SC115074

# Statement of the directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

## Profit and loss account for the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Turnover	1	2,895	3,357
Cost of sales		(2,590)	(2,883)
Gross profit		<u>305</u>	<u>474</u>
Administrative expenses		(1,914)	(32)
(Loss) / profit before taxation	3	<u>(1,609)</u>	<u>442</u>
Taxation	5	(14)	—
(Loss) / profit for the financial year		<u>(1,623)</u>	<u>442</u>

During the current and preceding period, there have been no gains and losses other than those recognised in the profit and loss account and consequently no separate statement of comprehensive income is presented.

All items presented above relate to continuing operations.

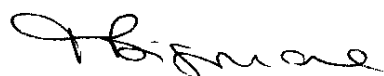
## Balance sheet at 30 June 2019

	Note	2019 £'000	2018 £'000
<b>Non-current asset</b>			
Tangible fixed assets	6	—	—
		<u>—</u>	<u>—</u>
<b>Current assets</b>			
Work in progress		—	614
Debtors	7	2,946	6,781
		<u>2,946</u>	<u>7,395</u>
Creditors: amounts falling due within one year	8	(1,288)	(4,114)
<b>Net current assets</b>		<u>1,658</u>	<u>3,281</u>
<b>Net assets</b>		<u>1,658</u>	<u>3,281</u>
<b>Capital and reserves</b>			
Share capital	9	1	1
Profit and loss account		1,657	3,280
<b>Total shareholder's funds</b>		<u>1,658</u>	<u>3,281</u>

For the year to 30 June 2019, the company was entitled to exemption from audit under 479A Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its financial statements under s476 of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with s386 of the Companies Act 2006, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the period, and of its result for the financial period in accordance with s393 and which otherwise comply with the requirements of the Companies Act 2006, so far as applicable to the company.

The financial statements of Lloyd's Register Drilling Integrity Services (UK) Limited, company number SC115074 were approved by the Board of Directors on 13<sup>th</sup> / 3 / 2020 and signed on its behalf by:



T A Bigmore  
Director

## Statement of changes in equity for the year ended 30 June 2019

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 July 2017	1	2,841	2,842
Loss and total comprehensive income for the year	—	442	442
At 30 June 2018	<u>1</u>	<u>3,280</u>	<u>3,281</u>
Profit and total comprehensive loss for the year	—	(1,623)	(1,623)
At 30 June 2019	<u>1</u>	<u>1,657</u>	<u>1,658</u>



# Notes to the financial statements for the year ended 30 June 2019

## 1. Legal information, basis of accounting and accounting policies

Lloyd's Register Drilling Integrity Services (UK) Limited is (The 'Company') a private Company limited by shares under the Companies Act 2006, registered in Scotland. Its registered office is disclosed on page 1 and its principal activities are disclosed within the Director's Report.

- a. The financial statements are prepared under the historical cost convention and in accordance with applicable Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019.

The Company has historically recorded turnover for services rendered at the point which invoices are rendered for certain short-term services where percentage of completion was not applied as a practical expedient as the difference between recognition on a percentage of completion basis and at point of invoicing was assessed as immaterial to any accounting period. This resulted in the recognition of work in progress at cost for work performed not yet invoiced rather than the recognition of accrued income.

During the year the Company completed the implementation of a new ERP system which is designed to systematically recognise all turnover on a percentage of completion basis and consequently work in progress is no longer recognised.

The turnover recognition changes have not had a material impact on the Company's financial statements and consequently no restatement has been made of comparative information.

The directors are satisfied that the going concern basis is appropriately applied to Lloyd's Register Drilling Integrity Services (UK) Limited. The company has a surplus of assets over liabilities, and is able to meet its liabilities as they fall due.

The functional currency of Lloyd's Register Drilling Integrity Services (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

Lloyd's Register Drilling Integrity Services (UK) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, intra-group transactions, presentation of a cash flow statement and remuneration of key management personnel.

- b. Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible fixed assets is provided by the straight line method, commencing with the year in which they are ready for use, at rates estimated to write off their cost during their respective useful lives as follows:

Computer equipment	5 years
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- c. Turnover from surveys and inspection, which are the main activities of the Company is recognised by reference to the stage of completion of the contract activity as at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs once the final outcome can be assessed with reasonable certainty. All income is recorded net of VAT and similar sales taxes. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Where revenue is recognised in advance of invoicing, the amounts are recorded as accrued income and included as part of debtors within prepayments and accrued income.

# Notes to the financial statements for the year ended 30 June 2019 - continued

- d. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.
- e. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not, that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

- f. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are taken to the profit and loss account.
- g. Pension fund payments are made in respect of defined contribution schemes only, and charged to the profit and loss account in the period to which they relate.
- h. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).
- i. Short-term employee benefits are recognised as an expense in the period in which they relate.

## **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Key sources of estimation uncertainty**

#### *Recoverability of aged trade receivables*

*Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised.*

This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends of the company or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Company in future years may be materially affected.

# Notes to the financial statements for the year ended 30 June 2019 - continued

## 2. Ownership of share capital

The issued share capital is held by Lloyd's Register Inspection Limited, a company registered in England and Wales. The ultimate beneficial interest is held by Lloyd's Register Foundation, a limited company and a registered charity in England and Wales, whose annual financial statements are available from 71 Fenchurch Street, London, EC3M 4BS.

## 3. (Loss) / profit before taxation

Operating profit is stated after charging / (crediting):	2019 £'000	2018 £'000
Net impairment losses on trade debtors*	24	24
Operating lease rentals	1	3
Foreign exchange (credit) / charge	(8)	6

\*Impairment losses on trade debtors are included in administrative expenses

## 4. Staff costs

	2019 £'000	2018 £'000
Wages and salaries	782	650
Social security costs	315	62
Other pension costs	59	49
	<u>1,156</u>	<u>761</u>
Average number of employees for the year:	Number	Number
Energy related services	22	10
	<u>22</u>	<u>10</u>

The directors during the year are employees of another group company. They did not receive any remuneration during the year (2018: £nil) in respect of their services to the company.

# Notes to the financial statements for the year ended 30 June 2019 - continued

## 5. Taxation

	2019 £'000	2018 £'000
Current tax on loss		
Total current tax	14	—
Deferred tax		
Adjustments in respect of previous periods	—	—
Total deferred tax	—	—
Total tax on loss	14	—

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2018: 19.00%). The applicable tax rate for the UK deferred tax recognition has changed following the substantive enactment of Finance (No.2) Act 2015 and the Finance Act 2016 from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

Factors affecting the charge for the year	2019 £'000	2018 £'000
(Loss) / profit before taxation	(1,609)	442
(Loss) / profit multiplied by average standard rate of United Kingdom corporation tax of 19.00% (2018: 19.00%)	(306)	84
Effects of:		
Non-taxable income	(1)	—
Group relief surrendered / (claimed)	308	(83)
Unprovided timing differences	(1)	(1)
Other taxes	14	—
Total tax charge for the year	14	—

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements. Deferred tax assets on short-term timing differences and any losses have not been recognised unless the asset is expected to be recovered in the foreseeable future. Deferred tax assets not recognised amount to £2,000 (2018: £2,000). Unrecognised assets will potentially become recoverable against future profits.

# Notes to the financial statements for the year ended 30 June 2019 - continued

## 6. Tangible fixed assets

	Computer equipment £'000
Cost:	
At 1 July and 30 June	14
Depreciation:	
At 1 July and 30 June	14
Net book value:	
At 30 June 2019	—
At 30 June 2018	—

## 7. Debtors

	2019 £'000	2018 £'000
Trade debtors	853	675
Amounts due from Group undertakings	730	5,841
Other debtors	787	29
Prepayments and accrued income	576	236
	<u>2,946</u>	<u>6,781</u>

## 8. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	166	211
Amounts owed to Group undertakings	374	3,768
Other taxation and social security	87	16
Accruals and deferred income	646	59
Corporation tax	14	—
Other creditors	1	60
	<u>1,288</u>	<u>4,114</u>

# Notes to the financial statements for the year ended 30 June 2019 - continued

## 9. Share capital

	2019 £'000	2018 £'000
Issued, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

### Related party transactions and parent entities

The ultimate parent is Lloyd's Register Foundation, a company registered in England and Wales and a registered charity. The immediate parent is Lloyd's Register Inspection Limited, a company registered in England and Wales.

The Company has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

These financial statements are included in the consolidated financial statements of Lloyd's Register Foundation, whose annual financial statements are available from 71 Fenchurch Street, London, EC3M 4BS.

The parent of the smallest Company for which consolidated accounts are prepared of which this Company is a part is Lloyd's Register Group Limited, a Company registered in England and Wales. The financial statements of Lloyd's Register Group Limited are available from the above address.

## 10. Contingent liabilities, capital and financial commitments

There are no capital commitments as at 30 June 2019 (2018: £nil).

At 30 June 2019, Lloyd's Register Drilling Integrity Services (UK) Limited had total future minimum lease payments under non-cancellable operating leases of £nil (2018: £nil).