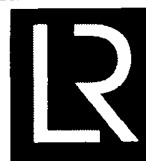


# **Lloyd's Register Central and South America Limited**

## **Report and financial statements**

### **30 June 2021**

Company registration number: 04774153 (England and Wales)



Lloyd's  
Register

# Contents

	Page
Directors and advisers	1
Strategic report	2
Directors' report	3
Statement of the directors' responsibilities in respect of the financial statements	5
Profit and loss account / Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9
Independent auditor's report	20

# 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

National Westminster Bank  
Corporate and Commercial Banking  
250 Bishopsgate  
London  
EC2M 4AA

## Registered office

71 Fenchurch Street  
London  
EC3M 4BS

## Registered number

04774153

# Strategic report

## Business review

Turnover for the 6 month period of Lloyd's Register Central and South America Limited ("the Company") of £5.1 million (18 months to 31 December 2020: £20.2 million) shows a decrease due to the shorter accounting period. On a pro-rated basis turnover has decreased due to the sale of the Energy business in October 2020. Operating loss for the period of £0.1 million was £3.3 million lower than the previous period (18 months to 31 December 2020: profit of £3.2 million). This was due to a decrease in the volume of trading and a pro rated increase in administrative expenses.

Loss for the period before taxation amounted to £0.1 million (2020: profit of £3.4 million). Loss after tax for the period was £0.8 million (2020: £1.9 million profit). Foreign exchange losses on the retranslation of the net assets of overseas branches amounted to £0.3 million, resulting in total comprehensive loss of £1.1 million (2020: £0.3 million gain).

Net liabilities of the Company at 30 June 2021 are £1.1 million (31 December 2020: £0.1 million).

Cash at bank and in hand at 30 June 2021 is £1.8 million (31 December 2020: £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.

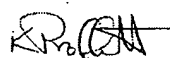
### *Political risk*

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



30 March 2022

# Directors' report

The accounting reference date has been shortened from 31 December 2021 to 30 June 2021 in line with the parent company. Accordingly, the directors present their report and audited financial statements for the 6 month period ended 30 June 2021.

## Board of directors

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

	Appointed	Resigned
J Hicks		
K Proffitt		
A Punter		
D D Wagstaff	15 December 2021	
A J Williams		2 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 (18 months to 31 December 2020: 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.

## 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.

## 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:

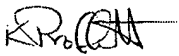
- so far as each director is aware, there is no relevant audit information which the Company's auditor is unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware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

## Directors' report

### 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

30 March 2022

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;
- 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 period ended 30 June 2021

	Note	6 months ended 30 June 2021 £'000	18 months ended 31 December 2020 £'000
Turnover	3	5,105	20,225
Cost of sales		(3,098)	(12,880)
<b>Gross profit</b>		<b>2,007</b>	<b>7,345</b>
Administrative expenses		(2,098)	(4,128)
<b>Operating (loss) / profit</b>		<b>(91)</b>	<b>3,217</b>
Income from shares in group undertakings		—	145
Interest receivable and similar income:			
• From group undertakings		9	37
• Other		—	1
Interest payable and similar charges:			
• Other		(1)	(3)
<b>(Loss) / profit before taxation</b>	4	<b>(83)</b>	<b>3,397</b>
Taxation	6	(686)	(1,471)
<b>(Loss) / profit after taxation</b>		<b>(769)</b>	<b>1,926</b>

All items presented above relate to continuing operations.

## Statement of comprehensive income for the 6 month period ended 30 June 2021

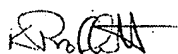
	6 month ended 30 June 2021 £'000	18 month ended 31 December 2020 £'000
(Loss) / profit for the financial period	(769)	1,926
Currency translation difference on foreign currency net investments	(284)	(1,649)
<b>Total comprehensive (loss) / income</b>	<b>(1,053)</b>	<b>277</b>



## Balance sheet at 30 June 2021

	Note	30 June 2021 £'000	31 December 2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets	7	216	241
Investments	8	91	91
		<u>307</u>	<u>332</u>
<b>Current assets</b>			
Debtors	9	13,678	13,046
Cash at bank and in hand		1,770	1,790
		<u>15,448</u>	<u>14,836</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(16,626)</u>	<u>(15,215)</u>
<b>Net current liabilities</b>		<u>(1,178)</u>	<u>(379)</u>
<b>Provisions for liabilities</b>	11	<u>(245)</u>	<u>(16)</u>
<b>Total net liabilities</b>		<u>(1,116)</u>	<u>(63)</u>
<b>Capital and reserves</b>			
Share capital	12	1,500	1,500
Profit and loss account		(2,616)	(1,563)
		<u>(1,116)</u>	<u>(63)</u>

The financial statements of Lloyd's Register Central and South America Limited, company number 04774153, were approved by the Board of Directors on 30 March 2022 and signed on its behalf by:



K Proffitt  
Director

Company registration number: 04774153

# Statement of changes in equity for the period ended 30 June 2021

	Called up share capital £'000	Profit and loss account £'000	Total £'000
<b>At 1 July 2019</b>	<b>1,500</b>	<b>(1,840)</b>	<b>340</b>
Profit for the financial period	—	1,926	1,926
Foreign currency translation differences	—	(1,649)	(1,649)
<b>Total comprehensive income</b>	<b>—</b>	<b>277</b>	<b>277</b>
<b>At 31 December 2020</b>	<b>1,500</b>	<b>(1,563)</b>	<b>(63)</b>
Loss for the financial period	—	(769)	(769)
Foreign currency translation differences	—	(284)	(284)
<b>Total comprehensive loss</b>	<b>—</b>	<b>(1,053)</b>	<b>(1,053)</b>
<b>At 30 June 2021</b>	<b>1,500</b>	<b>(2,616)</b>	<b>(1,116)</b>

# Notes to the financial statements for the period ended 30 June 2021

## 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.

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 inspection, 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 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.

# Notes to the financial statements for the period ended 30 June 2021

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 period ended 30 June 2021

## **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 period ended 30 June 2021. 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 2021 is 279% for Venezuela (18 months ended 31 December 2021 – 29,619%) and 25% (18 months ended 31 December 2021 – 71%) 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 2021, 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 2021 using a rate of VES 4,421,762 per GBP.

## **Key sources of estimation uncertainty**

### *Recoverability of aged trade receivables*

# Notes to the financial statements for the period ended 30 June 2021

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. Profit before taxation

This is stated after charging / (crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	34	117
Auditor's remuneration:		
• Fees payable to Company's auditor for the audit of the Company's financial statements	40	45
• Fees payable to Company's auditor and its associates for the audit of the Company's branches	48	50
• Fees payable to the Company's auditor and its associates for taxation services	—	1
Charge for bad and doubtful debts	25	59
Profit on disposal of fixed assets	(8)	(26)
Operating lease rentals:		
• Leasehold property	100	330
• Other equipment and vehicles	26	115
Foreign exchange gain	(339)	(893)

# Notes to the financial statements for the period ended 30 June 2021

## 5. Staff costs

	2021 £'000	2020 £'000
Wages and salaries	1,723	6,990
Social security costs	268	810
Other pension costs	247	815
	<u>2,238</u>	<u>8,615</u>

Average number of employees for the year:	Number	Number
Marine and Offshore	37	36
Energy	—	20
Management Systems and Inspection Services	15	15
Administrative and support	19	20
	<u>71</u>	<u>91</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.

# Notes to the financial statements for the period ended 30 June 2021

## 6. Taxation

	6 months ended 30 June 2021	18 months ended 31 December 2020
	£'000	£'000
<b>Current tax on loss</b>		
United Kingdom	—	—
Foreign tax	372	1,473
Adjustment in respect of prior periods	327	(51)
<b>Total current tax</b>	<b>699</b>	<b>1,422</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	9	55
Adjustments in respect of previous periods	(22)	(6)
<b>Total deferred tax</b>	<b>(12)</b>	<b>49</b>
<b>Total tax on loss</b>	<b>686</b>	<b>1,471</b>

The standard rate of tax applied to the reported (loss) / profit is 19% (2020: 19%).

On 3 March 2020, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were announced in the UK budget 2021. On 24 May 2021, these new measures were substantively 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:

<b>Factors affecting the charge for the period</b>	<b>6 months ended 30 June 2021</b>	<b>18 months ended 31 December 2020</b>
	£'000	£'000
(Loss) / profit before taxation	(83)	3,397
(Loss) / profit multiplied by average standard rate of United Kingdom corporation tax of 19% (2019: 19%)	(16)	645
Effects of:		
• Group relief (claimed) / surrendered for nil consideration	(22)	21
• Overseas rate differences	(8)	341
• (Income not taxable) / expenses not deductible for tax purposes	(40)	19
• Unprovided timing differences	467	498
• Other taxes	—	4
• Adjustments in respect of previous periods	305	(57)
	<b>686</b>	<b>1,471</b>



# Notes to the financial statements for the period ended 30 June 2021

Deferred tax assets	2021 £'000	2020 £'000
Asset at start of period	(342)	(445)
Arising in the period	(12)	49
Foreign exchange	1	54
Asset at the end of period	(353)	(342)
<b>Deferred tax is recognised as follows:</b>		
Other timing differences	(353)	(342)
	(353)	(342)

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 £0.7m (31 December 2020: £0.3m). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

## 7. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Motor Vehicles £'000	Leasehold improvements £'000	Total £'000
<b>Cost:</b>					
At 1 January 2021	195	222	286	110	813
Additions	—	—	37	—	37
Disposals	—	—	(41)	—	(41)
Exchange differences	(10)	(6)	(18)	(12)	(46)
At 30 June 2021	185	216	264	98	763
<b>Depreciation:</b>					
At 1 January 2021	126	191	222	33	572
Charged in period	11	3	13	7	34
Disposals	—	—	(24)	—	(24)
Exchange differences	(6)	(5)	(14)	(10)	(35)
At 30 June 2021	131	189	197	30	547
<b>Net book value:</b>					
At 30 June 2021	54	27	67	68	216
At 31 December 2020	69	31	64	77	241

# Notes to the financial statements for the period ended 30 June 2021

## 8. Investments

	2021 £'000	2020 £'000
Investment in subsidiaries	91	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

The book cost of investments at 30 June 2021 was £91,000 (2020: £91,000) and accumulated investment impairments was £nil (2020: £nil).

## 9. Debtors

	2021 £'000	2020 £'000
Trade debtors	1,669	1,599
Amounts due from Group undertakings	9,551	8,860
Other debtors	142	206
Prepayments and accrued income	1,363	1,432
Deferred tax asset (note 6)	353	342
Tax recoverable	600	607
	<b>13,678</b>	<b>13,046</b>

# Notes to the financial statements for the period ended 30 June 2021

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

	2021 £'000	2020 £'000
Trade creditors	536	14
Amounts owed to Group undertakings	13,601	12,562
Other taxation and social security	71	60
Other creditors	79	81
Corporation tax	104	107
Accruals and deferred income	2,235	2,391
	<b>16,626</b>	<b>15,215</b>

## 11. Provisions for liabilities

	Dilapidations £'000	Restructuring £'000	Legal Claims £'000	Total £'000
At 1 January 2021	16	—	—	16
Exchange revaluation	(2)	2	2	2
Provided in the period	16	163	56	235
Utilised	(8)	—	—	(8)
At 30 June 2021	<b>22</b>	<b>165</b>	<b>58</b>	<b>245</b>

**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.

## 12. Share capital

	2021 £'000	2020 £'000
Issued, called up and fully paid		
1,500,002 ordinary shares of £1 each	<b>1,500</b>	<b>1,500</b>

# Notes to the financial statements for the period ended 30 June 2021

## 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

	2021 £'000	2020 £'000
Contingent liabilities:		
In respect of bank guarantees	219	—

It is not anticipated that claims will arise in respect of bank guarantees given. There are no capital commitments as at 30 June 2021 (2020: 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	103	135	34	—
Within two to five years	20	243	2	—
Thereafter	—	21	—	—
	<u>123</u>	<u>399</u>	<u>36</u>	<u>—</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 £67,000 (31 December 2020: £119,000) 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 period ended 30 June 2021

## 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 £69m 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 £144,000 (2020: £595,000) 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 £103,000 (2020: £220,000). There are no unpaid contributions outstanding at the period-end (2020: £nil).

# 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 2021 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 15.

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](http://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 OHSAS 181001.

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 (Mar 30, 2022 13:10 GMT+1)

Jeremy Black (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 March 2022