

Company registration number: 1758622 (England and Wales)

**BUREAU VERITAS UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# BUREAU VERITAS UK LIMITED

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# BUREAU VERITAS UK LIMITED

## COMPANY INFORMATION

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### Directors

P. Shrieve  
K. Smith  
C. White  
D. Ainsworth  
R. Bryan

### Company number

1758622

### Registered office

Suite 206 Fort Dunlop  
Fort Parkway  
Birmingham  
West Midlands  
B24 9FD

### Independent auditors

Ernst & Young LLP  
2 St. Peter's Square  
Manchester  
M2 3EY

### Bankers

National Westminster Bank  
699 Wilmslow Road  
Didsbury  
Manchester  
M20 0RE

# BUREAU VERITAS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

### Principal activities

The business provides a broad range of compliance, health and safety, quality and environmental services through three divisions: Compliance Management, Industry and BV Solutions. The Compliance Management division provides electrical and mechanical inspection and testing services. The Industry division provides inspection and verification services to oil and gas, power generation and manufacturing companies. The BV Solutions division provides health, safety and environmental assessment and solutions.

### Business review

The Company's profit after taxation for the financial year is £2,693,000 (2018: £4,210,000). Our gross profit margin reduced by 2% during the year due to increased usage of subcontractors compared to the prior year. In addition to this our operating profit margin fell 46%.

The Company has net assets of at the year end £48,685,000 (2018: £49,494,000).

The operating environment is highly competitive. Onshore, there is a close link to the insurance market, and to intermediaries such as insurance brokers and facility management companies through whom our services are frequently delivered. Offshore, the market is heavily influenced by the performance of the major oil companies. As a consequence our business is subject to the vagaries of both the current soft insurance market, and impact of oil prices. We also now operate in integrated, multi-disciplined consultancy to clients across the construction industry.

We intend to become a leader in our industry and a major player in each of our market segments and key geographical markets. We aim to deliver economic value to customers through Quality, Health, Safety, Environment and Social Responsibility management of their assets, projects, products and systems, resulting in licence to operate risk reduction and performance improvement. We seek to do this by delivering consistently high quality, and integrated services to our diverse client base.

### Key performance indicators ("KPI's")

The company's directors consider various KPI's on a frequent basis. These include turnover, gross profit, operating profit and average number of employees.

	2019 £000	2018 £000	Movement %
Turnover	82,202	82,052	0%
Operating profit	3,141	5,830	(46%)
Gross profit	37,738	38,342	(2%)
Average headcount*	867	866	0%

\*average headcount is not in £'000's

### Future developments

Whilst the current economic climate can be described as challenging, the directors consider that the company is well placed to perform satisfactorily in the future.

No other significant change in the business activity is expected.

### Non-financial risks

The key risk in this market is the ability to recruit and retain business development leaders and engineers of the necessary quality and experience to deliver the sales growth and client delivery levels. Structured and focussed recruitment campaigns are run as necessary and staff training and development programmes and incentive schemes are designed to promote staff retention.

# BUREAU VERITAS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effect of changes in credit risk and liquidity risk.

The Company is indirectly exposed to fluctuations in the price of oil and gas, as some of its key clients operate in these markets.

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure of any individual counterparty is subject to a limit which is assessed regularly by the board.

All the Company's debt is inter-company and the interest rate risk, liquidity risk and cash-flow risk is managed by the Bureau Veritas SA board.

### Risks and opportunities looking ahead

The growth within the UK business continues in line with the Strategic Plan 2020 (SP20). This plan sets out a clear focus on market sectors and diversification of service portfolio underpinned by our people and client centricity. The key client centricity has enabled continued growth in these accounts through our client growth and through broadening the services we offer enabling our clients to manage their QHSE and sustainability risks effectively. Significant growth continues within our nuclear and engineering inspection businesses driven by the energy infrastructure projects and statutory compliance and rigour respectively and we expect this to continue with the UK Government approach to nuclear as a core energy source and the drive for engineering safety compliance. This is balanced with the way we are managing any risks as well as opportunities associated with political and economic uncertainty in UK seen due to Brexit and global trading environment for UK companies. Delays in capex projects and associated spend in this environment is expected which we must balance with continuing to broaden our client base and service offering through our growth plans.

### COVID-19

Whilst the COVID-19 pandemic did not impact the company during the period covered by these financial statements, it has had a significant impact on all businesses in the UK in 2020 to the date of writing. The approach taken by the company from our key purpose of "making the world a safer place", can be broken down into three elements: Protect our People; Protect our Clients; and Protect the Company.

The company has protected our people by implanting working from home wherever possible which has successfully allowed the company to function well in these difficult times. The company recognises that many services it provides remain critical to the ongoing functioning of the clients businesses including key industries such as power generation, oil and gas, nuclear, hospitals, food production, food distribution and food retail. For these reasons it has been essential for the majority of our field teams to continue working to support these critical industries. They have done so on the basis of clear health and safety guidelines, appropriate PPE, strict social distancing and with the knowledge that if they at any time feel unsafe they are authorised to stop work and leave site to allow the situation to be addressed before continuing. At this time, the company has planned for a cautious approach to bringing its people back to offices.

The company continues to protect its clients by ensuring that clients, particularly in critical industries get the support they need to deliver essential services safely during the pandemic. We have operated flexibly with many clients, for example undertaking work out of hours to support social distancing or deploying the use of technology to undertake our activities remotely with clients. We have broad portfolio of services across our key market sectors which have been affected to differing degrees but our active engagement with our clients has enabled the flexibility. We will be playing a crucial role with many clients to support them in their preparation for re-opening their offices, factories and businesses in respect of necessary checks on buildings infrastructure and to help them ensure that their procedures meet recommended standards to minimise the risks of further COVID-19 spread.

# BUREAU VERITAS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### COVID-19 (continued)

The company has implemented various steps to protect the business from the effects of COVID-19. A focus has been placed on cash management, with steps such as the close management of debtors, redeployment of some staff to support cash collection, the implementation of the UK Government's Coronavirus Job Retention Scheme and the implementation of VAT deferral amongst other steps. After discussion, some clients have brought work forward to be carried out whilst they have empty premises in order to avoid having visits when they have staff returning to site. The combination of such steps has enabled the company to remain confident of its position throughout the pandemic to date. As noted above we look forward to working with many of our clients to assist them in their efforts to re-open their businesses and premises safely.

As we look to the remainder of 2020, we are finalising our plans on these three areas for the coming phase of "returning to work" and the subsequent phase of "after COVID" to ensure the resilience of the business through the safety of our people and the safety of our clients.

### S172 Statement

The Directors recognise their responsibility to act in a way which promotes the success of the company for all stakeholders, in line with Section 172(1) of the Company Act 2006, and as such, has evaluated its key stakeholders and how we have engaged with them during the year.

Stakeholder Group	Why we engage	How we engage
Employees	The long-term success of the company relies upon our employees being committed to our strategy, ethics and core values. We engage regularly with our employees to ensure we create a safe environment in which they are happy to work. As a professional services provider, we strive to identify and retain highly skilled professionals in a wide range of specialities.	We hold regular communications meetings in order to share performance, strategy and to actively seek feedback, including quarterly briefings conducted by the UK CEO held in regional centres and supplemented by on-line video presentations to reach out to all employees. We undertake health and safety surveys annually and every 2 years an employee satisfaction survey although we are now changing this to an annual basis. In both cases key action plans are set in the areas we have identified that require further focus. Matters arising from the survey include total benefits package, flexible working and training opportunities.
Customers	Building solid and long-standing relationships with our clients is fundamental to the success of our company. We pride ourselves on providing excellent client service and evolving service products that meet all client requirements across a wide range of Test, Inspection and Certification needs, with a strong focus on health, safety, sustainability and the environment.	Our commercial team have regular communication with our clients to ensure we are meeting their requirements and working collaboratively for future developments. Client visits and on-site audits are regular occurrences both as part of the service we provide and also to review performance, future enhancements and other services that would be of benefit to our clients.

# BUREAU VERITAS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### S172 Statement (continued)

Stakeholder Group	Why we engage	How we engage
Suppliers	In order to be flexible and adaptable to our client's needs, we retain a large and versatile supply base to ensure we maintain the flexibility to provide a wide range of specialist capabilities as required by our clients.	In addition to annual reviews (which includes confirmation of key compliance matters including code of ethics, insurance amongst others) of our suppliers by our supply chain team, our operational teams have regular interaction with suppliers and undertake site audits with our supply base. Regular meetings (normally face to face but at time of writing by remote video or audio conference), telephone calls and emails are also commonplace to review performance and service delivery. We work collaboratively and set reasonable expectations in open and honest working relationships.
Community	We care about our community and are passionate about creating a better world as part of our corporate values and our strategic goals.	We actively take part in and support national schemes and initiatives that are aligned to our ethics and corporate social responsibility strategy. This includes our STEM Ambassadors who support schools nationally to promote science and engineering careers to young people. We also have a close partnership with the Defence Medical Rehabilitation Unit and the UK military's Career Transition Partnership, actively seeking to provide regarding civilian roles for service men and women leaving the armed forces. Bureau Veritas has recruited over 100 ex-service personnel across a variety of positions since 2012 from all branches of the armed forces helping them use their expertise in civilian life and providing us with committed and highly skilled personnel.

# BUREAU VERITAS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### S172 Statement (continued)

Stakeholder Group	How we engage	Why we engage
Environment	We are aware of our responsibilities to the environment and the impact it has on the wider world. Given the industry we operate in and the services we offer to clients to monitor and improve their environmental and sustainability performance, we believe we have a moral obligation to reduce our environmental impact and always seek more environmentally friendly practices where appropriate.	Social and environmental responsibility is one of Bureau Veritas' core values alongside integrity and ethics, impartiality, and respect for all individuals. This is also an area of strategic focus in the services we offer to clients. As a professional services company Our carbon footprint mainly arises from business travel and a key focus for us is therefore to minimise and optimise travel to reduce the environmental impact of that travel. The further development of remote inspection and auditing techniques, where technically appropriate, will further reduce our environmental impact and improve sustainability.
Shareholders	Whilst we run autonomously, the support from our shareholder is essential in ensuring we hit our long-term growth objectives. We create value for our shareholder by generating strong results that we can translate into dividends whilst strengthening the balance sheet.	We maintain open dialogue with our shareholder throughout the year, both on an ad-hoc basis and via regular formal operating reviews. We ensure our communication is consistent, regular and clear. Areas of focus for the shareholder include revenue growth, working capital management and service development.

On behalf of the board



K Smith  
Director  
14 December 2020



# BUREAU VERITAS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

### **Future developments**

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

### **Dividends**

The Company paid an interim dividend in respect of the year ended 31 December 2019 of £0.09 per ordinary share, being a total £3,550,000 on 29 November 2019 (2018: £2,563,000).

### **Financial risk management**

Financial risk management is described in the Strategic Report on page 3.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

K. Smith  
C. Thomas (resigned 20 January 2020)  
K. Veitch (resigned 31 August 2019)  
P. Shrieve  
K. Dolan (resigned 19 March 2020)  
C. White (appointed 2 April 2020)  
D. Ainsworth (appointed 4 March 2020)  
R. Bryan (appointed 4 March 2020)

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This is purchased by Bureau Veritas SA on behalf of the Directors. The indemnity was in force throughout the last financial year and is currently in force.

### **Policy and practice on payment of creditors**

The company is a supporter of the Better Payment Practice Group's 'Better Payment Practice Code' to which it subscribes when dealing with its suppliers. Copies of the Better Payment Practice Group's code are available from the Department for Business, Innovation & Skills (BIS). It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and services and to adhere to those payment terms.

### **Employment of disabled persons**

It is the policy of the Company to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other employees and if necessary, retraining is given to an employee who becomes disabled whilst in the Company's employment.

### **Employee involvement and health and safety at work**

The Company is committed to the development of employees and thereby, to employees' greater involvement in its operations. During the year the Company has provided training for employees at all levels through a structured programme of courses, seminars and workshops. The Company has also regularly updated employees on financial performance through presentations given by senior management.

# BUREAU VERITAS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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The policy of the Company is to ensure, as far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its business.

The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for employees regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

### Statement of directors' responsibilities

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 the directors have prepared 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; and
- 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.

### Going concern

The directors, having considered the future performance of the company by reviewing detailed forecasts and making the necessary enquiries, have decided to continue to adopt the going concern basis in preparing the financial statements which assumes that the company will continue in operation for the foreseeable future.

When concluding on the going concern status we considered the impact of Covid 19 carefully including:-

- Revenue falling 20% during full lockdown, the business has since recovered strongly seeing revenue return to levels expected to prior to the pandemic.
- We have remained both profitable and cash generative during the pandemic.
- We have continued to utilise a cash pooling arrangement with other Bureau Veritas group companies and have obtained the standard letter of support from the ultimate parent company Bureau Veritas SA that confirms access to group funds to enable them to meet their liabilities as they fall for a period of at least 12 months from the date of approval of the accounts due.
- We have completed additional procedures as part of the going concern review by directors which included a reverse stress testing on the cash flow including what would happen in the event of a second 3 month lockdown which included prudent assumptions of losing 20% of revenue in these months which concluded we expect to be both profitable and cash generative for both the 2020 financial year and 12 months from the signing of the financial statements.

# BUREAU VERITAS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### Post balance sheet events

The World Health Organization (WHO) on March 11 declared a global pandemic (COVID-19), after reviewing both current performance and take in to consideration the likely impact on future performance it was concluded by the board of directors that that should be treated as a non-adjusting event for 2019 financial statements.

In June 2020 we completed a full impairment review of investments and based on the financial performance since lockdown combined with the latest forecasts submitted to ultimate parent in both June and September 2020, we concluded that there is no impairment required to our intangible assets.

We have exceeded expectation in 2020 for both cash collection and issuing invoices, on this basis we are not concerned with either debtor recoverability or the level of WIP held.

### Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

Ernst and Young LLP has indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the annual meeting.



On behalf of the board  
K Smith  
Director  
14 December 2020

# **BUREAU VERITAS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS UK LIMITED**

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### **Opinion**

We have audited the financial statements of Bureau Veritas UK Limited for the year ended 31 December 2019 which comprise Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

We draw attention to notes 1 and 24 of the financial statements, which describe the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **BUREAU VERITAS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS UK LIMITED (CONTINUED)**

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### **Other information**

The other information comprises the information included in the annual report set out on page other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## BUREAU VERITAS UK LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VERITAS UK LIMITED (CONTINUED)

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#### Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

15 December 2020

# BUREAU VERITAS UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Turnover	2	82,202	82,052
Cost of sales		(44,464)	(43,710)
<b>Gross profit</b>		<b>37,738</b>	<b>38,342</b>
Administrative expenses		(34,597)	(32,512)
<b>Operating profit</b>	3	<b>3,141</b>	<b>5,830</b>
Interest receivable and similar income	6	135	96
Interest payable and similar charges	7	(36)	(25)
<b>Profit on ordinary activities before taxation</b>		<b>3,240</b>	<b>5,901</b>
Tax on profit on ordinary activities	8	(547)	(1,691)
<b>Profit on ordinary activities after taxation</b>		<b>2,693</b>	<b>4,210</b>
<b>Other comprehensive income</b>			
Actuarial gain / (loss) relating to the pension scheme	17	105	(243)
Transfer of scheme assets and liabilities from other group companies	17	-	(761)
Deferred tax associated with actuarial gain / (loss) on pension scheme	16	(18)	171
<b>Other comprehensive income for the year</b>		<b>87</b>	<b>(833)</b>
<b>Total comprehensive income for the year</b>		<b>2,780</b>	<b>3,377</b>

# BUREAU VERITAS UK LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Goodwill	10	9,976	12,136
Tangible assets	11	1,972	1,888
Investments	12	6,078	6,078
		<b>18,026</b>	<b>20,102</b>
<b>Current assets</b>			
Debtors	13	45,859	46,278
Cash at bank and in hand		14	22
		<b>45,873</b>	<b>46,300</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(13,870)</b>	<b>(14,995)</b>
<b>Net current assets</b>		<b>32,003</b>	<b>31,305</b>
<b>Total assets less current liabilities</b>		<b>50,029</b>	<b>51,407</b>
Provisions for liabilities	15	(346)	(654)
<b>Net assets excluding pension deficit</b>		<b>49,683</b>	<b>50,753</b>
Gross pension deficit	17	(998)	(1,259)
<b>Net assets including pension deficit</b>		<b>48,685</b>	<b>49,494</b>
<b>Capital and reserves</b>			
Called-up share capital	18	39,500	39,500
Share premium account	19	6,566	6,566
Profit and loss account	20	2,619	3,428
<b>Total shareholders' funds</b>		<b>48,685</b>	<b>49,494</b>

The financial statements on pages 13 to 33 were approved by the board of directors and authorised for issue on 14 December 2020 and were signed on its behalf by:



K Smith  
Director

Company number: 1758622



# BUREAU VERITAS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 January 2018</b>	39,500	6,566	2,563	48,629
Profit for the year	-	-	4,210	4,210
Actuarial (losses) on defined benefit plan	-	-	(243)	(243)
Deferred tax associated with actuarial (loss) on pension scheme	-	-	171	171
Transfer of scheme assets and liabilities from other group companies	-	-	(761)	(761)
<b>Total comprehensive income for the year</b>	-	-	<b>3,377</b>	<b>3,377</b>
Dividends	-	-	(2,563)	(2,563)
Share-based payment	-	-	51	51
<b>Total transactions with owners in their capacity as owners</b>	-	-	<b>(2,512)</b>	<b>(2,512)</b>
<b>Balance at 31 December 2018</b>	<b>39,500</b>	<b>6,566</b>	<b>3,428</b>	<b>49,494</b>
Profit for the year	-	-	2,693	2,693
<b>Other comprehensive income</b>				
Actuarial gains on defined benefit plan	-	-	105	105
Deferred tax associated with actuarial gain on pension scheme	-	-	(18)	(18)
<b>Total comprehensive income for the year</b>	-	-	<b>2,780</b>	<b>2,780</b>
Dividends	-	-	(3,550)	(3,550)
Share-based payment	-	-	(39)	(39)
<b>Total transactions with owners in their capacity as owners</b>	-	-	<b>(3,589)</b>	<b>(3,589)</b>
<b>Balance at 31 December 2019</b>	<b>39,500</b>	<b>6,566</b>	<b>2,619</b>	<b>48,685</b>

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies

#### General information

Bureau Veritas UK Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Suite 308, Fort Dunlop, Fort Parkway, Birmingham, B24 9FD.

The Company's principal activities and nature of its operations are outlined in the Strategic Report on page 2.

#### Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in the financial statements are rounded to the nearest £1,000, except where otherwise indicated.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors 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 the estimation means the actual outcome could differ from those estimates. The following is the Company's key sources of estimation uncertainty:

The recoverability of assets such as trade debtors is based on a review by senior management with considerable knowledge of the industry and client.

Amounts recoverable on contracts are largely calculated using a percentage of completion method, and as such, prudent judgement is exercised around sensitive areas affecting the calculations, such as budgeted fees and budgeted hours.

Pension and other post-employment benefits are based on the cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Taxation provisions are 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.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### 1. Accounting policies (continued)

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.

#### Critical accounting estimates and assumptions

The recoverable amount of goodwill and other intangible assets is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis in order to write off the cost of fixed assets evenly over their estimated useful economic lives as follows:

Leasehold improvements	term of the lease
Office equipment	10% - 50% per annum
Laboratory and engineering equipment	15% per annum

Assets under construction are not depreciated.

#### Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over a period of 10 years. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### Turnover

Annual contracts for mechanical inspection and testing services are invoiced in advance and turnover is spread evenly over the period of the contract. A provision for unearned fees is reported in deferred income.

All other contracts for services are invoiced in arrears and turnover is accrued to the extent that the contract work is complete at year end. Turnover accrued on contracts is reported as amounts recoverable on contracts.

Turnover excludes sales related taxes and is disclosed after the deduction of related commission.

#### Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### Pensions

The company operates a group personal pension scheme. The cost of the company's group personal pension arrangements are charged to the profit and loss account on the basis of contributions payable in respect of the accounting period.

Certain employees of the Company are deferred members of the Bureau Veritas Pension and Assurance Scheme, which is a defined benefit scheme for the UK group, based on final pensionable pay and which is closed to new entrants. The scheme requires contributions to be made to a separately administered fund.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### 1. Accounting policies (continued)

#### Pensions (continued)

This has been accounted for under the full requirements of FRS102.

The Company has recognised an allocation of the liability in the scheme and related profit and loss and reserve movements, based on the proportion of pensionable members employed by the Company compared to the full pensionable members of the scheme.

Under section 28 of FRS 102, assets of defined benefit schemes are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present market value of liabilities of the Company's defined benefit scheme expected to arise from employee service in the period is charged against operating profit. The expected return on the scheme assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Administrative expenses in the Income Statement.

#### Commissions

Commissions payable are charged to the profit and loss account in line with the recognition of the corresponding income. Commissions in respect of unearned fees are set off against the related deferred income balance.

#### Going concern

The directors, having considered the future performance of the company by reviewing detailed forecasts and making the necessary enquiries, have decided to continue to adopt the going concern basis in preparing the financial statements which assumes that the company will continue in operation for the foreseeable future.

When concluding on the going concern status we considered the impact of Covid 19 carefully including:-

- Revenue falling 20% during full lockdown, the business has since recovered strongly seeing revenue return to levels expected to prior to the pandemic.
- We have remained both profitable and cash generative during the pandemic.
- We have continued to utilise a cash pooling arrangement with other Bureau Veritas group companies and have obtained the standard letter of support from the ultimate parent company Bureau Veritas SA that confirms access to group funds to enable them to meet their liabilities as they fall for a period of at least 12 months from the date of approval of the accounts due.
- We have completed additional procedures as part of the going concern review by directors which included a reverse stress testing on the cash flow including what would happen in the event of a second 3 month lockdown which included prudent assumptions of losing 20% of revenue in these months which concluded we expect to be both profitable and cash generative for both the 2020 financial year and 12 months from the signing of the financial statements.

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease

# BUREAU VERITAS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### 1. Accounting policies (continued)

#### Taxation

Corporation tax payable is provided on taxable profits based on the tax rates and laws enacted or substantively enacted at 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 that result in an obligation to pay more or less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any deferred tax relief relating to the defined benefit pension liability is offset against the defined benefit pension liability and not included with other deferred tax asset or liabilities.

#### Amounts recoverable on contracts

Amounts recoverable on contracts relates to turnover accrued on completed and partially completed contracts. Turnover is accrued to the extent that the contract work is completed and measured at sales price. Contracts are reviewed at period end to ensure that the sales price is not stated at more than the amount recoverable from the customer.

#### Share based payments

The cost of shares which will be awarded under the Group Savings Plan, the Share Option Plans and the Free Share Plans is measured at fair value. For all schemes, Bureau Veritas SA will bear the cost at the maturity or exercise date. The fair value of shares in each scheme is accrued over the vesting period and reported in the wages and salaries expense and reserves.

The company had employees with unvested shares in Free Share plans vesting between 18<sup>th</sup> July 2012 and 22<sup>nd</sup> June 2022 at 31<sup>st</sup> December 2019. The total number of shares unvested at 31<sup>st</sup> December 2019 was 63,650 (2018:28,000).

Free Shares will be delivered to employees remaining in the scheme and in employment at last day of the vesting period.

Bureau Veritas UK Limited will bear the cost of employers' national insurance at the maturity or exercise date. The liability is calculated by reference to the market value of the shares at the balance sheet date. The liability is accrued between the grant date and the maturity date for the free share plan and between the grant date and the end of the vesting period for the share option plans. This liability is reported in accruals.

The national insurance cost and option gain will be allowable for corporation tax deductions in the period that the options are exercised and the free shares are awarded.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### 1. Accounting policies (continued)

#### Consolidated financial statements

The Company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

#### Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows'.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' paragraph 33.7.

#### Franchise fees paid to Bureau Veritas SA

Bureau Veritas SA charges franchise fees to Bureau Veritas UK Limited based on formally agreed percentages of revenue for each reporting line. The fees are invoiced twice yearly and accounted for on an accruals basis.

#### Financial Instruments

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.

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.

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 2. Turnover

The company's turnover was derived from its principal activity. An analysis of the company's turnover by geographical market is given below:

	2019 £'000	2018 £'000
UK	77,198	73,255
Rest of Europe	2,923	3,764
Rest of World	2,081	5,033
	<b>82,202</b>	<b>82,052</b>

### 3. Operating profit

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	715	853
Amortisation of purchased goodwill	2,160	2,159
Operating lease rentals:		
Land and buildings	2,187	1,648
Plant and machinery	1,789	1,669
Auditors' remuneration - audit services	63	61
Foreign exchange Loss	221	54
Franchise fees paid to Bureau Veritas SA	3,532	3,347

### 4. Directors' emoluments

The remuneration of the directors of the company was as follows:

	2019 £'000	2018 £'000
Emoluments for qualifying services	1,010	916
Company contributions to defined contribution pension scheme	49	49
Share-based payments	132	101
	<b>1,191</b>	<b>1,066</b>

The emoluments of the highest paid director during the year amounted to £276,000 (2018: £265,000). In addition, pension contributions of £16,000 were made in respect of the highest paid director (2018: £15,000).

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is 5 (2018: 5). No directors are accruing benefits under a defined benefit pension scheme (2018: none).

Four directors exercised share options in the year (2018: two). Four directors were granted share options in the year (2018: two).

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 5. Employee information

The average monthly number of employees (including directors) during the year was:

	2019 Number	2018 Number
By activity		
Fee earners	532	536
Administration	335	330
	<b>867</b>	<b>866</b>

### Employment costs (including directors' emoluments):

	2019 £'000	2018 £'000
Wages and salaries	35,337	37,240
Share based payment	294	159
Social security costs	4,290	4,343
Other pension costs (note 17)	2,753	2,045
	<b>42,674</b>	<b>43,787</b>

### 6. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest received on loan with group undertakings	135	96
	<b>135</b>	<b>96</b>

### 7. Interest payable and similar charges

	2019 £'000	2018 £'000
Finance cost on defined benefit pension scheme (note 17)	34	24
Interest	2	1
	<b>36</b>	<b>25</b>



# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 8. Tax on profit on ordinary activities

	2019 £'000	2018 £'000
Current tax:		
UK Corporation tax on profits for the year	909	1,228
Adjustment in respect of prior years	(338)	557
Overseas tax	9	35
Current tax charge	580	1,820
Deferred tax:		
Origination and reversal of timing differences	(59)	(158)
Pension contributions in excess of pension charge	26	29
<b>Total deferred tax</b>	<b>(33)</b>	<b>(129)</b>
<b>Total tax charge on profit on ordinary activities</b>	<b>547</b>	<b>1,691</b>

The tax for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
<b>Profit on ordinary activities before taxation</b>	<b>3,240</b>	<b>5,901</b>
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	616	1,121
Effects of:		
Expenses not deductible for tax purposes	261	228
Overseas tax	9	35
Group relief received	-	(250)
Adjustments in respect of prior years	(339)	557
<b>Total tax charge on profit on ordinary activities</b>	<b>547</b>	<b>1,691</b>

### Factors which may affect future tax charges

A reduction in the UK tax rate to 17% from 1 April 2020 was announced and substantively enacted in September 2016. Deferred tax has been calculated using this rate based on this being the most up to date legislation available at the balance sheet date. Subsequently, within the budget 2020 announcement in March 2020, the government announced that the corporation tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

### 9. Dividends

	2019 £'000	2018 £'000
Ordinary:		
Interim paid – 9.0p per share (2018: 6.5p)	3,550	2,563
	<b>3,550</b>	<b>2,563</b>

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 10. Goodwill

	Purchased Goodwill £'000	Total £'000
<b>Cost</b>		
At 1 January 2019	31,384	31,384
Additions	-	-
<b>31 December 2019</b>	<b>31,384</b>	<b>31,384</b>
<b>Accumulated amortisation</b>		
At 1 January 2019	19,248	19,248
Amortisation charge for year	2,160	2,160
<b>At 31 December 2019</b>	<b>21,408</b>	<b>21,408</b>
<b>Net Book Value</b>		
<b>At 31 December 2019</b>	<b>9,976</b>	<b>9,976</b>
At 31 December 2018	12,136	12,136

### 11. Tangible fixed assets

	Leasehold improvements £'000	Office equipment £'000	Laboratory and engineers' equipment £'000	Total £'000
<b>Cost:</b>				
1 January 2019	1,270	2,417	1,141	4,828
Additions	116	622	61	799
Disposals	-	-	-	-
<b>At 31 December 2019</b>	<b>1,386</b>	<b>3,039</b>	<b>1,202</b>	<b>5,627</b>
<b>Accumulated depreciation</b>				
1 January 2019	573	1,681	686	2,940
Charge for year	180	451	84	715
Disposals	-	-	-	-
<b>At 31 December 2019</b>	<b>753</b>	<b>2,132</b>	<b>770</b>	<b>3,655</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>633</b>	<b>907</b>	<b>432</b>	<b>1,972</b>
At 31 December 2018	697	736	455	1,888

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 12. Fixed assets investments

	Subsidiary Undertakings £'000
Cost	
At 1 January 2019	6,078
Additions	-
<b>31 December 2019</b>	<b>6,078</b>
<b>Net Book Value</b>	
At 31 December 2019	<b>6,078</b>
At 31 December 2018	6,078

The Company's investments in the ordinary share capital of unlisted companies at 31 December 2019 comprised the following:

England and Wales	HCD Group Limited	Non-trading	100% ordinary shares
England and Wales	Bureau Veritas Building Control UK Limited	Engineering inspection and consultancy services	100% ordinary shares

On the 15 of January 2019 Bureau Veritas UK Limited dissolved the following non-trading entities:

England and Wales	HCD Management Limited	Engineering inspection and consultancy services	100% ordinary shares
England and Wales	HCD Eng. Limited	Engineering inspection and consultancy services	100% ordinary shares
England and Wales	HCD Specialist Services Limited	Engineering inspection and consultancy services	100% ordinary shares

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 13. Debtors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	16,070	14,997
Amounts recoverable on contracts	7,625	5,347
Amounts owed by group undertakings	19,683	23,737
Other debtors	393	677
Prepayments and accrued income	1,417	864
Deferred tax (note 16)	671	656
	<b>45,859</b>	<b>46,278</b>

Included in amounts owed by group undertakings is an unsecured loan of £4,969,000 (2018: £12,400,000) to Bureau Veritas SA, which is subject to interest based on LIBOR plus a fixed margin and is payable on demand. Also included in amounts owed by group undertakings is an unsecured loan of £8,937,000 (2018: £8,838,000) to Bureau Veritas UK Holdings Limited which is subject to interest based on LIBOR plus a fixed margin and is repayable on demand. The remaining £5,777,000 (2018: £2,499,000) owed by group undertakings is interest-free, unsecured, has no fixed date of repayment and is repayable on demand.

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

	2019 £'000	2018 £'000
Trade creditors	538	1,377
Amounts owed to group undertakings	1,420	483
Corporation tax	237	966
Other taxation and social security	3,082	3,722
Accruals and deferred income	8,593	8,447
	<b>13,870</b>	<b>14,995</b>

Amounts owed to group undertakings of £1,420,000 (2018: £483,000) are interest-free, unsecured, have no fixed date of repayment and are repayable on demand.

The Company shares a £500,000 overdraft facility with fellow UK group companies, the overdraft was undrawn at 31 December 2019.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 15. Provisions for liabilities

	Employee holiday entitlement £'000	Provision for disposal costs £'000	Property dilapidations provisions £'000	Total £'000
1 January 2019	89	227	338	654
Increase/ new provision charged to profit and loss account	78	-	-	78
Utilised in the year	(89)	(60)	(237)	(386)
<b>31 December 2019</b>	<b>78</b>	<b>167</b>	<b>101</b>	<b>346</b>

The provision for employee holiday entitlement is the difference between the value of holiday accrued by employees and the holiday taken as at 31 December 2019.

The provision for disposal costs relates to amounts payable to reduce the shortfall on a defined benefit pension scheme for employees of the Industrial Emissions Monitoring business.

The dilapidation provisions relate to the likely cost of refurbishment of leased properties in line with the requirement of the individual leases. The provision is based on assumptions of cost per square foot and the condition of the property at the balance sheet date which has been reviewed with surveyors.

### 16. Deferred taxation

	2019 £'000	2018 £'000
1 January	442	309
Deferred tax charge in profit and loss account (note 8)	59	133
<b>31 December</b>	<b>501</b>	<b>442</b>

Provision is made for deferred tax at a rate of 17% (2018: 17%), the amount provided being:

Accelerated depreciation over capital allowances	257	276
Share option and free share plans	169	123
Other timing differences	75	43
<b>31 December (note 13)</b>	<b>501</b>	<b>442</b>

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 16. Deferred taxation (continued)

	2019 £'000	2018 £'000
Deferred tax asset relating to pension deficit		
1 January	214	47
Deferred tax charge in profit and loss account (note 8)	(26)	(4)
Deferred tax (charged) / credited to the statement of comprehensive income	(18)	171
<b>31 December (note 13)</b>	<b>170</b>	<b>214</b>

### 17. Pension costs

#### Defined contribution

The company participates in a group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable to the fund by the company.

	2019 £'000	2018 £'000
Contributions payable by the company for the year	2,753	2,045

Included within accruals as at 31 December 2019 were contributions payable of £443,000 (2018: £256,000).

The company participates in a group scheme, The Bureau Veritas Pension and Assurance Scheme, which is a defined benefit scheme and is closed to new entrants. The assets of the scheme are held separately from those of the company. All employees within the scheme are deferred members.

The latest actuarial valuation was at 31 December 2019. The total deficit for the scheme was valued at £2,141,000. The market value of assets was £14,569,000 and the present value of scheme liabilities was £16,710,000.

The portion of the gross liability relating to this company is £998,000 as at 31 December 2019 (2018: £1,259,000). The difference arises from adjustments to the assumptions, additional contributions and movements in asset values. The assumptions used in the last actuarial valuation were 3.4% for rate of increase in pensions in payment, 2.5% for deferred pensions and 3.4% inflation. These assumptions were adjusted to 3.2%, 2.3% and 3.2% respectively at 31 December 2019, to reflect the investment market's expectation of long term future inflation.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 17. Pension costs (continued)

	2019	2018
	%	%
<b>The major actuarial assumptions used were:</b>		
Rate of increase in pensions in payment	3.20	3.40
Rate of increase for deferred pensioners	2.30	2.50
Discount rate	2.10	2.90
Inflation assumption (RPI)	3.20	3.40
Inflation assumption (CPI)	2.30	2.50

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2019	2018
Male	21.8	21.8
Female	23.7	23.7

The average life expectancy for an employee that is aged 45 on the reporting date is:

	2019	2018
Male	22.9	22.8
Female	25.0	24.9

The pension fund deficit is calculated as follows:

<b>Valuation of assets in the scheme:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Equity linked bonds	3,416	2,154
Diversified growth assets	1,643	2,605
Other assets	1,737	1,068
Total market value of assets	6,796	5,827
Present value of scheme liabilities	(7,794)	(7,086)
Deficit in the scheme	(998)	(1,259)
Related deferred tax asset (note 16)	170	214
Net pension liability	(828)	(1,045)

The amounts recognised in profit or loss are as follows:

	2019	2018
	£'000	£'000
<b>Analysis of amount charged to other finance expenses</b>		
Net interest on pension scheme liabilities	(34)	(24)
	(34)	(24)

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 17. Pension costs (continued)

	2019 £'000	2018 £'000
<b>Analysis of amount recognised in the statement of comprehensive income</b>		
Actual return on pension scheme assets	149	(135)
Changes in assumptions underlying the present value of the scheme liabilities	(44)	(108)
Transfer of scheme assets and liabilities to other group companies	-	(761)
	<b>(105)</b>	<b>(1,004)</b>

Changes of deficit in the scheme are as follows:

	2019 £'000	2018 £'000
<b>Movement in gross deficit during the year</b>		
Gross deficit in scheme at beginning of year	(1,259)	(280)
Other finance expense	(34)	(24)
GMP Costs	-	(141)
Transfer of scheme assets and liabilities from other group companies	-	(761)
Company contributions paid	190	190
Actuarial gains / (losses)	105	(243)
Gross deficit in scheme at end of year	<b>(998)</b>	<b>(1,259)</b>

	2019 £'000	2018 £'000
<b>Reconciliation of present value of scheme liabilities</b>		
1 January	7,086	3,234
Interest cost	201	182
Transfer of scheme liability from other group companies	-	4,178
GMP	-	141
Benefits paid	(349)	(257)
Actuarial gains / (losses)	856	(392)
31 December	<b>7,794</b>	<b>7,086</b>

	2019 £'000	2018 £'000
<b>Reconciliation of fair value of scheme assets</b>		
1 January	5,827	2,954
Interest income	167	158
Transfer of scheme assets from other group companies	-	3,417
Company contributions paid	190	190
Benefits paid	(349)	(257)
Actuarial gains / (losses)	961	(635)
31 December	<b>6,796</b>	<b>5,827</b>



# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 18. Called up share capital

	2019 £'000	2018 £'000
<b>Allotted and fully paid:</b>		
39,499,999 (2018: 39,499,999) ordinary shares of £1 each	<b>39,500</b>	39,500

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 19. Share premium account

	£'000
<b>At 1 January 2019 and 31 December 2019</b>	<b>6,566</b>

Consideration received for shares issued above their nominal value net of transaction costs.

### 20. Profit and loss account

Being the cumulative profit and loss results net of distributions paid to owners.

### 21. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases for plant and machinery are as follows:

	Land and Buildings		Plant and Machinery	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Expiring within one year	<b>1,686</b>	1,534	<b>1,255</b>	1,236
Expiring between two and five years	<b>4,109</b>	2,671	<b>783</b>	1,048
Expiring after five years	<b>1,307</b>	1,684	-	-
	<b>7,102</b>	5,889	<b>2,038</b>	2,284

### 22. Contingent liabilities

The company participates in a group banking arrangement with other members of the Bureau Veritas UK group. At 31 December 2019 the Company had guaranteed bank borrowings of other Bureau Veritas UK Group companies amounting to £nil (2018: £nil).

# **BUREAU VERITAS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

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### **23. Immediate and ultimate parent undertaking**

The immediate parent company is Bureau Veritas UK Holdings Limited, a company registered in the UK. The parent company of Bureau Veritas UK Holdings Limited is Bureau Veritas International SAS. The parent company of Bureau Veritas International SAS is Bureau Veritas SA.

The smallest group of undertakings of which the company is a member that produces consolidated financial statements is Bureau Veritas SA, a company registered in France. Its group financial statements are available from the Company's registered office at 67/71 Boulevard du Chateau, 92200 Neuilly-sur-Seine, France. ([www.bureauveritas.com](http://www.bureauveritas.com))

The directors regard the Wendel Group, a Company incorporated in France, as the company's ultimate parent and ultimate controlling party by virtue of its majority interest in the equity capital of Bureau Veritas SA.

The largest group of undertakings of which the company is a member that produces consolidated financial statements is the Wendel Group, a company registered in France. Its group financial statements are available from the company's registered office at 89 rue Taitbout, 75009, Paris, France ([www.wendelgroup.com](http://www.wendelgroup.com)).

### **24. Post balance sheet events**

The World Health Organization (WHO) on March 11 declared a global pandemic (COVID-19), after reviewing both current performance and take in to consideration the likely impact on future performance it was concluded by the board of directors that that should be treated as a non-adjusting event for 2019 financial statements.

In June 2020 we completed a full impairment review of investments and based on the financial performance since lockdown combined with the latest forecasts submitted to ultimate parent in both June and September 2020, we concluded that there is no impairment required to our intangible assets.

We have exceeded expectation in 2020 for both cash collection and issuing invoices, on this basis we are not concerned with either debtor recoverability or the level of WIP held.

### **25. Capital commitments**

There were no capital commitments in place at the year end.

# BUREAU VERITAS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

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### 26. Financial instruments

	2019 £'000	2018 £'000
<b>Financial assets measured at amortised cost</b>		
Trade debtors	16,070	14,997
Other debtors	393	677
Cash	14	22
Amounts recoverable on contract	7,625	5,347
Amounts owed by group undertaking	19,683	23,737
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	538	1,377
Other tax and social security	3,082	3,722
Corporation tax payable	237	965
Amounts owed to group undertakings	1,420	483