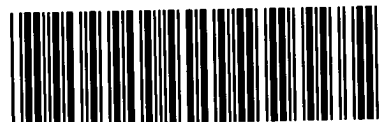


TUV SUD (UK) Limited

Annual Report and Financial Statements

Registered Number 03224488
31 December 2021

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COMPANIES HOUSE

Company Information

Directors

G Aloisi
C Guy
P M Crystal
W J McKnight
C Schipper

Secretary

W J McKnight

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

HSBC plc
2 Buchanan Street
Glasgow
G1 3LB

Registered Office

Octagon House
Concorde Way
Segensworth North
Fareham
Hampshire
PO15 5RL

Registered Number

03224488

Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Principal activities and review of the business

The principal activity of the company during the year was to act as the parent undertaking for the UK activities of the TUV SUD Group in the UK. The UK Group has one main operating company, TUV SUD Limited. The principal activities of TUV SUD Limited include:

- TUV SUD Industry Service division: provision of consultancy, research, technical evaluation, certification and project management services to industry and the public sector, with particular emphasis on the oil and gas and nuclear energy sectors;
- TUV SUD Product Service division: provision of testing, compliance and certification services, mainly to the defence, aerospace and telecommunications industries;
- TUV SUD Real Estate division: design of building services and provision of consulting services regarding vertical transportation systems for a wide range of projects associated with the construction and development industries in the UK, Ireland and the UAE; and
- Fleet Logistics division: provision of vehicle fleet management services.

In addition, there is a service company, TUV SUD Services (UK) Limited, which provides business support services to the main operating company and TUV SUD BABT provides certification services for the UK Group.

The operating loss for the year amounted to £179,000 (2020 – £135,000). Income from affiliated companies was £nil (2020 – £nil).

The pension scheme is funded based upon the Triennial Actuarial Valuation updated each year by the Scheme Actuary. The liabilities of the pension scheme are met by a portfolio of assets which consists of 20% equity and 17% liability driven investments with the remainder being multi-asset fund, corporate bonds, cash and insured pensions. As the portfolio is not totally in bonds there will be inherent volatility in the annual accounting for pension scheme liabilities in the short and medium term. In the long term the pension scheme should benefit from equity outperformance.

In relation to the Coronavirus threat TUV SUD remains committed to protecting the welfare of staff, customers, suppliers and all other stakeholders. In addition to the advice and support we are receiving from the TÜV SÜD Global Team, we set up a UK Response Team, consisting of members of the UK Senior Management Team, to plan and co-ordinate our response to this ever-developing situation. While appropriate measures have been taken to mitigate the effects of this pandemic on our business, it is not possible to quantify its effect on our business.

Principal risks and uncertainties

The company uses certain financial instruments to manage the main operating risks it faces. In particular, the company utilises a cashpool facility within the group to manage the liquidity, cash flow and interest rate risks faced. The company also utilises long term loan arrangements with the parent undertaking to fund capital or other long term investment requirements.

Energy and carbon reporting

The company is below the threshold for energy and carbon reporting. However, a subsidiary company, TUV SUD Limited, falls within the threshold and Streamlined Energy and Carbon Reporting is presented in those accounts in accordance with the Companies Act 2006 Strategic Report and Directors' Report) Regulation 2013.

Section 172 Statement

The company is below the threshold for section 172 reporting. However, a subsidiary company, TUV SUD Limited, falls within the threshold and a Statement by the Directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006 is included in those accounts.

Strategic report (continued)

On behalf of the Board



G Aloisi
Director

Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL

Date: 11 April 2022

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2021.

Directors

The directors at 31 December 2021 and who served the company during the year and to the date of this report were as follows:

G Aloisi
C Guy
P M Crystal
W J McKnight
C Schipper

Results and dividends

The loss for the year after taxation amounted to £1,301,000 (2020 – £726,000). The directors do not recommend a final dividend (2020 – £nil).

Future developments

The company will continue to act as the parent undertaking for the UK activities of the TUV SUD Group in the UK.

Political donations

During the year the company made no donations to any political organisations in excess of £2,000.

Going concern

The directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, and its exposure to liquidity, cash flow and interest rate risk are described in the Strategic Report on page 2.

Notwithstanding the operating loss of £179,000 as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has current assets of £501,000 (2020: £2,872,000) and net assets of £461,000 (2020: £2,832,000). As the company has minimal contractual expenditure, it is unlikely to incur liabilities that need to be settled. However, if there were liabilities that needed to be paid, the company has sufficient current assets to cover this.

The company has significant net assets which are driven by the carrying value of investments. This shows an expectation that over time, its subsidiaries could provide cashflows to the company by way of dividend.

The company has not received any income from the underlying investments during the year, however, it is the directors' intention to continue to hold these investments.

The directors have prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements.

The company has projected no expenses in their forecasts as this is an investment holding company which has no employees or direct expenses other than inter group recharges that are managed by the group cash pooling arrangement administered through the ultimate parent company, TÜV SÜD AG.

Directors' report (continued)

Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and remains in place to the date of this report.

Disclosure of information to the auditors

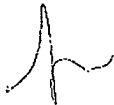
The directors who held office at the date of approval of this directors' report confirm that, in so far as they are aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company auditors are aware of that information.

Independent Auditors

Following a competitive tender process to appoint the independent auditors across the TUV SUD group, PricewaterhouseCoopers LLP were appointed as independent auditors during the year.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board



G Aloisi
Director

Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL

Date: 11 April 2022

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of TUV SUD (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, TUV SUD (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a

material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
11 April 2022

Income statement

for the year ended 31 December 2021

		2021	2020
	Note	£000	£000
Administrative expenses	4	(179)	(135)
Operating loss		(179)	(135)
Income from affiliated companies		–	–
Loss before interest and taxation		(179)	(135)
Finance income	5	–	1
Other finance cost – pensions	12	(123)	(112)
Loss before income tax		(302)	(246)
Income tax expense	6	(999)	(480)
Loss for the financial year		(1,301)	(726)

The notes on pages 13 to 29 form part of these financial statements.

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2021

		2021	2020
	Note	£000	£000
Loss for the financial year		(1,301)	(726)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on pension scheme	13	3,434	(5,710)
Movement on deferred tax relating to pension deficit		(858)	1,085
Effect of change in deferred tax rate arising from pensions		1,105	255
Other comprehensive income/(loss) for the year		3,681	(4,370)
Total comprehensive income/(loss) for the year		2,380	(5,096)

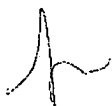
Balance sheet

at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	7	121	121
Investments	8	32,200	29,900
Deferred tax asset	6	1,213	1,969
		<u>33,534</u>	<u>31,990</u>
Current assets			
Debtors	9	501	2,872
Creditors: amounts falling due within one year	10	<u>(40)</u>	<u>(40)</u>
Net current assets		<u>461</u>	<u>2,832</u>
Total assets less current liabilities		<u>33,995</u>	<u>34,822</u>
Defined benefit pension liability	12	<u>(4,853)</u>	<u>(10,360)</u>
Net assets including pension liability		<u>29,142</u>	<u>24,462</u>
Capital and reserves			
Called up share capital	11	4,250	4,250
Share premium account		2,244	2,244
Capital contribution reserve		30,047	27,747
Profit and loss account		<u>(7,399)</u>	<u>(9,779)</u>
Total shareholders' funds		<u>29,142</u>	<u>24,462</u>

The notes on pages 13 to 29 form part of these financial statements.

The financial statements were approved by the directors and authorised for issue on 11 April 2022 and are signed on their behalf by:



G Aloisi
Director

Statement of changes in equity

for the year ended 31 December 2021

	<i>Called up share capital £000</i>	<i>Share premium account £000</i>	<i>Capital contribution reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2020	4,250	2,244	27,747	(4,683)	29,558
Loss for the financial year	–	–	–	(726)	(726)
Other comprehensive loss	–	–	–	(4,370)	(4,370)
Total comprehensive loss for the year	–	–	–	(5,096)	(5,096)
At 31 December 2020	4,250	2,244	27,747	(9,779)	24,462
Receipt of capital contribution	–	–	2,300	–	2,300
Loss for the financial year	–	–	–	(1,301)	(1,301)
Other comprehensive income	–	–	–	3,681	3,681
Total comprehensive income for the year	–	–	–	2,380	2,380
At 31 December 2021	4,250	2,244	30,047	(7,399)	29,142

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

TUV SUD (UK) Limited (the "Company") is a company incorporated and domiciled in the UK. The registered number is 03224488 and the registered address is Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL.

The financial statements of TUV SUD (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The presentation currency of these financial statements is Sterling.

The Company's ultimate parent undertaking, TUV SUD AG, includes the Company in its consolidated financial statements. The consolidated financial statements of TUV SUD AG are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Westendstrasse 199, D-80686 Munich, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations of share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of TUV SUD AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet as at 1 January 2014 for the purpose of transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis.

Group financial statements

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, and its exposure to liquidity, cash flow and interest rate risk are described in the Strategic Report on page 2.

Notwithstanding the operating loss of £179,000 as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has current assets of £501,000 (2020: £2,872,000) and net assets of £461,000 (2020: £2,832,000). As the company has minimal contractual expenditure, it is unlikely to incur liabilities that need to be settled. However, if there were liabilities that needed to be paid, the company has sufficient current assets to cover this.

The company has significant net assets which are driven by the carrying value of investments. This shows an expectation that over time, its subsidiaries could provide cashflows to the company by way of dividend.

The company has not received any income from the underlying investments during the year, however, it is the directors' intention to continue to hold these investments.

The directors have prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements.

The company has projected no expenses in their forecasts as this is an investment holding company which has no employees or direct expenses other than inter group recharges that are managed by the group cash pooling arrangement administered through the ultimate parent company, TÜV SÜD AG.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

Classification of financial instruments issued by the Company

The financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial assets

The financial assets of the company comprise of amounts owed by group companies. The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

Non-derivative financial instruments

Non-derivative financial instruments comprise amounts owed by group undertakings and accruals and other liabilities.

Amounts owed by group undertakings

Amounts owed by group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

Accruals and other liabilities

Accrual and other liabilities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Tangible fixed assets

Freehold land is recorded at cost and is not depreciated.

Investments

Investments in group undertakings are accounted for at cost or valuation less any provision for impairment.

Impairment of investments

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of the cash generating unit to which it belongs, the cash generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statements.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Defined benefit plans (continued)

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the income statement.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies (continued)

Expenses

Finance income and cost

Interest cost include interest payable, finance expense on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statements (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance Income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

(a) Impairment of assets

The carrying value of those assets recorded in the Company's Balance Sheet, at amortised cost less any impairment losses, could be materially reduced where circumstances exist which might indicate that an asset has been impaired, and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Balance Sheet. Any reduction in value arising from such a review would be recorded in the Profit and Loss Account. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

(b) Impairment of financial assets

The company assess on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk of financial assets which require the use of several assumptions.

Notes to the financial statements

for the year ended 31 December 2021

3. Auditors' remuneration

	2021	2020
	£000	£000
Auditors' remuneration – audit of financial statements	13	8

Auditors' remuneration of £13,000 (2020: £8,000) is borne by a fellow group company.

4. Administration expenses

Included in administration expenses, are staff costs as follows:

(a) Staff costs

	2021	2020
	£000	£000
Current service cost of pension fund (note 12)	268	238
Administrative expenses of pension fund (note 12)	333	395
Contribution from TUV SUD Services (UK) Limited	(10)	(4)
Contribution from TUV SUD Limited	(488)	(571)
Pension costs – operating charge	103	58

The company has no employees in the current or prior year.

(b) Directors' remuneration

None of the directors' receive remuneration or company contributions paid to pension schemes through this company in the current or prior year.

Three directors are also directors of associated group undertakings, from which they received remuneration for qualifying services. The total remuneration received across all group companies for these directors amounted to £546,000 (2020 – £525,000). The directors do not believe that it is practicable to apportion this amount over the other TUV SUD group companies in the current or prior year.

Two other directors did not perform any qualifying services to the company, therefore their emoluments are £nil (2020 – £nil).

	2021	2020
	£000	£000
In respect of the highest paid director paid through group companies:		
Aggregate emoluments	227	232

Notes to the financial statements

for the year ended 31 December 2021

5. Finance income

	2021	2020
	£000	£000
Receivable from group undertakings	–	1

6. Income tax expense

(a) Recognised in the income statement

	2021	2020
	£000	£000
Current tax:		
UK corporation tax on loss for the year	(14)	(14)
Adjustment in respect of prior periods	14	(14)
Total current tax	–	(28)
Deferred tax:		
Pension charges	518	389
Effect of increased tax rate	481	119
Total deferred tax	999	508
Total tax	999	480

(b) Reconciliation of standard tax rate

The tax assessed for the current and prior year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss for the year	(1,301)	(726)
Total corporation tax expense	999	480
Loss before tax	(302)	(246)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	(57)	(47)
Effects of:		
Income not taxable	–	–
Prior year adjustment	14	(14)
Utilisation of tax losses	–	–
Other timing differences	437	422
Tax rate changes	605	119
Total tax expense reported in the income statement	999	480

Notes to the financial statements

for the year ended 31 December 2021

6. Income tax expense (continued)

(c) Deferred tax

The deferred tax asset included in the balance sheet at 25% (2020 – 19%) is as follows:

	£000
At 1 January 2021	1,976
Deferred tax charge in the income statement	(999)
Deferred tax credit in the statement of comprehensive income	246
At 31 December 2021	<u>1,223</u>

	2021 £000	2020 £000
Included in debtors (note 10)	10	7
Included in pension liability	<u>1,213</u>	<u>1,969</u>
	<u>1,223</u>	<u>1,976</u>

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Provided £000	2021 Not provided £000	Provided £000	2020 Not provided £000
Tax losses available	–	52	–	52
Other timing differences	1,223	–	1,976	–
Deferred tax asset	<u>1,223</u>	<u>52</u>	<u>1,976</u>	<u>52</u>

(d) Factors that may affect future tax charges

The March 2021 budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate had not been substantively enacted at the prior year balance sheet date and as a result, deferred tax balances as at 31 December 2020 continue to be measured at 19%. Deferred tax balances as at 31 December 2021 have been calculated at 25%.

Notes to the financial statements

for the year ended 31 December 2021

7. Tangible assets

Freehold
land
£000

Cost and carrying value:

At 1 January 2021 and 31 December 2021

121

8. Investments

Shares in group
companies
£000

Cost and carrying value:

At 1 January 2020

29,900

Additions

–

At 31 December 2020

29,900

Additions

2,300

At 31 December 2021

32,200

The addition in the year was in relation to an increase in the investment in TUV SUD Limited by way of capital contribution.

The company's investments at the balance sheet date in the share capital of companies include the following (items noted with * are indirect holdings):

Company and Registered Office	Principal Activity	Country of incorporation	Class of shares	Percentage held	Capital and Reserves (£'000)	Profit/(loss) for Financial Year (£'000)
TUV SUD Limited Napier Building Scottish Enterprise Technology Park East Kilbride Glasgow, G75 0QF	Main operating company of the TUV SUD Group in the UK	Scotland	Ordinary	100%	11,153	(154)
TUV SUD Services (UK) Limited Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL	Provision of business support services to other TUV SUD Group companies	England & Wales	Ordinary	100%	3,421	62

Notes to the financial statements

for the year ended 31 December 2021

8. Investments (continued)

<i>Company and Registered Office</i>	<i>Principal Activity</i>	<i>Country of incorporation</i>	<i>Class of shares</i>	<i>Percentage held</i>	<i>Capital and Reserves (£'000)</i>	<i>Profit/(loss) for Financial Year (£'000)</i>
*TUV SUD BABT Unlimited Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL	Certification services	England & Wales	Ordinary	100%	352	19
*Dunbar & Boardman Partnership Limited Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL	Dormant	England & Wales	Ordinary	100%	1,009	–
*TUV SUD WW Holdings Limited Napier Building Scottish Enterprise Technology Park East Kilbride Glasgow, G75 0QF	Dormant	Scotland	Ordinary	100%	3,043	–
*Nuclear Technologies plc Octagon House, Concorde Way, Segensworth North, Fareham, Hampshire, PO15 5RL	Dormant	England & Wales	Ordinary	100%	1,955	–
*Fleet Logistics UK Limited 3500 Parkside Birmingham Business Park Birmingham West Midlands B37 7YG	Dormant	England & Wales	Ordinary	100%	736	–

Notes to the financial statements

for the year ended 31 December 2021

9. Debtors

	2021	2020
	£000	£000
Amounts owed by group undertakings	491	2,865
Deferred taxation (note 6(c))	10	7
	<u>501</u>	<u>2,872</u>

Debtors includes amounts owed by group undertakings of £100,000 (2020 – £2,475,000) due after more than one year.

The company have performed an impairment assessment of its financial assets based on the expected credit loss model, however, the impact of this is considered immaterial and no provision has been recognised in these financial statements.

10. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Accruals and deferred income	<u>40</u>	<u>40</u>

11. Called up share capital

	No.	2021 £000	No.	2020 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	4,250,000	<u>4,250</u>	4,250,000	<u>4,250</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

12. Employee benefits

During the year, the company operated the following pension scheme in the United Kingdom.

TPS Benefits Scheme

The TPS Benefits Scheme is a final salary defined benefit scheme operating under the Pension Act 2004. The scheme was closed to new entrants with effect from 1 January 2006. An estimated actuarial valuation was carried out as at 01 January 2020 by a qualified independent actuary.

Trustees have the primary responsibility for governance of the scheme. Benefits payments are from trustee-administered funds and scheme assets are held in trusts which are governed by UK regulation. Responsibility for governance of the scheme, including setting contribution rates, lies jointly with the company and the trustees. However, investment decisions are the responsibility of the trustees only. The trustee directors are comprised of nominations from the company and members in accordance with the trust deed and rules.

Notes to the financial statements

for the year ended 31 December 2021

12. Employee benefits (continued)

Funding

The contributions made to the scheme during the financial year were £2,797,000 (2020 – £2,791,000). Contributions of £2,385,000 are expected to be made to the scheme in 2022 (2021: £2,299,000).

The risks of the scheme are as follows:

Asset matching volatility

If the value of the Scheme assets does not move in line with the value of the Scheme liabilities then the deficit may increase more than may have been expected. A buy-in of the majority of the current pensioners occurred in December 2017 and their benefits are covered precisely by annuities secured in the name of the Trustees. The value of the liabilities for these members' benefits will match the value of the underlying annuity policy asset. In addition, in 2019 the Scheme invested in liability driven investments which will partially mitigate asset volatility.

Inflation risk

The majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation). The Scheme's buy-in policy and liability driven investments provide some matching to inflation-related risk.

Longevity

Increases in life expectancy in excess of the increases allowed for in the assumptions will increase non-insured Scheme liabilities. The inflation-linkage of the benefits also means that inflationary increases result in higher sensitivity to increase in life expectancy.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings. For the annuity policy, the value of the insured asset will increase in line with the value of the liabilities in respect of the insured benefits.

The major assumptions used by the actuary were (in nominal terms):

	2021	2020	2019
	%	%	%
Rate of increase in salaries	1.00	1.00	1.00
Rate of increase in pensions in payment	3.15	2.75	2.95
Discount rate	1.90	1.35	2.05
Inflation assumption – retail prices index	3.30	2.75	3.00
Inflation assumption – consumer prices index	2.95	2.05	2.10

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experiences in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

Notes to the financial statements

for the year ended 31 December 2021

12. Employee benefits (continued)

	2021	2020	2019
Member age 65 (current life expectancy)			
Men	22.0	22.0	22.1
Women	24.0	23.9	23.7
Member age 45 (life expectancy at age 65)			
Men	23.7	23.7	23.6
Women	25.4	25.4	25.4

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2021 £000	2020 £000
Defined benefit asset	88,689	84,793
Defined benefit liability	(93,542)	(95,153)
Net liability for defined benefit obligations	<u>(4,853)</u>	<u>(10,360)</u>

Notes to the financial statements

for the year ended 31 December 2021

12. Employee benefits (continued)

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Balance at 1 January	(95,153)	(86,856)	84,793	80,160	(10,360)	(6,696)
Included in income statement						
Current service cost	(268)	(238)	–	–	(268)	(238)
Past service cost	–	–	–	–	–	–
Interest cost	(1,268)	(1,759)	1,145	1,647	(123)	(112)
Included in other comprehensive income/(loss)						
Re-measurements (loss)/gain:						
Actuarial (loss)/gain arising from:						
- Changes in demographic assumptions	(1,826)	1,403	–	–	(1,826)	1,403
- Change in financial assumptions	1,672	(9,663)	–	–	1,672	(9,663)
- Experience adjustment	892	(327)	–	–	892	(327)
Return on plan assets excluding interest income	–	–	2,696	2,877	2,696	2,877
Other						
Contributions paid by the employer	–	–	2,797	2,791	2,797	2,791
Benefits paid	2,462	2,355	(2,462)	(2,355)	–	–
Contributions paid by the employee	(53)	(68)	53	68	–	–
Administration expenses	–	–	(333)	(395)	(333)	(395)
Balance at 31 December	(93,542)	(95,153)	88,689	84,793	(4,853)	(10,360)

Notes to the financial statements

for the year ended 31 December 2021

12. Employee benefits (continued)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	<i>Impact on defined benefit obligation</i>		
	<i>Change in assumption</i>	<i>Increase in assumption</i>	<i>Decrease in assumption</i>
The value of obligation at the end of the year if:		£000	£000
Discount rate	1.0%	77,930	112,485
Inflation	0.75%	102,014	85,897

In valuing the liabilities of the pension fund at 31 December 2021, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2021 would have increased by £3,908,900 before deferred tax.

The above analysis assume that assumption changes occur in isolation except in the case of inflation where any change is assumed to have a corresponding impact on inflation-linked pension increases. In practice, this is unlikely to occur and some assumptions may be correlated. The same method (projected unit method) has been applied when calculating these sensitivities.

The fair value of the plan assets was:

	<i>Quoted 2021 £000</i>	<i>Unquoted 2021 £000</i>	<i>Total 2021 £000</i>	<i>Quoted 2020 £000</i>	<i>Unquoted 2020 £000</i>	<i>Total 2020 £000</i>
UK Equities	–	–	–	99	–	99
Multi-asset Fund	18,057	–	18,057	–	–	–
Overseas Equities	18,170	–	18,170	17,324	–	17,324
Liability Driven Investments	15,340	–	15,340	17,022	–	17,022
Corporate Bonds	12,751	–	12,751	–	–	–
Cash	1,589	–	1,589	25,725	–	25,725
Insured Pensions	–	22,782	22,782	–	24,623	24,623
	65,907	22,782	88,689	60,170	24,623	84,793

13. Subsequent events

There were no subsequent events post the balance sheet date and prior to the date of approving these financial statements that would have a material impact on the results reported or the financial position of the company.

Notes to the financial statements

for the year ended 31 December 2021

14. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is TÜV SÜD AG, a company incorporated in Germany. Copies of its group financial statements, which are the smallest and largest group for which group financial statements are drawn up and of which the company is a member, are available from its registered office:

TÜV SÜD AG
Westendstrasse 199
D-80686 Munich
Germany