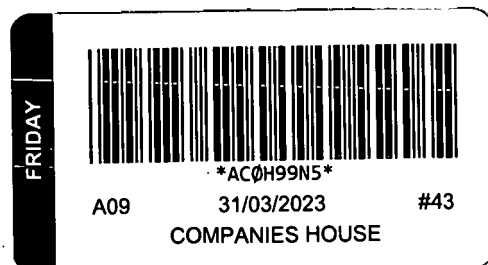


Lloyd's Register Central and South America Limited
Report and financial statements
30 June 2022

Company registration number: 04774153 (England and Wales)



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Directors and advisers

Directors

J Hicks
K Proffitt
A Punter
D D Wagstaff

Company secretary

T A Bigmore

Statutory auditor

Deloitte LLP
London
United Kingdom

Bankers

HSBC UK Bank PLC
1 Centenary Square
Birmingham
United Kingdom
B1 1HQ

Registered office

71 Fenchurch Street
London
EC3M 4BS

Registered number

04774153

Strategic report

Business review

Turnover for the year of Lloyd's Register Central and South America Limited ("the Company") of £9.7 million (6 months to 30 June 2021: £5.1 million) shows an increase due to the longer accounting period. The increased operating loss for the year of £0.7 million is a result of the longer accounting period and the impact of foreign exchange movements (6 months to 30 June 2021: loss of £0.1 million).

Loss for the year before taxation amounted to £0.1 million (6 months to 30 June 2021: loss of £0.1 million). Loss after tax for the period was £0.8 million (6 months to 30 June 2021: £0.8 million loss). Total comprehensive loss for the year was £0.5 million following foreign exchange gains on the translation of the net asset of overseas branches (6 months to 30 June 2021: £1.1 million loss following £0.3 million of foreign exchange losses on the translation of the net asset of overseas branches).

Net liabilities of the Company at 30 June 2022 are £1.6 million (30 June 2021: £1.1 million).

Cash at bank and in hand at 30 June 2022 is £2.4 million (30 June 2021: £1.8 million).

Principal risks and uncertainties

In the opinion of the directors, the principal risks and uncertainties facing the Company relate to its ability to continue to generate sufficient business to cover its fixed costs, its ability to maintain control of its working capital levels, and its exposure to political risk due to its overseas operations, with particular reference to possible changes in overseas legislation regarding the remittance of funds to the United Kingdom.

The Company is exposed to certain financial risks as a result of its operations and the activities that it carries out. These financial risks include foreign exchange risk, credit risk, and interest rate risk.

Foreign exchange risk (price risk)

The Company operates branches in a number of countries (as detailed in the directors' report). The branches invoice clients and pay costs in either the local currency or an agreed contracted currency and thus the Company overall is exposed to market fluctuations in the exchange rates

between Sterling and those local currencies in terms of the overall profits it generates in foreign branches.

The impact of changes in exchange rates on cash flows in foreign currencies cannot be forecast with any reasonable degree of certainty, and thus the Company only hedges against exchange rate fluctuations to the extent that costs are paid in the same currency as the income that they are used to generate.

The Company operates branches in Argentina and Venezuela, countries where cost inflation is running at an annual rate in excess of 40%. The impact on the Company's costs is mitigated to an extent by currency devaluations in those countries, but a risk exists over the Company's ability to be able to pass on price rises to customers.

Credit risk

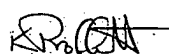
The Company has chosen to follow the Lloyd's Register Group policy of performing assessments on the creditworthiness of new clients, and where appropriate assigning a credit limit to clients' accounts.

Political risk

The Company largely operates in non-OECD countries and tends to be subject to restrictions on remittance of cash from those countries to the UK. Cash flow can therefore at times be dependent on the parent company being prepared to continue to fund operations in any particular country with a short-term cash requirement.

The Audit and Risk Committee of Lloyd's Register Group Limited (the immediate parent) reviews the application and effectiveness of the policies and processes of the Lloyd's Register Group on matters of internal financial policy, control and risk. Its responsibilities extend to all subsidiary companies, with the agreement of the directors of those companies, including Lloyd's Register Central and South America Limited.

By order of the Board



K Proffitt, Director

31 March 2023

Directors' report

The directors present their report and audited financial statements for Lloyd's Register Central and South America Limited for the year ended 30 June 2022.

Board of directors

The directors of the Company during the period and subsequently were:

	Appointed	Resigned
J Hicks		
K Proffitt		
A Punter		30 November 2022
A J Williams		2 December 2021
D D Wagstaff	15 December 2021	

Principal activities

Lloyd's Register Central and South America Limited undertakes inspections and surveys and provides risk management solutions to clients predominantly in the marine sector in its foreign branches.

Results

Commentary on the results for the period can be found in the Strategic Report.

Future developments

The directors do not foresee any material change in the business or trading results.

Dividend

The directors do not recommend a dividend (6 months to 30 June 2021: none).

Principal risks and uncertainties

The principal risks and uncertainties and financial risk management objectives and policies are discussed within the Strategic Report.

Branches

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, which are outside the UK.

Post balance sheet events

On 2 December 2021 the Company's parent, Lloyds Register Group Limited, completed the disposal of the majority of its Business Assurance and Inspection Services ("BA&IS") operations to Goldman Sachs Asset Management. In some countries, contracts were disposed of subsequent to the balance sheet date following the

purchaser establishing an operational legal entity in each jurisdiction, including obtaining relevant accreditations.

Going concern

Whilst the Company has net current liabilities, the parent company Lloyd's Register Group Limited has agreed to provide support until Lloyd's Register Central and South America Limited is in a position to be able to repay those amounts. This support has been provided for a period of at least 12 months from the date of approval of these financial statements. With this support, the directors believe Lloyd's Register Central and South America Limited is able to meet its liabilities as they fall due and the directors continue to adopt the going concern basis in preparing the financial statements.

Employees

Lloyd's Register Central and South America Limited strives to be an equal opportunities employer.

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

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

The Lloyd's Register Group, of which the Company is a part, continually aims to provide employees with information on relevant matters, including financial and economic factors affecting the performance of the Company both by email and by posting to the Group's intranet website and using internal social media.

Parent and ultimate parent

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

Directors' report

Disclosure of information to auditor

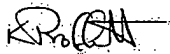
Having made enquiries, each of the directors listed above, which are in office at the time of approving the directors' report, confirms that:

- so far as each director is aware, there is no relevant audit information which the Company's auditor is unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be reappointed as auditor.

By order of the Board



K Proffitt
Director

31 March 2023

Company registration number: 04774153

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; 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 proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Profit and loss account for the year ended 30 June 2022

		12 months to 30 June 2022	6 months to 30 June 2021
	Note	£'000	£'000
Turnover	3	9,723	5,105
Cost of sales		(5,370)	(3,098)
Gross profit		<u>4,353</u>	<u>2,007</u>
Administrative expenses		(5,084)	(2,098)
Operating loss		<u>(731)</u>	<u>(91)</u>
Interest receivable and similar income:			
• From group undertakings		13	9
• Other		1	—
Profit on disposal of discontinued operations	4	694	—
Interest payable and similar charges:			
• Other		(35)	(1)
Loss before taxation	4	<u>(58)</u>	<u>(83)</u>
Taxation	6	(759)	(686)
Loss after taxation		<u>(817)</u>	<u>(769)</u>

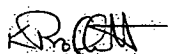
Statement of comprehensive income for the year ended 30 June 2022

	12 months to 30 June 2022	6 months to 30 June 2021
	£'000	£'000
Loss for the financial period	(817)	(769)
Currency translation difference on foreign currency net investments	357	(284)
Total comprehensive loss	<u>(460)</u>	<u>(1,053)</u>

Balance sheet at 30 June 2022

	Note	30 June 2022 £'000	30 June 2021 £'000
Fixed assets			
Tangible fixed assets	7	222	216
Investments	8	203	91
		<u>425</u>	<u>307</u>
Current assets			
Debtors	9	15,914	13,678
Cash at bank and in hand		2,430	1,770
		<u>18,344</u>	<u>15,448</u>
Creditors: amounts falling due within one year	10	<u>(20,098)</u>	<u>(16,626)</u>
Net current liabilities		<u>(1,754)</u>	<u>(1,178)</u>
Provisions for liabilities	11	<u>(247)</u>	<u>(245)</u>
Total net liabilities		<u>(1,576)</u>	<u>(1,116)</u>
Capital and reserves			
Share capital	12	1,500	1,500
Profit and loss account		<u>(3,076)</u>	<u>(2,616)</u>
		<u>(1,576)</u>	<u>(1,116)</u>

The financial statements of Lloyd's Register Central and South America Limited, company number 04774153 were approved by the Board of Directors on 31 March 2023 and signed on its behalf by:



K Proffitt
Director

Company registration number: 04774153

Statement of changes in equity for the year ended 30 June 2022

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	1,500	(1,563)	(63)
Loss for the financial period	—	(769)	(769)
Foreign currency translation differences	—	(284)	(284)
Total comprehensive loss	—	(1,053)	(1,053)
At 30 June 2021	1,500	(2,616)	(1,116)
Loss for the financial period	—	(817)	(817)
Foreign currency translation differences	—	357	357
Total comprehensive loss	—	(460)	(460)
At 30 June 2022	1,500	(3,076)	(1,576)

Notes to the financial statements for the year ended 30 June 2022

1. Legal information, basis of accounting and accounting policies

Lloyd's Register Central and South America Limited (the Company) is a private company limited by shares under the Companies Act 2006, registered in England and Wales. Its registered office is disclosed on page 1 and its principal activities are set out within the Directors' report.

- a. The financial statements are prepared under the historical cost convention and in accordance with applicable Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

In line with the Group, in the prior period, the Company extended its accounting period date from 31 December to 30 June. As a consequence, the financial statements show results for the 12-month period to 30 June 2022 with the comparatives remaining for the 6 months to 30 June 2021.

Whilst the Company has net liabilities, the parent company Lloyd's Register Group Limited, has agreed to provide support until Lloyd's Register Central and South America Limited is in a position to be able to repay those amounts. This support has been provided for a period of at least 12 months from the date of approval of these financial statements. With this support, the directors believe Lloyd's Register Central and South America Limited is able to meet its liabilities as they fall due and the directors continue to adopt the going concern basis in preparing the financial statements.

The functional currency of the reporting entity is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The branches of the Company each have their own functional currency reflective of the economic environment in which they operate. See accounting policy h for further information on the translation of overseas branches to pounds sterling. These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

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

- b. Lloyd's Register Central and South America Limited is exempt by virtue of the provisions of section 400 of the Companies Act 2006 from the obligation of preparing and delivering consolidated financial statements. Its results are included in the consolidated financial statements of Lloyd's Register Foundation, which are available from 71 Fenchurch Street, London, EC3M 4BS.
- c. Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible fixed assets is provided by the straight line method, commencing with the year in which they are ready for use, at rates estimated to write off their cost during their respective useful lives as follows:
- | | |
|------------------------|---------------------|
| Motor vehicles | 5 years |
| Office equipment | 8 years |
| Computer equipment | 5 years |
| Leasehold improvements | length of the lease |
- d. Turnover from surveys and inspections, which are the main activities of the Group is recognised by reference to the stage of completion of the contract activity as at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs once the final outcome can be assessed with reasonable certainty. All income is recorded net of VAT and similar sales taxes. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income

Notes to the financial statements for the year ended 30 June 2022

and included as part of creditors due within one year. Where revenue is recognised in advance of invoicing, the amounts are recorded as accrued income and included as part of debtors within prepayments and accrued income.

- e. Dividends from subsidiaries are brought into account when due and receivable. Interest receivable from bank and short-term deposits includes interest accrued.
- f. Investments including those in subsidiaries are valued at cost less impairment.
- g. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

- h. Foreign currencies are dealt with as follows:
 - i. Foreign currency denominated assets and liabilities of Lloyd's Register Central and South America Limited and its overseas operations are translated at the rate of exchange ruling at the balance sheet date.
 - ii. Income and expenditure for the period are translated at the appropriate rates prevailing during the period, updated on a monthly basis.
 - iii. Exchange differences are shown in the profit and loss account with the exception of those arising from the retranslation of the net assets of overseas branches which are recorded in other comprehensive income and accumulated in equity.
 - iv. If a branch of the Company has a functional currency that is the currency of a hyperinflationary economy, the branch's financial statements are first restated in accordance with Section 31 of FRS102. Under Section 31, income, costs and balance sheet amounts are translated at the exchange rates ruling at the balance sheet date.
- i. The costs of operating lease rentals are charged to the profit and loss account in the period to which they relate.
- j. Pension payments are made to retired former employees who are members of the Lloyd's Register of Shipping Pension Scheme which is an unfunded defined benefit scheme. Lloyd's Register Group Limited is legally responsible for the plan. There is no contractual agreement or stated policy for charging the cost of the defined benefit plan as a whole to individual group entities.
- k. Short-term employee benefits are recognised as an expense in the period in which they relate.
- l. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Notes to the financial statements for the year ended 30 June 2022

Critical accounting judgements and key sources of estimation uncertainty

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

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Hyperinflation

The company applied the hyperinflationary accounting requirements of Section 31: Hyperinflation of FRS 102 for the first time in the year ended 30 June 2018, when the impact was first considered material in respect of the Company's Venezuelan branch and for the first time in the year ended 30 June 2019, the Argentine economy was also assessed as hyperinflationary. The economies of both Venezuela and Argentina have been assessed as hyperinflationary in the year ended 30 June 2022. As a result, the financial statements of the Company's Venezuelan and Argentinian branches have been restated for changes in the general purchasing power of the Venezuelan bolivar and Argentine Peso, which are the functional currencies in each branch, respectively. The estimated level of inflation for the period ended 30 June 2022 is 135% for Venezuela (6 months ended 30 June 2022 – 279%) and 68% (6 months ended 30 June 2021 – 25%) for Argentina. This has been determined from the national consumer price index published by the countries respective central bank. The gain/(loss) on non-monetary items for the year was £nil.

Exchange Control

In 2017, the Venezuelan Government continued to operate the DIPRO and DICOM exchange mechanisms. In January 2018, the Government implemented a reformed exchange rate system for the country. The DIPRO rate was eliminated and the Government mandated that all future foreign exchange transactions be conducted at a renewed DICOM rate. The first auction under the new system was held on 1 February 2018 and the DICOM rate moved to VEF 25,000 per US dollar. Subsequent to this, the economic and political crisis in Venezuela worsened, resulting in a substantial increase in inflation rates with the DICOM rate not increasing in line with inflation. The DICOM rate therefore is not representative of the rate at which the Company extracts economic benefit from its Venezuelan operations.

These currency exchange controls in Venezuela restrict our ability to convert amounts generated by our Venezuelan operations into US dollars, for instance for the payment of dividends.

At 30 June 2022, judgement was required to calculate an exchange rate appropriate for the Venezuelan branch. The financial statements of the company's operations in Venezuela were translated at 30 June 2022 using a rate of 6.6689 VES per GBP.

Notes to the financial statements for the year ended 30 June 2022

Key sources of estimation uncertainty

Recoverability of aged trade receivables

Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends of the Company or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Company in future periods may be materially affected.

2. Ownership of share capital

The issued share capital is held by Lloyd's Register Group Limited, a company registered in England and Wales. The ultimate beneficial interest in the issued share capital of the Company is held by Lloyd's Register Foundation, a company registered in England and Wales and a registered charity.

3. Turnover

A geographical analysis of turnover is not included as the directors consider it would be seriously prejudicial to the interests of the Company.

4. Loss before taxation

This is stated after charging / (crediting):

	12 months to 30 June 2022 £'000	6 months to 30 June 2021 £'000
Depreciation of tangible fixed assets	69	34
Auditor's remuneration:		
• Fees payable to Company's auditor for the audit of the Company's financial statements	42	40
• Fees payable to Company's auditor and its associates for the audit of the Company's branches	58	48
Charge for bad and doubtful debts	96	25
Profit on disposal of fixed assets	(15)	(8)
Operating lease rentals:		
• Leasehold property	179	100
• Other equipment and vehicles	82	26
Foreign exchange loss / (gain)	65	(339)

On 2 December 2021 the Company's parent, Lloyds Register Group Limited, completed the disposal of the majority of its Business Assurance and Inspection Services ("BA&IS") operations to Goldman Sachs Asset Management. Where possible, the Company disposed of certain Business Assurance and Inspection Services contracts as part of a group reorganisation before 2 December 2021. Where not possible, contracts were disposed of at a later date following the completion of regulatory approvals.

In respect of the sale of BA&IS operations, consideration received by the Company was £971,000, net assets disposed of were £277,000 resulting in a profit on disposal of £694,000.

Notes to the financial statements for the year ended 30 June 2022

5. Staff costs

	12 months to 30 June 2022 £'000	6 months to 30 June 2021 £'000
Wages and salaries	4,118	1,723
Social security costs	440	268
Other pension costs	746	247
	<u>5,304</u>	<u>2,238</u>
Average number of employees for the year:	Number	Number
Marine and Offshore	38	37
Business Assurance and Inspection Services*	6	15
Administrative and support	17	19
	<u>61</u>	<u>71</u>

The remuneration of directors is borne by other entities within the Lloyd's Register Group; the directors receive no remuneration in their role as directors of the Company.

* Business Assurance and Inspection Services operations were discontinued following the disposal of the business to Goldman Sachs Asset Management on 2 December 2021.

6. Taxation

	12 months to 30 June 2022 £'000	6 months ended 30 June 2021 £'000
Current tax on loss		
United Kingdom	—	—
Foreign tax	1,016	372
Adjustment in respect of prior periods	64	327
Total current tax	<u>1,080</u>	<u>699</u>
Deferred tax		
Origination and reversal of timing differences	(303)	9
Adjustments in respect of previous periods	(18)	(22)
Total deferred tax	<u>(321)</u>	<u>(12)</u>
Total tax on loss	<u>759</u>	<u>686</u>

The standard rate of tax applied to the reported loss is 19% (2021: 19%).

On 10 June 2021, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were enacted. There is no deferred tax recognised in the UK and therefore no impact on the deferred tax balance from the rate increase.

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

Notes to the financial statements for the year ended 30 June 2022

Factors affecting the charge for the period	12 months to 30 June 2022 £'000	6 months ended 30 June 2021 £'000
Loss before taxation	(58)	(83)
Loss multiplied by average standard rate of United Kingdom corporation tax of 19% (2021: 19%)	(11)	(16)
Effects of:		
• Group relief claimed for nil consideration	—	(22)
• Overseas rate differences	219	(8)
• Expenses not deductible for tax purposes / (income not taxable)	370	(40)
• Unprovided timing differences	135	467
• Adjustments in respect of previous periods	46	305
	<u>759</u>	<u>686</u>
Deferred tax assets	2022 £'000	2021 £'000
Asset at start of period	(353)	(342)
Arising in the period	(321)	(12)
Foreign exchange	(46)	1
Asset at the end of period	<u>(720)</u>	<u>(353)</u>
Deferred tax is recognised as follows:		
Other timing differences	<u>(720)</u>	<u>(353)</u>

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements. Deferred tax assets on short-term timing differences and any overseas losses have not been recognised unless the asset is expected to be recovered in the foreseeable future.

Deferred tax assets not recognised amount to £0.8m (30 June 2021: £0.7m). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

Notes to the financial statements for the year ended 30 June 2022

7. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Motor Vehicles £'000	Land & Buildings £'000	Total £'000
Cost:					
At 1 July 2021	185	216	264	98	763
Additions	—	—	73	—	73
Disposals	(4)	(2)	(22)	—	(28)
Exchange differences	7	20	3	(15)	15
At 30 June 2022	188	234	318	83	823
Depreciation:					
At 1 July 2021	131	189	197	30	547
Charged in period	21	6	28	14	69
Disposals	(3)	(2)	(22)	—	(27)
Exchange differences	6	17	—	(11)	12
At 30 June 2022	155	210	203	33	601
Net book value:					
At 30 June 2022	33	24	115	50	222
At 30 June 2021	54	27	67	68	216

8. Investments

	2022 £'000	2021 £'000
Investment in subsidiaries	203	91

Subsidiaries

Lloyd's Register Central and South America Limited owns 100% of the issued ordinary shares (representing the whole share capital) of the following companies:

Company	Country of incorporation and registration	Registered address	Principal activity
Lloyd's Register do Brasil Ltda	Brazil	Rua da Gloria, 311-11, Andar, Rio de Janeiro, RJ, 20.241-180, Brazil	Engineering and inspection
Lloyd's Register Central and South Americas (Curacao) NV	Curacao	Alablancaweg No.30, Wilhelminalaan 13, Curaçao	Engineering and inspection
Lloyd's Register Guyana Inc	GUYANA	Unit 1, Upper Level, 127 Quamina Street, South Cummingsburg, Georgetown, Guyana	Engineering and inspection

The book cost of investments at 30 June 2022 was £203,000 (2021: £91,000) following additions of £112,000 during the year. Accumulated investment impairments was £nil (2021: £nil).

Notes to the financial statements for the year ended 30 June 2022

9. Debtors

	2022 £'000	2021 £'000
Trade debtors	3,040	1,669
Amounts due from Group undertakings	10,232	9,551
Other debtors	394	142
Prepayments and accrued income	699	1,363
Deferred tax asset (note 6)	720	353
Tax recoverable	829	600
	<u>15,914</u>	<u>13,678</u>

10. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	24	536
Amounts owed to Group undertakings	16,274	13,601
Other taxation and social security	130	71
Other creditors	166	79
Corporation tax	652	104
Accruals and deferred income	2,852	2,235
	<u>20,098</u>	<u>16,626</u>

11. Provisions for liabilities

	Dilapidations £'000	Restructuring £'000	Legal Claims £'000	Total £'000
At 1 July 2021	22	165	58	245
Exchange revaluation	(1)	(12)	9	(4)
Provided in the period	1	78	47	126
Utilised	—	(120)	—	(120)
At 30 June 2022	<u>22</u>	<u>111</u>	<u>114</u>	<u>247</u>

Property dilapidations: The provisions are maintained to meet contractual obligations to perform restoration on leasehold properties on exit. Settlement of these provisions is expected within 7 years.

Restructuring costs: Provision is made for redundancy and relocation costs with respect to restructuring programmes. Settlement of these provisions is expected within one year.

Legal claims: In the normal course of business, Lloyd's Register Central and South America Limited may receive claims for compensation from clients. Substantial insurance cover is carried for this purpose. Where appropriate, provision is made for the uninsured costs arising from such claims. Adequate provision has been made for the claims notified. The timing of these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span a number of years.

Notes to the financial statements for the year ended 30 June 2022

12. Share capital

	2022 £'000	2021 £'000
Issued, called up and fully paid		
1,500,002 ordinary shares of £1 each	1,500	1,500

13. Related party transactions and parent entities

The ultimate parent is Lloyd's Register Foundation, a company registered in England and Wales and a registered charity. The immediate parent is Lloyd's Register Group Limited, a company registered in England and Wales. The registered office of both companies is 71 Fenchurch Street, London, EC3M 4BS.

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

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

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

14. Contingent liabilities, capital and financial commitments

	2022 £'000	2021 £'000
Contingent liabilities:		
In respect of bank guarantees	237	219

It is not anticipated that claims will arise in respect of bank guarantees given. There are no capital commitments as at 30 June 2022 (30 June 2021: none). Commitments under non-cancellable operating leases were as follows:

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings		Other equipment and vehicles	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Within one year	59	103	1	34
Within two to five years	7	20	1	2
	<u>66</u>	<u>123</u>	<u>2</u>	<u>36</u>

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company. In total £66,000 (30 June 2021: £67,000) of cash was held in countries which cannot be remitted to the Company. In addition to these balances, the immediate movement of cash assets held by the Company is subject to compliance with local regulation restrictions; however, the Company does not consider this cash unavailable for use.

Notes to the financial statements for the year ended 30 June 2022

15. Pension schemes

Lloyd's Register Group Limited provides unfunded defined benefit pension arrangements to certain employees of overseas subsidiaries and branches including Lloyd's Register Central and South America Limited. Lloyd's Register Group Limited has placed investments with a market value of £51.8m (2021: £68.7m) in an escrow account as surety.

Lloyds Register Group Limited is legally responsible for the plan and there are no contractual agreements or stated policy for charging the cost of the defined benefit plan as a whole to individual group entities. The contributions into the plan of £587,000 (2021: £144,000) have been recorded as a pension charge for the period. In addition, there is a charge in respect of contributions to other plans, including defined contribution plans of £159,000 (2021: £103,000). There are no unpaid contributions outstanding at the period-end (2021: £nil).

16. Post balance sheet events

On 2 December 2021 the Company's parent, Lloyds Register Group Limited, completed the disposal of the majority of its Business Assurance and Inspection Services ("BA&IS") operations to Goldman Sachs Asset Management. In some countries, contracts were disposed of subsequent to the balance sheet date following the purchaser establishing an operational legal entity in each jurisdiction, including obtaining relevant accreditations.

Independent auditor's report to the member of Lloyd's Register Central and South America Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyd's Register Central and South America Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the period then ended;
- have been properly prepared 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"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 2 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the 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.

In connection with our 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 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.

Independent auditor's report to the member of Lloyd's Register Central and South America Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulatory compliance certifications that the company holds such as ISO 9001, ISO 14001 and ISO 45001.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, pensions, IT, and Real Estate specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas related to revenue, and our specific procedures performed to address them are described below:

- manual adjustments are posted to the general ledger to true-up revenue recognised under multi-year marine in-service contracts. We have performed substantive tests of detail on a sample of contracts to assess the accuracy of the adjustments that were made; and
- the proportion of revenue recognised in the period in relation to fixed price projects that are still in-progress at the end of the period is subject to error due to an

Independent auditor's report to the member of Lloyd's Register Central and South America Limited (continued)

inaccurate estimation of costs to complete. We have assessed the design and implementation of key controls relating to this process and performed substantive tests of detail on a sample of contracts by corroborating project progress with project managers and evidencing the inputs to the revenue calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports.

Report on other legal and regulatory requirements

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 period 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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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

Jeremy Black

Jeremy Black (Mar 31, 2023 09:24 GMT+1)

Jeremy Black (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31 March 2023