

Company Registration No 0238721 (England and Wales)

FURMANITE INTERNATIONAL LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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FURMANITE INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	J E Milliron R Muff
Secretary	E S Blackwell
Company number	0238721
Registered office	Furman House Shap Road Kendal LA9 6RU
Auditors	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Business address	Furman House Shap Road Kendal LA9 6RU
Bankers	National Westminster Bank Plc 10 Elephant Yard Kendal LA9 4LZ
Solicitors	SHK Solicitors Wood Lea Westoby Lane Barrow upon Humber North Lincolnshire DN19 7DJ

FURMANITE INTERNATIONAL LIMITED

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FURMANITE INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Principal activities and review of the business

The company's principal activity continued to be the provision of specialist online engineering services on continuous process plant

Revenue relating to the UK & International regions grew by 3.5% versus prior year, reflecting stable market conditions. The contribution to margin on this revenue reduced although this was delivered on a lower distribution and administration cost basis following a restructuring in mid 2012. Service line focus through 2013 will be concentrated on growing existing services within the existing customer base. Growth opportunities continue to be offered by the international market.

Management monitor other risks and uncertainties within the business, these include competition and product obsolescence.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2012:

P Brown

(Resigned 2 July 2012)

J E Milliron

R Muff

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

FURMANITE INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Financial instruments

Interest rate risk

Bank borrowings are negotiated by the ultimate parent company on a group basis and provide for long term interest rate stability

Foreign currency risk

The company, on occasion, has revenue receipts in foreign currencies. Risk to exchange fluctuations is minimised by utilising these funds in payment of outstanding liabilities in the same currency.

Credit risk

To manage credit risk, management set credit limits based on a combination of payment history and third party credit references. Debt ageing is reviewed on a regular basis by management. The customer base is comprised primarily of large national and international organisations.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



E S Blackwell
Secretary

16/09/2013

FURMANITE INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FURMANITE INTERNATIONAL LIMITED

We have audited the financial statements of Furmanite International Limited for the year ended 31 December 2012 set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FURMANITE INTERNATIONAL LIMITED

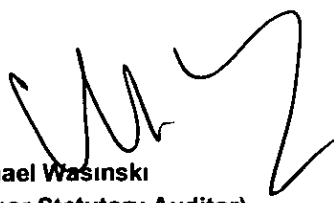
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FURMANITE INTERNATIONAL LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Michael Wasinski
(Senior Statutory Auditor)
for and on behalf of

26/9/13

UHY Hacker Young Manchester LLP
Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

FURMANITE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£000	as restated £000
Turnover	2	40,265	38,886
Cost of sales		(28,593)	(25,845)
Gross profit		11,672	13,041
Administrative expenses		(6,120)	(6,318)
Operating profit	3	5,552	6,723
Other interest receivable and similar income	4	2	3
Interest payable and similar charges	5	(1,958)	(2,224)
Profit on ordinary activities before taxation		3,596	4,502
Tax on profit on ordinary activities	6	(994)	(955)
Profit for the year	17	2,602	3,547

The profit and loss account has been prepared on the basis that all operations are continuing operations

FURMANITE INTERNATIONAL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Profit for the financial year		2,602	3,547
Actuanal loss in respect of defined benefit pension scheme		(4,045)	(2,409)
Movement on deferred tax relating to pension and other post retirement benefits		781	432
Total recognised gains and losses relating to the year		(662)	1,570
Prior year adjustment	17	(788)	(447)
Total gains and losses recognised since last financial statements		<u>(1,450)</u>	<u>1,123</u>

Note of historical cost profits and losses

	2012 £000	2011 as restated £000
Reported profit on ordinary activities before taxation	3,596	4,502
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	14	14
Historical cost profit on ordinary activities before taxation	<u>3,610</u>	<u>4,516</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>2,616</u>	<u>861</u>

FURMANITE INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

		2012		2011	
	Notes	£000	£000	as restated £000	£000
Fixed assets					
Intangible assets	8		(134)		(144)
Tangible assets	9		3,253		2,954
Investments	10		235		235
			<u>3,354</u>		<u>3,045</u>
Current assets					
Stocks	11	3,630		3,449	
Debtors	12	29,887		30,237	
Cash at bank and in hand		1,985		498	
		<u>35,502</u>		<u>34,184</u>	
Creditors: amounts falling due within one year	13	<u>(9,803)</u>		<u>(10,754)</u>	
Net current assets			<u>25,699</u>		<u>23,430</u>
Total assets less current liabilities			<u>29,053</u>		<u>26,475</u>
Pension scheme liability	15		(8,642)		(5,402)
			<u>20,411</u>		<u>21,073</u>
Capital and reserves					
Called up share capital	16		733		733
Share premium account	17		619		619
Revaluation reserve	17		408		422
Other reserves	17		6,012		6,012
Profit and loss account	17		12,639		13,287
Shareholders' funds	18		<u>20,411</u>		<u>21,073</u>

Approved by the Board and authorised for issue on 16 September 2013



R Muff
Director

Company Registration No 0238721

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standard (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention except that they have been modified to include the revaluation of certain fixed assets

The company is exempt from preparing consolidated financial statements on the grounds that it qualifies under the Companies Act 2006 as a wholly owned subsidiary of a company registered in England and Wales for which consolidated financial statements are prepared. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below. The directors have reviewed the accounting policies in accordance with FRS 18, and consider them to be the most appropriate to the company's circumstances.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The Report of the directors also includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to risks.

The company has considerable financial resources together with long standing relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

1.3 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised by the company when goods are delivered except where goods are supplied on an "ex works" basis when revenue is recognised in line with the terms and conditions specified in the contract.

1.4 Goodwill

Negative goodwill is written back to the profit and loss account to match the recovery of the identifiable non-monetary assets acquired.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	20 to 50 years
Land and buildings Leasehold	15 to 50 years
Plant and machinery	3 to 10 years

On adoption of FRS 15, the company followed the transitional provisions to retain the book value of freehold land and buildings which were revalued in 1994, but not to adopt a policy of revaluation in the future.

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.8 Contributions to pension schemes

Defined contribution scheme

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Defined benefit scheme

The company operates a defined benefit scheme for certain employees. The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

1.9 Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

1.10 Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

1.11 Development costs

Development costs on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised over the estimated period that the benefits will accrue. All other development costs are written off in the year of expenditure.

1.12 Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with FRS 1 (Revised) on the basis that its parent undertaking has prepared a consolidated cash flow statement.

2 Turnover

Geographical market

	Turnover 2012 £000	2011 £000
United Kingdom	26,787	26,584
Europe	5,504	7,465
Rest of world	7,974	4,837
	<u>40,265</u>	<u>38,886</u>

3 Operating profit

	2012 £000	2011 £000
Operating profit is stated after charging		
Amortisation of negative goodwill	(10)	(10)
Depreciation of tangible assets	527	546
Loss on foreign exchange transactions	49	37
Operating lease rentals		
- Plant and machinery	306	561
- Other operating lease rentals	957	1,062
Fees payable to the company's auditor for the audit of the company's annual accounts	43	-
Fees payable to the previous company's auditor for the audit of the company's previous annual accounts	23	36
	<u></u>	<u></u>

4 Investment income

	2012 £000	2011 as restated £000
Other interest	<u>2</u>	<u>3</u>

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5	Interest payable	2012	2011
			as restated
		£000	£000
	Royalty and management fee payable	1,709	2,151
	Other interest	8	10
	Net finance cost in respect of defined benefit pension scheme (see note 15)	241	63
		1,958	2,224

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £000	2011 £000
	Domestic current year tax		
	UK corporation tax	715	1,169
	Adjustment for prior years	76	(264)
	Payment in respect of group relief	5	6
	Double taxation relief	-	(139)
		<u>796</u>	<u>772</u>
	Foreign corporation tax		
	Foreign corporation tax	<u>223</u>	<u>187</u>
	Total current tax	1,019	959
	Deferred tax		
	Deferred tax charge/credit current year	<u>(25)</u>	<u>(4)</u>
		<u>994</u>	<u>955</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>3,596</u>	<u>4,502</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	<u>881</u>	<u>1,193</u>
	Effects of		
	Non deductible expenses	29	28
	Depreciation add back	129	131
	Capital allowances	(102)	(121)
	Adjustments to previous periods	76	(264)
	Pension provision	(6)	(56)
	Other tax adjustments	12	48
		<u>138</u>	<u>(234)</u>
	Current tax charge for the year	1,019	959
7	Dividends	2012 £000	2011 £000
	Paid during the year		
	Dividends on ordinary shares at £nil per share (2011 £3.68)	<u>-</u>	<u>2,700</u>

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8	Intangible fixed assets	Negative Goodwill £000
	Cost	
	At 1 January 2012 & at 31 December 2012	(498)
	Amortisation	
	At 1 January 2012	(354)
	Credit for the year	(10)
	At 31 December 2012	(364)
	Net book value	
	At 31 December 2012	(134)
	At 31 December 2011	(144)

Negative goodwill is being amortised to match the recovery of the identifiable non-monetary assets acquired

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Tangible fixed assets

	Land and buildings Freehold £000	Land and buildings Leasehold £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 January 2012	2,334	362	6,427	9,123
Additions	-	-	826	826
Disposals	-	-	(315)	(315)
At 31 December 2012	2,334	362	6,938	9,634
Depreciation				
At 1 January 2012	913	158	5,098	6,169
On disposals	-	-	(315)	(315)
Charge for the year	56	7	464	527
At 31 December 2012	969	165	5,247	6,381
Net book value				
At 31 December 2012	1,365	197	1,691	3,253
At 31 December 2011	1,421	204	1,329	2,954

Comparable historical cost for the land and buildings included at valuation:

	£000
Cost	
At 1 January 2012 & at 31 December 2012	1,795
Depreciation based on cost	
At 1 January 2012	595
Charge for the year	35
At 31 December 2012	630
Net book value	
At 31 December 2012	1,165
At 31 December 2011	1,200

The company's freehold property as valued on 30 September 1990 by the directors, based on an independent valuation carried out at that date on an open market basis

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

10 Fixed asset investments

	Trade investments £000	Shares in group undertakings £000	Total £000
Cost or valuation			
At 1 January 2012 & at 31 December 2012	115	120	235
Net book value			
At 31 December 2012	115	120	235
At 31 December 2011	115	120	235

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Furmanite Middle East SPC	Bahrain	Equity	100 00
Furmanite West Africa Limited	Nigeria	Equity	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2012 £000	Profit/(loss) for the year 2012 £000
	Principal activity		
Furmanite Middle East SPC	Specialist engineering services	179	680
Furmanite West Africa Limited	Specialist engineering services	612	(141)

The trade investment relates to a 10% holding in Fuji Furmanite Company Limited, a company registered in Japan

11 Stocks and work in progress	2012 £000	2011 £000
Raw materials and consumables	2,227	1,991
Work in progress	1,338	1,397
Finished goods and goods for resale	65	61
	3,630	3,449

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Debtors	2012 £000	2011 as restated £000
Trade debtors	6,720	7,438
Amounts owed by subsidiary undertakings	22,165	21,973
Prepayments and accrued income	967	816
Deferred tax asset (see note 14)	35	10
	<u>29,887</u>	<u>30,237</u>
13 Creditors amounts falling due within one year	2012 £000	2011 £000
Trade creditors	2,715	2,527
Amounts owed to parent and fellow subsidiary undertakings	4,930	6,021
Corporation tax	249	426
Other taxes and social security costs	629	633
Accruals and deferred income	1,280	1,147
	<u>9,803</u>	<u>10,754</u>

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Provisions for liabilities

The deferred tax asset (included in debtors, note 12) is made up as follows

	2012 £000	
Balance at 1 January 2012 excluding that related to pension liability	(10)	
Profit and loss account	(25)	
	<u>(35)</u>	
Balance at 31 December 2012 excluding that related to pension liability	<u>(35)</u>	
	2012 £000	2011 £000
Decelerated capital allowances	(35)	(10)
	<u>(35)</u>	<u>(10)</u>
Deferred tax asset excluding that related to pension liability (note 12)	(35)	(10)
Deferred tax asset related to pension liability (note 15)	(2,581)	(1,800)
	<u>(2,616)</u>	<u>(1,810)</u>
Deferred tax asset	<u>(2,616)</u>	<u>(1,810)</u>
Total asset beginning of the period	(1,810)	(1,408)
Deferred tax credit in profit and loss account	(25)	(4)
Deferred tax credited to the statement of total recognised gains and losses	(781)	(398)
	<u>(2,616)</u>	<u>(1,810)</u>
Total asset at end of the period	<u>(2,616)</u>	<u>(1,810)</u>

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

15 Pension and other post-retirement benefit commitments

The company is party to Furmanite International Limited Pension and Life Assurance Plan which provides benefits to its UK employees based on final pensionable salary. The plan is a combination of the new defined benefit type for members in the Plan as at 30 June 1994 and defined contribution type for new members joining after 1 July 1994 and those existing members who wished to change to the defined contribution part of the plan. The assets of the scheme are held separately from those of the pension in a separate trustee administered fund.

Defined contribution scheme

The assets of such schemes are administered by trustees in funds independent from the company's assets. The pension cost charged to the profit and loss account was £336,000 (2011 £300,000).

FRS 17 Retirement benefits - defined benefit scheme

The present value of the scheme liabilities has been determined using the projected unit method as required by FRS 17. A full actuarial valuation was carried out at 1 November 2008 and updated to 31 December 2011 by a qualified independent actuary. Employer contributions paid during the year were £666,000 (2011 £647,000). The scheme is closed to new entrants and so, under the projected unit method the current service cost will increase as the active members of the scheme approach retirement. As this rate is applied to a salary roll which will decline as members leave or retire, the service cost amount will decline in the long term. The major assumptions used by the actuary were:

	2012 £000	2011 £000	2010 £000
Rate of increase in salaries	2.65%	3.35%	4.00%
Rate of increase in pensions payment	2.50%	2.70%	3.20%
Discount rate	4.30%	5.00%	5.70%
Inflation assumption	2.65%	2.85%	3.50%
Revaluation of deferred pensions	1.65%	1.85%	2.75%

The post-retirement mortality assumptions used to value the benefit obligation as at 31 December 2012 and 31 December 2011 are based on the PCA00 and 92 tables respectively. The mortality assumptions adopted as 31 December imply the following life expectancies at age 65:

	2012	2011
Male currently aged 45	21 years	21 years
Female currently aged 45	23 years	23 years
Male currently aged 65	20 years	20 years
Female currently aged 65	22 years	22 years

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

15 Pension and other post-retirement benefit commitments

(continued)

The amounts recognised in the balance sheet are as follows

	2012 £000	2011 £000
Fair value of scheme assets	39,848	37,754
Present value of scheme liabilities	(51,071)	(44,956)
	(11,223)	(7,202)
Related deferred taxation	2,581	1,800
Net pension deficit	(8,642)	(5,402)
	2012 £000	2011 £000
Assets at start of period	37,754	36,891
Expected return on assets	1,976	2,290
Actuarial gain/(loss)	971	(484)
Employer contributions	666	647
Employee contributions	141	150
Benefits paid	(1,660)	(1,740)
Assets at end of period	39,848	37,754
	2012 £000	2011 £000
Liabilities at start of period	44,956	41,896
Service cost	401	372
Interest cost	2,217	2,353
Employee contributions	141	150
Actuarial gain	5,016	1,925
Benefits paid	(1,660)	(1,740)
Liabilities at end of period	51,071	44,956

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

15 Pension and other post-retirement benefit commitments

(continued)

The amounts recognised in the profit and loss accounts are as follows

	2012 £000	2011 £000
Current service cost	401	372
Interest cost	2,217	2,353
Expected return on scheme assets	(1,976)	(2,290)
Total P&L charge	642	435

The company expects to contribute £666,000 to the scheme during the year ended 31 December 2013

Statement of total recognised gains and losses

The actuarial losses recognised in the statement of total recognised gains and losses at 31 December 2012 was £4,045,000 (2011 £2,409,000)

Changes in fair value of the plan assets are as follows	2012 £000	2011 Rate	2011 £000
Equities (Rate 7.0%)	23,740	6.5%	21,982
Bonds (Rate 3.7%)	16,099	3.7%	15,686
Cash (Rate 3.0%)	9	2.5%	86
	39,848		37,754

Amounts for the current and previous two periods are as follows

	2012 £000	2011 £000	2010 £000
Fair value of plan assets at 31 December	39,848	37,754	36,891
Present value of defined benefit obligation at 31 December	(51,071)	(44,956)	(41,896)
Deficit in the plan	(11,223)	(7,202)	(5,005)
Experience adjustments arising on plan assets	971	(484)	1,758
Experience adjustments arising on plan liabilities	(5,016)	(1,925)	432

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

16 Share capital	2012	2011
	£000	£000
Allotted, called up and fully paid		
732,670 Ordinary shares of £1 each	733	733

17 Statement of movements on reserves

	Share premium account £000	Revaluation reserve £000	Other reserves (see below) £000	Profit and loss account £000
Balance at 1 January 2012 as previously reported	619	422	6,012	14,075
Prior year adjustment	-	-	-	(788)
Balance at 1 January 2012 as restated	619	422	6,012	13,287
Profit for the year	-	-	-	2,602
Transfer from revaluation reserve to profit and loss account	-	(14)	-	14
Actuarial gains or losses on pension scheme assets	-	-	-	(3,264)
Balance at 31 December 2012	619	408	6,012	12,639

Other reserves

Reserves provided for by the Articles of Association

Balance at 1 January 2012 & at 31 December 2012	6,012
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Prior year adjustment

A prior period adjustment has been made to the accounts of Furmanite International Limited, to correct a historical fundamental error of £788,000 in respect of intercompany balances. This has resulted in a reduction in the intercompany debtors of £788,000 and a reduction in the profit and loss account reserves of £788,000.

In 2009 Furmanite International Limited received a capital contribution from the parent undertaking Furmanite Limited of £6,012,000.

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

18 Reconciliation of movements in shareholders' funds	2012 £000	2011 as restated £000
Profit for the financial year	2,602	3,547
Dividends	-	(2,700)
	<u>2,602</u>	<u>847</u>
Actuarial loss on defined benefit pension scheme	(3,264)	(1,977)
	<u>(662)</u>	<u>(1,130)</u>
Net depletion in shareholders' funds	(662)	(1,130)
Opening shareholders' funds	21,073	22,203
	<u>20,411</u>	<u>21,073</u>
Closing shareholders' funds	20,411	21,073

Opening shareholders funds were originally £21,861,000 before deducting a prior year adjustment of £788,000

19 Financial commitments

At the year end the company had annual commitments relating to land and buildings amounting to £8,275, £9,300, £50,000, £31,000, £11,000 and £42,000. The earliest point of cancellation of each lease is 10 April 2013, 1 April 2076, 11 September 2015, 31 August 2021 and 1 July 2070 respectively.

	Land and buildings		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Operating leases which expire				
Within one year	8	-	128	181
Between two and five years	123	75	604	265
In over five years	11	106	-	-
	<u>142</u>	<u>181</u>	<u>732</u>	<u>446</u>

20 Capital commitments

The company had capital commitments at 31 December 2012 of £nil (2011 £nil)

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

21 Directors' remuneration	2012 £000	2011 £000
Remuneration for qualifying services	224	207
Company pension contributions to defined contribution schemes	4	14
	<u>228</u>	<u>221</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2011 - 1)

Only one director was employed by the company during the years presented hence the table above also represents amounts payable in respect of the highest paid director

22 Employees

Number of employees

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

	2012 Number	2011 Number
Sales	45	31
Administration	67	59
Operatives	303	267
	<u>415</u>	<u>357</u>

Employment costs

	2012 £000	2011 £000
Wages and salaries	15,195	14,613
Social security costs	1,302	1,445
Other pension costs	710	1,093
	<u>17,207</u>	<u>17,151</u>

FURMANITE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

23 Control

The immediate parent company is Furmanite 1986 Limited, a company registered in the UK

The directors consider that the ultimate parent undertaking of this company is Furmanite Corporation, a company incorporated in the United States of America. Furmanite Corporation is the company's ultimate controlling party by virtue of its shareholding.

The largest group of undertakings for which group accounts have been drawn up is that headed by Furmanite Corporation. Copies of the group accounts may be obtained from Furmanite Corporation, 10370 Richmond Avenue, Suite 600, Houston, Texas 77042. The smallest such group of undertakings, including the company, is that headed by Furmanite Limited. Copies of the consolidated financial statements of that company are available from Companies House.

24 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.