

# **GL Industrial Services UK Limited**

Report and Financial Statements

Year Ended

31 December 2014

Company Number 3294136

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# **GL Industrial Services UK Limited**

**Report and financial statements  
for the year ended 31 December 2014**

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## **Directors**

P Vamadevan  
Dr M J Pritchard

## **Registered office**

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

## **Company number**

3294136

## **Auditor**

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

# GL Industrial Services UK Limited

## Strategic Report for the year ended 31 December 2014

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The directors present their Strategic report for the year ended 31 December 2014.

### Results and dividends

The company made a loss of £74,000 (2013 – restated loss of £12,996,000) during the year ended 31 December 2014.

The directors do not recommend the payment of a dividend (2013 - £nil).

### Principal activities

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

### Restatement

Comparative information presented in these financial statements has been restated to reflect a change to the value of software assets, the provision for losses on software contracts, the dilapidations provision and the respective tax balances.

The directors performed a review of the value of the software assets and the profitability of the software contracts, and determined that the company had not taken into account all available information in the previous year with regard to the financial viability of the software and the profitability of the software contracts in future financial years. Therefore the directors concluded that a material error was present in the prior year financial statements with respect to an overstatement of the value of the software assets and an understatement of the provision for software contract losses. Intangible Assets have therefore been decreased by £8,171,000 as at 31 December 2013, with a corresponding exceptional item through the Profit and loss account for the year to 31 December 2013 of £8,171,000. The provision for losses on contracts, within Provisions for liabilities and charges in the Balance sheet, has also been increased by £8,886,000, with a corresponding exceptional item through the Profit and loss account for the year to 31 December 2013 of £8,886,000.

The directors also performed a review of the company's dilapidations provisions and determined that the dilapidations provision as at 1 January 2013, within Provisions for liabilities and charges in the Balance sheet, was understated by £1,680,000, with a corresponding reduction in the Profit and loss reserve as at 1 January 2013 in the Balance sheet of £1,680,000.

As a result of the restatements detailed above, the current tax charge for the year to 31 December 2013 was overstated by £529,000 and the deferred tax asset at 31 December 2013 was understated by £1,545,000.

### Review of business and future developments

GL Industrial Services UK Limited continued to provide technology-based solutions to UK gas distribution companies and other utilities and pipeline operators worldwide. The loss for the year to 31 December 2013 has arisen primarily as a result of the prior year adjustments for the impairment of the software asset and related provision for contract losses. The loss for the year to 31 December 2014 has also been affected by losses on software contracts.

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

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

# GL Industrial Services UK Limited

## Strategic report for the year ended 31 December 2014 (*continued*)

### Key performance indicators ("KPIs")

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

	2014 £'000	Restated 2013 £'000
Turnover	57,360	58,337
Turnover growth rate	(1.7%)	12.8%
Operating loss	(235)	(4,844)
Profit margin	(0.4%)	(8.3%)
Shareholder's funds	22,013	22,087
Return on capital	(1.1%)	(21.9%)

Turnover has decreased year on year due primarily to reduced order intake from the largest client, National Grid Plc, specifically in the area of Research and Development.

Profit margin has reduced due to the aforementioned revenue reduction and due to the prior year restatement to recognise an additional provision for contract losses on the software contracts.

### 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 capitalised.

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

### Disabled persons

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

### Employee involvement

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.

# GL Industrial Services UK Limited

Strategic report  
for the year ended 31 December 2014 (*continued*)

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## Principal risks and uncertainties

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

### *The loss or modification of large contracts*

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

### *The competitive nature of the industry*

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

### *Changes in laws or regulation*

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

### *Breaches in environmental or health and safety law or regulation*

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

## 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.

### *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



P Vamadevan  
Director

Date 18/12/2015

# GL Industrial Services UK Limited

## Directors' report for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

### Directors

The directors of the company during the year were:

L H O Wittenberg (resigned 30 May 2015)

Dr M J Pritchard

M C Fernandez (resigned 23 March 2015)

P Vamadevan (appointed 29 May 2015)

### Going concern

The directors are confident that the company will be able to continue to trade and has the resources available to meet its liabilities and marketing plans as and when they fall due for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

### Directors' insurance

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

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

The auditor, Ernst & Young LLP, was appointed during the period. A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

### On behalf of the Board



P Vamadevan

Director

Date 18/12/2015

# **GL Industrial Services UK Limited**

## **Statement of directors' responsibilities for the year ended 31 December 2014**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures, disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **GL Industrial Services UK Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF GL INDUSTRIAL SERVICES UK LIMITED**

We have audited the financial statements of GL Industrial Services UK Limited for the year ended 31 December 2014 which comprise the Profit and loss account, the Statement of recognised gains and losses, the Balance sheet and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# GL Industrial Services UK Limited

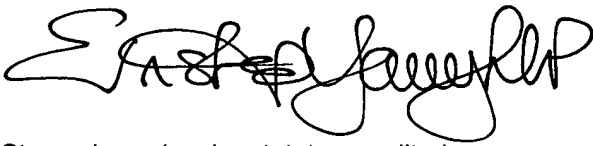
## Independent auditor's report

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Steven Lunn (senior statutory auditor)  
For and on behalf of Ernst & Young LLP (statutory auditor)  
London

Date 18/12/2015

# GL Industrial Services UK Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	Restated 2013 £'000
<b>Turnover</b>	2	<b>57,360</b>	58,337
Other operating income		<b>6,803</b>	10,781
Operating expenses		<b>(64,398)</b>	(65,076)
Exceptional operating expenses – provision for contract losses	6	-	(8,886)
<b>Total operating expenses</b>		<b>(64,398)</b>	(73,962)
<b>Operating loss</b>	5	<b>(235)</b>	(4,844)
Loss on disposal of fixed assets		-	(1,826)
Exceptional item – impairment of software	11	-	(8,171)
Dividend income	7	<b>350</b>	-
Interest receivable and similar income	8	<b>395</b>	389
Interest payable and similar charges	9	<b>(6)</b>	(115)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>504</b>	(14,567)
Tax on profit/(loss) on ordinary activities	10	<b>(578)</b>	1,571
<b>Loss for the financial year</b>	20, 21	<b>(74)</b>	(12,996)

All amounts in the current year relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 December 2014

	Note	2014 £'000	Restated 2013 £'000
<b>Loss for the financial year</b>	20, 21	<b>(74)</b>	(12,996)
<b>Total loss recognised for the financial year</b>		<b>(74)</b>	(12,996)
Prior year adjustment (see Note 1)	21	<b>(16,663)</b>	
<b>Total loss recognised since the last financial statements</b>		<b>(16,737)</b>	

# GL Industrial Services UK Limited

## Balance sheet at 31 December 2014

<b>Company number 3294136</b>	<b>Note</b>	<b>2014 £'000</b>	<b>Restated 2013 £'000</b>
<b>Fixed assets</b>			
Intangible assets	11	7	5
Tangible assets	12	1,722	1,617
Investments	13	7,830	7,830
		<b>9,559</b>	<b>9,452</b>
<b>Current assets</b>			
Stocks	14	42	21
Debtors	15	28,781	34,046
Deferred tax asset	18	1,784	1,697
Cash at bank and in hand		5,039	3,042
		<b>35,646</b>	<b>38,806</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>17,745</b>	<b>15,388</b>
<b>Net current assets</b>		<b>17,901</b>	<b>23,418</b>
<b>Total assets less current liabilities</b>		<b>27,460</b>	<b>32,870</b>
Provisions for liabilities and charges	17	5,447	10,783
<b>Net assets</b>		<b>22,013</b>	<b>22,087</b>
<b>Capital and reserves</b>			
Called up share capital	19	30,882	30,882
Profit and loss account	20	(8,869)	(8,795)
<b>Total shareholder's funds</b>	21	<b>22,013</b>	<b>22,087</b>

The financial statements were approved by the Board of Directors and authorised for issue on

18/12/2015

P Vamadevan

Director

Date

18/12/2015

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

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### 1 Accounting policies (*continued*)

#### *Revenue recognition and long term contract accounting*

Turnover 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.

#### *Other operating income*

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

#### *Dividend income*

Revenue is recognised when the company's right to receive payment is established.

#### *Deferred taxation*

Deferred taxation 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 right to pay less or to receive more, tax, with the following exception:

- 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.

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 1 Accounting policies

#### *Basis of preparation*

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

#### *Restatement*

Comparative information presented in these financial statements has been restated to reflect a change to the value of software assets, the provision for losses on software contracts, the dilapidations provision and the respective tax balances.

The directors performed a review of the value of the software assets and the profitability of the software contracts, and determined that the company had not taken into account all available information in the previous year with regard to the financial viability of the software and the profitability of the software contracts in future financial years. Therefore the directors concluded that a material error was present in the prior year financial statements with respect to an overstatement of the value of the software assets and an understatement of the provision for software contract losses. Intangible Assets have therefore been decreased by £8,171,000 as at 31 December 2013, with a corresponding exceptional item through the Profit and loss account for the year to 31 December 2013 of £8,171,000. The provision for losses on contracts, within Provisions for liabilities and charges in the Balance sheet, has also been increased by £8,886,000, with a corresponding exceptional item through the Profit and loss account for the year to 31 December 2013 of £8,886,000.

The directors also performed a review of the company's dilapidations provisions and determined that the dilapidations provision as at 1 January 2013, within Provisions for liabilities and charges in the Balance sheet, was understated by £1,680,000, with a corresponding reduction in the Profit and loss reserve as at 1 January 2013 in the Balance sheet of £1,680,000.

As a result of the restatements detailed above, the current tax charge for the year to 31 December 2013 was overstated by £529,000 and the deferred tax asset at 31 December 2013 was understated by £1,545,000.

#### *Consolidated financial statements*

The financial statements provide information about GL Industrial Services UK Limited as an individual company and do not contain consolidated financial information as the parent company of a group. In accordance with S400 of the Companies Act 2006, the Company has taken the exemption from the requirement to prepare consolidated financial statements as the group is consolidated within the financial statements of DNV GL SE, which is registered in Germany. Copies of the accounts of DNV GL SE are publicly available.

#### *Statement of cash flows*

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows on the grounds that the parent undertaking includes the company in its own published group financial statements.

#### *Going concern*

The directors are confident that the company will be able to continue to trade and has the resources available to meet its liabilities and marketing plans as and when they fall due for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

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### 1 Accounting policies (*continued*)

#### *Fixed assets and depreciation*

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

Leasehold improvements	-	15 years or over the duration of the lease if shorter
Fixtures, fittings and equipment	-	5 years
Short life computer equipment	-	3 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.

#### *Investments*

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

#### *Foreign currencies*

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

#### *Leases*

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

#### *Pensions*

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

#### *Research and development*

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

#### *Stocks and work in progress*

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

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 1 Accounting policies (continued)

#### Goodwill

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

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

#### Other intangibles

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

#### Provisions

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

### 2 Segmental reporting

A geographical analysis of turnover is provided below:

	2014 £'000	2013 £'000
UK	33,901	36,491
Europe	11,582	8,554
Americas	5,439	5,050
Asia Pacific & Africa	6,438	8,242
	<hr/>	<hr/>
Total	57,360	58,337
	<hr/>	<hr/>

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

### 3 Staff costs

	2014 £'000	2013 £'000
Staff costs consist of:		
Wages and salaries	20,640	23,201
Social security costs	2,476	2,947
Other pension costs (note 25)	3,161	2,971
	<hr/>	<hr/>
	26,277	29,119
	<hr/>	<hr/>

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 3 Staff costs (continued)

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

	2014 Number	2013 Number
By activity:		
Technical	357	337
Selling and distribution	12	13
Administration	84	94
	<u>453</u>	<u>444</u>

### 4 Directors' emoluments

The aggregate amount of emoluments paid to directors in respect of qualifying services was £225,079 (2013 - £297,534) for the year. The highest paid director received aggregate emoluments totalling £129,913 (2013 - £170,767). His accrued pension at the year end was £nil (2013 - £nil). The aggregate value of company contributions paid, or treated as paid, to a money purchase pension scheme in respect of directors' qualifying services was £33,223 (2013 - £29,491).

As at 31 December 2014, no retirement benefits were accruing to any of the directors (2013 - none) under a defined benefit scheme.

### 5 Operating loss

	2014 £'000	Restated 2013 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets - owned assets	1,093	819
Amortisation of other intangible fixed assets	2	109
Operating lease rentals - machinery and equipment	945	1,080
Other operating lease rentals - land and buildings	2,319	2,126
(Gain)/loss on foreign exchange	(114)	105
Auditor's remuneration:		
- audit of the financial statements (EY)	54	-
- audit of the financial statements (BDO)	-	55
- tax (BDO)	-	22
	<u></u>	<u></u>

### 6 Exceptional operating expenses – provision for contract losses

	2014 £'000	Restated 2013 £'000
Provision for contract losses (see Note 1)	-	8,886
	<u></u>	<u></u>



# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 7 Dividend income

	2014 £'000	2013 £'000
Dividend income	350	-

During the year the company received a dividend of £350,000 from its wholly owned subsidiary, Advantica Intellectual Property Limited.

### 8 Interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable from group undertakings	395	389

### 9 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank and other interest payable	6	115

### 10 Taxation on profit/(loss) from ordinary activities

(a) Tax on profit/(loss) on ordinary activities  
The tax charge/(credit) is made up as follows:

	2014 £'000	Restated 2013 £'000
<i>Current tax</i>		
UK corporation tax on profit/(loss) for the year	-	-
Adjustment in respect of previous years	-	(378)
Overseas tax	665	383
Total current tax charge (note 10(b))	665	5
<i>Deferred tax</i>		
Origination and reversal of timing differences	(87)	(1,592)
Effect of tax rate change on opening balance	-	16
Total deferred tax credit (note 18)	(87)	(1,576)
Tax on profit/(loss) on ordinary activities	578	(1,571)

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 10 Taxation on loss from ordinary activities (continued)

#### (b) Factors affecting tax charge for the year

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

	2014 £'000	Restated 2013 £'000
Profit/(loss) on ordinary activities before tax	504	(14,567)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	108	(3,386)
Effects of:		
Fixed asset differences	10	17
Expenses not deductible for tax purposes	6	41
Income not deductible for tax purposes	(75)	-
Other permanent differences	-	3
Losses carried back	-	368
Allocation deduction for R & D expenditure	-	(171)
Group relief surrendered	-	1,357
Adjustments in respect of previous years	-	(378)
Depreciation in excess of capital allowances	223	116
Other short term timing differences	(148)	171
Unrelieved tax losses	18	1,573
Overseas tax	665	383
Overseas tax expensed	(142)	(89)
Current tax charge for year	665	5

#### (c) Factors that may affect future charges

On 26 October 2015 the Summer Finance Bill 2015, which reduces the main rate of corporation tax to 19% from April 2017 and 18% from April 2020 was substantively enacted. As these reductions to the rate were not substantively enacted at the balance sheet date, the company has calculated the deferred tax asset at the current enacted rate of 20%. We anticipate the impact of the reduction to the rate to be immaterial to the deferred tax asset.

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 11 Intangible assets

	Goodwill £'000	Other £'000	Total £'000
<i>Cost</i>			
At 31 December 2013 as previously reported	6,533	8,503	15,036
Prior year adjustment (see Note 1)	-	(8,497)	(8,497)
At 1 January 2014 as restated	<u>6,533</u>	<u>6</u>	<u>6,539</u>
Additions	-	4	4
At 31 December 2014	<u><b>6,533</b></u>	<u><b>10</b></u>	<u><b>6,543</b></u>
<i>Accumulated depreciation</i>			
At 31 December 2013 as previously reported	(6,533)	(327)	(6,860)
Prior year adjustment (see Note 1)	-	326	326
At 1 January 2014 as restated	<u>(6,533)</u>	<u>(1)</u>	<u>(6,534)</u>
Charge for the year	-	(2)	(2)
At 31 December 2014	<u><b>(6,533)</b></u>	<u><b>(3)</b></u>	<u><b>(6,536)</b></u>
<i>Net book value</i>			
At 31 December 2014	<u>-</u>	<u><b>7</b></u>	<u><b>7</b></u>
At 31 December 2013 as restated	<u>-</u>	<u>5</u>	<u>5</u>

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 12 Tangible assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2014	340	7,423	7,763
Additions	-	1,198	1,198
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>340</b>	<b>8,621</b>	<b>8,961</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2014	(126)	(6,020)	(6,146)
Charge for the year	(23)	(1,070)	(1,093)
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>(149)</b>	<b>(7,090)</b>	<b>(7,239)</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2014	<b>191</b>	<b>1,531</b>	<b>1,722</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2013	214	1,403	1,617
	<hr/>	<hr/>	<hr/>

The net book value of £193,000 (2013 - £214,000) in respect of leasehold improvements all relates to short leaseholds.

### 13 Investments

	Subsidiary companies £'000	Other investments £'000	Total £'000
<i>Cost</i>			
At 1 January 2014 and at 31 December 2014	7,830	447	8,277
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation</i>			
At 1 January 2014 and at 31 December 2014	-	(447)	(447)
	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>			
At 31 December 2014	7,830	-	7,830
	<hr/>	<hr/>	<hr/>
At 31 December 2013	7,830	-	7,830
	<hr/>	<hr/>	<hr/>

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 13 Investments (continued)

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

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

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

The company has made a US\$ loan of £7,050,000 to a subsidiary undertaking, GL Noble Denton Holdings Inc. The amount bears interest at a three month US Libor rate. Although the loan is technically repayable on the earlier of 31 December 2014 and on a request being made by the company, the directors believe that this is effectively a long term investment as it will be rolled over each year. As such, the long term loan has been treated as a fixed asset investment balance and is held at the historical exchange rate rather than being retranslated at the yearend exchange rate.

### 14 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	42	21

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

### 15 Debtors

	2014 £'000	Restated 2013 £'000
Trade debtors	9,829	9,407
Amounts owed by group undertakings	10,273	15,460
Corporation tax	1,096	1,096
Prepayments	356	523
Amounts recoverable on contracts	7,227	7,560
	28,781	34,046

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

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

16 Creditors: amounts falling due within one year			Restated
	2014 £'000		2013 £'000
Trade creditors	2,408		3,244
Amounts owed to group undertakings	7,439		2,154
Other creditors	18		160
Taxation and social security	1,607		1,213
Accruals and deferred income	6,273		8,617
	<u>17,745</u>		<u>15,388</u>
17 Provisions for liabilities and charges			Restated
	Provision for losses on contracts £'000	Dilapidations £'000	Total £'000
At 1 January 2014 as previously reported	31	186	217
Prior year adjustment (see Note 1)	8,886	1,680	10,566
At 1 January 2014 as restated	<u>8,917</u>	<u>1,866</u>	<u>10,783</u>
Arising during the year	-	100	100
Utilised	(5,436)	-	(5,436)
At 31 December 2014	<u>3,481</u>	<u>1,966</u>	<u>5,447</u>

### *Provision for losses on contracts*

A provision has been recognised for expected losses on software contracts. It is expected that all of these costs will be incurred in the next financial year.

### *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 leases in their original condition.

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 18 Deferred taxation

	2014 £'000	Restated 2013 £'000
Accelerated capital allowances	404	197
Short term timing differences	9	147
Trade losses carried forward	1,371	1,353
	<hr/>	<hr/>
Deferred tax asset	1,784	1,697
	<hr/>	<hr/>

The movement in the deferred tax account during the year was as follows:

	Restated £000
At 1 January 2014 as previously reported	153
Prior year adjustment (see Note 1)	1,544
	<hr/>
At 1 January 2014 as restated	1,697
Profit and loss account movement arising during the year	87
	<hr/>
At 31 December 2014	1,784
	<hr/>

### 19 Share capital

	2014 Number	Allotted and fully paid 2013 Number	2014 £'000	2013 £'000
Ordinary shares of £1 each	30,881,700	30,881,700	30,882	30,882
	<hr/>	<hr/>	<hr/>	<hr/>

### 20 Reserves

	Profit and loss account £'000
At 1 January 2014 as previously reported	7,868
Prior year adjustment (see Note 1)	(16,663)
	<hr/>
At 1 January 2014 as restated	(8,795)
Profit for the year	(74)
	<hr/>
At 31 December 2014	(8,869)
	<hr/>

# GL Industrial Services UK Limited

## Notes to the financial statements at 31 December 2014

### 21 Reconciliation of movements in shareholder's funds

	2014 £'000	Restated 2013 £'000
Loss for the year	(74)	(12,996)
Opening shareholder's funds (previously £38,750,000 before prior year adjustment of £16,663,000)	22,087	35,083
	<hr/>	<hr/>
Closing shareholder's funds	22,013	22,087
	<hr/>	<hr/>

### 22 Commitments under operating leases

As at 31 December 2014, the company had annual commitments under non-cancellable operating leases as set out below:

	2014 Land and buildings £'000	2014 Other £'000	2013 Land and buildings £'000	2013 Other £'000
Operating leases which expire:				
Within one year	49	14	301	29
In two to five years	1,632	385	1,412	316
Over five years	320	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,001	399	1,713	345
	<hr/>	<hr/>	<hr/>	<hr/>

### 23 Related party transactions

The company has taken advantage of the FRS 8 exemption not to disclose transactions with DNV GL SE companies on the basis that 100% of its voting rights are controlled by DNV GL SE and consolidated financial results in which the company's financial results are included are publicly available.

During the year ended 31 December 2014, the company made sales of £17,875 (2013 - £76,441) to, charged interest amounting to £1,974 (2013 - £12,250) and purchases of £14,846 (2013 - £19,117) from, Cogsys Limited, a company in which GL Industrial Services UK Limited controls less than 100% of the voting rights. The balance due from Cogsys Limited at 31 December 2014 is £4,998 (2013 - £45,743).



# **GL Industrial Services UK Limited**

## **Notes to the financial statements at 31 December 2014**

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### **24 Ultimate holding company and controlling parties**

At 31 December 2014 the company was a wholly owned subsidiary of Germanischer Lloyd Industrial Services Holdings (UK) Limited, a company registered in United Kingdom, its immediate parent undertaking.

The ultimate parent holding company and controlling party is Stiftelsen Det Norske Veritas a foundation registered in Hovik/Norway with registration number 911 177 781. The largest group in which the accounts are consolidated are those of Stiftelsen Det Norske Veritas, Hovik/Norway. The smallest group in which the accounts are consolidated are those of DNV GL SE. Copies of the consolidated financial statements may be obtained at DNV (Corporate Communications), 1322 Hovik, Norway.

### **25 Pensions and post-retirement benefits.**

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.