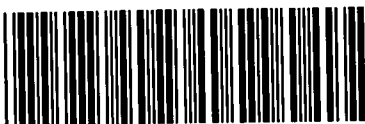


Company registration number: 02721275 (England and Wales)

**BUREAU VERITAS COMMODITY SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

TUESDAY



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# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

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## COMPANY INFORMATION

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**Directors**

D. Lappage  
R. Downs

**Company secretary**

D. Lappage

**Company number**

02721275

**Registered office**

Suite 1, Park House, Earls Colne Business Park,  
Earls Colne  
Colchester  
Essex  
CO6 2NS

**Independent auditor**

Mazars LLP  
Two Chamberlain Square  
Birmingham  
B3 3AX

**Bankers**

HSBC  
Level 30  
8 Canada Square  
London  
E14 5HQ

NatWest  
Brampton Road  
Newcastle-Under-Lyme  
Staffordshire  
ST5 0QX

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their strategic report on the company for the year ended 31 December 2022.

### Principal activities

The principal activities of the company comprise marketing support, operational administration resource support to its subsidiary company Inspectorate International Limited and technical governance management to the global network of group companies and other services within group companies.

### Business review

The company's key financial and other performance indicators are as follows:

	2022 £'000	2021 £'000
Turnover	21,535	19,613
Profit on ordinary activities after taxation	43,390	15,215
Net assets	44,568	18,978

Turnover in the year increased by 9.8% over 2021 driven by continuing increase in the intra-group franchise agreements and higher revenue levels within these agreements.

In May 2022, eighteen employees transferred to the Company from Inspectorate International Limited. This number comprised of two groups providing (i) marketing and technical governance services to the Commodities sector of Bureau Veritas Group and (ii) International Coordination services to Inspectorate International Limited to support job management for selected key accounts of Inspectorate International Limited on an outsource and cost recharge basis. This followed prior year strategic decision to transfer certain activities from Inspectorate International Limited to Bureau Veritas UK Commodities Limited in 2021.

The directors consider both the year-end position and the results for the financial year to be satisfactory.

### Future developments

The directors do not foresee changes in the business for the foreseeable future.

### Principal risk and uncertainties

Given the nature of the company's activities the directors do not consider there to be significant risks and uncertainties affecting the company. The company is dependent on the operations of its fellow group companies.

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effect of changes in credit risk, liquidity risk and interest rate risk. The company is not exposed to any significant commodity price risk.

All the company's debt is inter-company and the interest rate risk, liquidity risk and foreign exchange risk is managed by Bureau Veritas SA (the company's parent undertaking) which provides financial support if required.

# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

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### **Section 172 of the Companies Act 2006**

When making decisions, the directors consider what is most likely to lead to the success of the company and be of benefit to the key stakeholder groups (which are principally the company's parent and other group undertakings). The directors engage with the parent and other group companies as part of the annual budgeting and planning process, quarterly operating review, and regular ad hoc dialogue as required. During the year the business operations have remained consistent with the prior year and hence there have been no major decisions taken by the board during the year.

The directors acting in good faith having due regard to the requirements of the Act have considered exceptional matters arising which may relate to and may impact on the best interests of the company.

The directors no longer consider Brexit and the UK exit from the European Union as any significant risk to the company.

The company are still mindful of the Coronavirus pandemic, but significant comfort is gained that turnover is now back at pre pandemic levels.

The directors do not consider the transfer of employees to the Company in May 2022 to be a risk as the transfer aligned the Company resources to support the ongoing and existing services.

On behalf of the board



D Lappage  
Director  
15<sup>th</sup> December 2023

# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

### **Future developments**

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

### **Results and Dividends**

The profit after tax for the year was £43,390,000 (2021 - £15,215,467). The directors have paid final dividends amounting to £17,800,000 (2021: £Nil).

### **Financial risk management**

Financial risk management is described in the Strategic Report on page 2.

### **Directors**

The directors who served during the year and to the date of signing are as follows.

D Lappage

R Downs

### **Directors' indemnities**

The company has granted an indemnity to one or more of its directors against liability of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party provision remains in force at the date of the Directors' report.

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

The company does not follow any particular code or standard on payment practice, although the company endeavours to agree terms of payment with individual suppliers and to abide by those terms of payment. At 31 December 2022 and at 31 December 2021 the company did not have any trade creditors.

### **Section 172 of the Companies Act 2006**

The strategic report details how the company has regard to other stakeholders.

## **BUREAU VERITAS COMMODITY SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

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#### **Post balance sheet events**

There were no post balance sheet events to note.

#### **Going concern**

At 31 December 2022 the company's current assets exceeded its current liabilities by £20,225,000 (2021: net liabilities of £5,736,000). The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The going concern period assessed by the directors is the period to 31 December 2024. The validity of this assumption depends on Bureau Veritas SA (the company's parent undertaking) continuing its support by providing adequate financing facilities. The company has received a letter from Bureau Veritas SA confirming this support during the going concern period as assessed by the directors, and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis. The directors are comfortable with the support as provided given the financial health of the parent undertaking and its group.

# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

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### **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, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

### **Statement of disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

### **Independent auditor**

Mazars LLP have been reappointed to audit the accounts in the year ended 31 December 2022.

On behalf of the board

  
D Lappage  
Director

Date: 15<sup>th</sup> December 2023



# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **INDEPENDENT AUDITORS REPORT FOR THE MEMBERS OF BUREAU VERITAS COMMODITY SERVICES LIMITED**

---

### **Opinion**

We have audited the financial statements of Bureau Veritas Commodity Services Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity, and notes to the financial statements, 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 state of the company's affairs as at 31 December 2022 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. 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.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **BUREAU VERITAS COMMODITY SERVICES LIMITED**

### **INDEPENDENT AUDITORS REPORT FOR THE MEMBERS OF BUREAU VERITAS COMMODITY SERVICES LIMITED**

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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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 the directors' report have been prepared in accordance with applicable legal requirements.

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

In 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 the 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 6, 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.

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.

## **BUREAU VERITAS COMMODITY SERVICES LIMITED**

### **INDEPENDENT AUDITORS REPORT FOR THE MEMBERS OF BUREAU VERITAS COMMODITY SERVICES LIMITED**

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#### **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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: anti-money laundering regulation, bribery regulation, employment regulation and others.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

## BUREAU VERITAS COMMODITY SERVICES LIMITED

### INDEPENDENT AUDITORS REPORT FOR THE MEMBERS OF BUREAU VERITAS COMMODITY SERVICES LIMITED

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There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

#### Use of the audit 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.

Elisa Howe

Elisa Howe (Dec 15, 2023 15:43 GMT)

Elisa Howe (Senior Statutory Auditor)

for and on behalf of Mazars LLP

2 Chamberlain Square

B3 3AX

Address

Date 15<sup>th</sup> December 2023

## BUREAU VERITAS COMMODITY SERVICES LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Turnover	2	21,535	19,613
Cost of sales		(10,471)	(11,517)
<b>Gross profit</b>		<b>11,064</b>	<b>8,096</b>
Administrative expenses		(55)	(182)
Exceptional income	3	795	3,408
<b>Operating profit</b>	3	<b>11,804</b>	<b>11,322</b>
Investment Income - Dividend from subsidiary	19	35,000	6,000
Interest receivable and similar income	6	1	29
Interest payable and similar charges	7	(128)	(136)
<b>Profit on ordinary activities before taxation</b>		<b>46,677</b>	<b>17,215</b>
Tax on profit on ordinary activities	8	(3,287)	(2,000)
<b>Profit on ordinary activities after taxation</b>		<b>43,390</b>	<b>15,215</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>43,390</b>	<b>15,215</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing.

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	10	2,171	2,542
Investments	11	22,172	22,172
		<b>24,343</b>	<b>24,714</b>
<b>Current assets</b>			
Debtors	12	24,320	6,927
Cash at bank and in hand		17	11
		<b>24,337</b>	<b>6,938</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,112)</b>	<b>(12,674)</b>
<b>Net current assets/(liabilities)</b>		<b>20,225</b>	<b>(5,736)</b>
<b>Total assets less current liabilities</b>		<b>43,867</b>	<b>18,978</b>
<b>Net assets</b>		<b>44,568</b>	<b>18,978</b>
<b>Capital and reserves</b>			
Called-up share capital	14	1,125	1,125
Capital contribution reserve	15	52	52
Retained earnings	15	43,391	17,801
<b>Total shareholders' funds</b>		<b>44,568</b>	<b>18,978</b>

The financial statements on pages 11 to 24 were approved by the board of directors on 15/12/23 and were signed on its behalf by:



D Lappage

Director

Company number: 02721275

Date: 15<sup>th</sup> December 2023

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Note	Share capital £'000	Capital contrib'n reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2021</b>		1,125	52	2,586	3,763
Profit for the year		-	-	15,215	15,215
<b>Total comprehensive income for the year</b>		-	-	15,215	15,215
Dividends paid		-	-	-	-
<b>Balance at 31 December 2021</b>		1,125	52	17,801	18,978
Profit for the year		-	-	43,390	43,390
<b>Total comprehensive income for the year</b>		-	-	43,390	43,390
Dividends paid		-	-	(17,800)	(17,800)
<b>Balance at 31 December 2022</b>		1,125	52	43,391	44,568

# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

---

### **1. Accounting policies**

#### **General information**

Bureau Veritas Commodity Services Limited ("the Company") is a private limited company, domiciled and incorporated in England.

The address of the company's registered office and principal place of business Suite 1, Park House, Earls Colne Business Park, Earls Colne, Colchester, Essex, CO6 2NS.

The principal activities of the company comprise marketing support, operational administration resource support to its subsidiary company Inspectorate International Limited and technical governance management to the global network of Group companies and other services to group companies.

The Company presents its financial statements in GBP which the directors consider to be the Company's functional currency. The Company's revenues represent a fixed royalty percentage of relevant sales of other group undertakings and is invoiced in a mix of currencies (such as GBP, US\$, Euro). Given this mix of currencies along with the majority of the Company's costs being invoiced in GBP, the directors have concluded GBP as the company's functional currency.

#### **Basis of accounting**

Consolidated group financial statements have not been prepared as the company has taken advantage of the exemption permitted under Part 15, Section 401 of the Companies Act 2006 as it is a subsidiary of Bureau Veritas SA and is included in the consolidated financial statements of Bureau Veritas SA, a company incorporated in France. Its group financial statements are available from the company's registered office at 65/71 Boulevard du Château, 92220 Neuilly sur Seine, France.

#### **Accounting convention**

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, and under the historical cost convention.

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

#### **Going concern**

The company's business activity, together with the factors (including Covid-19) likely to affect its future development and position are set out in the Strategic Report.

At 31 December 2022 the company's current assets exceeded its current liabilities by £20,225,000 (2021: net liabilities of £5,736,000). The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The going concern period assessed by the directors is the period to 31 December 2024. The validity of this assumption depends on Bureau Veritas SA (the company's parent undertaking) continuing its support by providing adequate financing facilities. The company has received a letter from Bureau Veritas SA confirming this support during the going concern period as assessed by the directors, and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis. The directors are comfortable with the support as provided given the financial health of the parent undertaking and its group.



# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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### 1. Accounting policies (continued)

#### Reduced disclosures exemptions

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

- Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17(d)
- Section 11 'Basic Financial Instruments' paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c) & Section 12 'Other Financial Instrument Issues' paragraphs 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A.
- Section 33 'Related Party Disclosures' paragraph 33.7.
- Section 9 'Requirement of present consolidated financial statements' Details of the parent and consolidated financial statements can be found in note 18.

#### Turnover

Turnover represents the income from royalties payable by group companies for the use of trademarks owned by the company and administrative services. Income from marketing and technical governance franchise agreements and recharge of services to Inspectorate International Limited for outsource administration services. Revenue is recognised on an accruals basis as it is earned.

#### Investments

Investments in subsidiary undertakings are recorded at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment. Dividend from subsidiaries are recognised as dividend from subsidiary in the Statement of Comprehensive Income when the right to receive payment is established.

#### Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset. Amortisation is charged so as to write off the cost of the intangible assets, less their residual values, over their estimated useful life. The annual rate used for software amortisation ranges from 14% to 33%.

The Intangible Assets have been assessed for impairment in the year. In assessing whether there have been any indicators of impairment, the directors have considered both external and internal sources of information. Material impairments have not been identified during the current financial period in respect of the Intangible Assets.

Assets under construction are recognised at cost before they are capitalised. Once they asset is fully developed and ready to be used the depreciation will then begin.

#### Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# **BUREAU VERITAS COMMODITY SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

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### **1. Accounting policies (continued)**

#### **Operating leases: Lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **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.

#### **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 the Statement of Comprehensive Income.

#### **Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from related parties and investments in non-puttable ordinary shares.

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

### 1. Accounting policies (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at fair value and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not a market rate, the financial asset or liability is measured, initially, at fair value and subsequently at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition. Under the EIR method:

- a. The amortised cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and
- b. The interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable and similar income for receivable and interest payable and similar charges for repayable in the statement of Comprehensive Income.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income. The impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Recoverability of debtors

The recoverability of debtors is considered by management and an estimate is made with regards to the amounts which may not be recoverable and are therefore provided against. In making this estimate

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

management consider knowledge of the debtors, experience and the ageing of the debt owed, as well as all relevant correspondence with the individual debtors.

### Useful Economic Life of Intangible Assets

The charge in respect of amortisation is derived after determining an estimate of the useful life of the software. This estimate is based on a variety of factors such as expected use of the software, previous software useful life, expected feasibility of the software, and future technical trends. The Intangible Assets are assessed for impairment each year.

### Investment valuation and impairment

Fixed asset investments, being the amount paid in consideration with investments. The investment values are being assessed for impairment each year taking into consideration historic and future trading performance, as well as external market factors.

## 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:

	2022 £'000	2021 £'000
Americas	11,337	8,849
Europe and Africa	6,711	6,939
Asia and Australia	3,487	3,825
	<b>21,535</b>	<b>19,613</b>

100% of turnover is generated from royalties and the provision of administrative services.

## 3. Operating Profit

Operating profit is stated after (charging)/crediting:

	2022 £'000	2021 £'000
Foreign exchange gain/(loss)	796	(71)
Audit and preparation of financial statements	(33)	(33)
Amortisation of intangible fixed assets	(866)	(1,923)
Provision against intercompany balance*	-	3,408
Operating lease payments	(30)	-

\*This is in relation to reversing an impairment of a loan between Bureau Veritas Commodity Services Limited and Bureau Veritas Commodities Germany which was fully repaid in January 2021.

## BUREAU VERITAS COMMODITY SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### 4. Directors' emoluments

No directors received remuneration for the year-ending 31 December 2022 (2021: none) as their services are inconsequential to their other roles.

No directors had a loan with the company at the year-end (2021: none).

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is none (2021: none). No directors are accruing benefits under a defined benefit pension scheme (2021: none).

No directors exercised share options in 2022 (2021: none).

There were no additional senior management team remunerations other than the directors which were disclosed in the note above.

#### 5. Employee information

From May 2022, a number of employees transferred to Bureau Veritas Commodity Services Limited from Inspectorate International Limited.

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

	2022 Number	2021 Number
Production	23	-
	23	-
<b>Employment costs (including directors' emoluments):</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Wages and salaries	1,212	-
Social security costs	208	-
Other pension costs	53	-
	1,473	-

#### 6. Interest receivable and similar income

	2022 £'000	2021 £'000
Receivable from group undertakings	1	29
	1	29

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

### 7. Interest payable and similar charges

	2022 £'000	2021 £'000
Payable to group undertakings	(128)	(136)
	<u>(128)</u>	<u>(136)</u>

### 8. Tax on profit on ordinary activities

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax on profits for the year	2,218	1,525
Foreign tax (Withholding tax)	1,566	1,170
Double tax relief	(465)	(692)
(Over) provision in respect of prior years	(32)	(3)
Current tax charge	<u>3,287</u>	<u>2,000</u>
<b>Total tax charge on profit on ordinary activities</b>	<b>3,287</b>	<b>2,000</b>

The tax assessed on the profit before tax for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before taxation	46,677	17,215
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	8,869	3,271
Effects of:		
Withholding tax	1,100	478
(Over) provision in respect of prior years	(32)	(3)
Non deductible expense	-	(606)
Non-taxable income (dividend)	(6,650)	(1,140)
Current tax charge for the year	<u>3,287</u>	<u>2,000</u>

#### Factors which affect tax charges

Following the Budget on the 3 March 2022, the Chancellor announced that the main rate of Corporation Tax will increase from 19% to 25% with effect from 1 April 2023.

Under FRS102 it is the rate enacted at the balance sheet date that determines the amount of deferred tax to be recognised. As the 25% rate has been enacted at the balance sheet date, to the extent the deferred tax assets and liabilities are expected to crystallise after 1 April 2023, they should be valued using the 25% instead of the current corporation tax rate of 19%. While a minority of assets and liabilities are forecast to unwind between the balance sheet date and 1 April 2023, it is expected that this is immaterial to the overall deferred tax balance and therefore a flat rate of 25% has been applied.

# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

### 9. Dividends

The directors have paid interim dividends amounting to £17,800,000 (2021: £Nil). The directors do not recommend the payment of a final dividend (2021: Nil).

### 10. Intangible fixed assets

	Software £000	Assets Under Construction £'000	Total £
<b>Cost</b>			
At 1 January 2022	7,187	321	7,508
Additions	-	495	495
<b>At 31 December 2022</b>	<b>7,187</b>	<b>816</b>	<b>8,003</b>
<b>Accumulated depreciation</b>			
At 1 January 2022	4,966	-	4,966
Amortisation charge for year	866	-	866
<b>31 December 2022</b>	<b>5,832</b>	<b>-</b>	<b>5,832</b>
<b>Net Book Value</b>			
At 1 January 2022	2,221	321	2,542
At 31 December 2022	1,355	816	2,171

### 11. Fixed assets investments

	Subsidiary Undertakings £'000	Total £'000
<b>Cost</b>		
At 1 January 2022	22,172	22,172
<b>31 December 2022</b>	<b>22,172</b>	<b>22,172</b>
<b>Impairment</b>		
At 1 January 2022	-	-
<b>31 December 2022</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>		
At 31 December 2022	22,172	22,172
At 31 December 2021	22,172	22,172

## BUREAU VERITAS COMMODITY SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company's investments in the ordinary share capital of unlisted companies at 31 December 2022 comprised the following:

Incorporated	Company	Principal Activities	Shareholding
England and Wales shares	Inspectorate International Limited	Inspection and Testing	100% ordinary
England and Wales	Watson Gray Limited	Inspection and Testing	100% ordinary shares
India	Inspectorate Griffith India Private-Limited	Inspection and Testing	1 ordinary share

#### 12. Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	23,442	6,863
Other debtors	878	64
	<b>24,320</b>	<b>6,927</b>

The amounts owed by group undertakings are interest free, and payable within 30 days upon request.

#### 13. Creditors

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

	2022 £'000	2021 £'000
Amounts owed to group undertakings	1,378	11,736
Corporation tax	978	57
Other creditors	1,046	377
Accruals and deferred income	710	504
	<b>4,112</b>	<b>12,674</b>

Amounts owed to parent and other undertakings are unsecured, have no fixed date of repayment and are repayable on demand, and are interest bearing. The interest rate is based on 1 month GBP LIBOR rate plus 0.3%, published on the first working day of each month.

Amounts owed to other group undertakings are unsecured, have no fixed date of repayment and are repayable on demand and are not interest bearing.



# BUREAU VERITAS COMMODITY SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

### 14. Called up share capital

	2022 £'000	2021 £'000
<b>Allotted and fully paid:</b>		
11,250,000 (2021: 11,250,000) ordinary shares of 10p each	1,125	1,125

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.

### 15. Reserves

#### Retained earnings

Cumulative profit and loss net of distributions to owners.

#### Capital Contribution Reserve

Cumulative additional non-refundable contributions from the company's shareholders.

### 16. Obligations under leases

#### Operating leases

The total of future minimum lease payments is as follows:

	2022 £'000	2021 (restated*) £'000
Not later than one year	30	30
Later than one year and not later than five years	120	120
More than five years	88	118
	<u>238</u>	<u>268</u>

\*The prior year figures have been restated to reflect the lease expiry date of 01/12/2030 omitted from the disclosure in the prior year.

### 15. 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.

	2022 £'000	2021 £'000
Contributions payable by the Company for the year	<u>53</u>	-

## BUREAU VERITAS COMMODITY SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Included within other creditors as at 31 December 2022 were contributions payable of £47,646 (2021: £Nil).

#### 17. Related party transactions

The Company has taken advantage of the exemption in section 33.1A Financial Reporting Standard 102 "Related Party Disclosures" and has not disclosed details of transactions with fellow wholly owned undertakings within the Bureau Veritas SA group of companies.

During the year, the Company had the following related party sales transactions with other group companies not wholly owned within the Bureau Veritas SA group:

<u>Name of related party</u>	Sales		Amounts outstanding from related party	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Inspectorate (Shanghai) Limited	1,211	1,052	1,211	1,074
Inspectorate Malaysia SDN BHD	124	100	-	-
BV Inspectorate Laboratories (Pty) Limited	36	200	1	1
Inspectorate (Philippines) Corporation	119	100	119	-

#### 18. Immediate and ultimate parent undertaking

The company is a subsidiary of Bureau Veritas Nederlands Holding B.V., (registered in the Netherlands) which holds all shares in the company with the exception of one share, which is held by another group undertaking, IOL Investments BV.

The smallest group of undertakings of which the Company is a member that produces consolidated financial statements is Bureau Veritas SA, a company incorporated in France. Its group financial statements are available from the company's registered office at 40/52 Boulevard du Parc, 92200 Neuilly sur Seine, France.

The directors regard Wendel Investissement SA, 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 Wendel Investissement SA. Its group financial statements are available from the company's registered office at 89 rue Taitbout, 75009, Paris, France.

#### 19. Investment Income - Dividend from subsidiary

Inspectorate International Limited, a subsidiary of the company, declared a dividend of £35,000,000 (2021: £6,000,000) payable to the company.

#### 20. Post balance sheet events

There were no post balance sheet events.