

Company Registration No. 00373440 (England and Wales)

**INTERTEK UK HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# INTERTEK UK HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	F M Evans R McCluskey N A Hare	(Appointed 4 June 2018)
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<b>Company number</b>	00373440
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<b>Registered office</b>	Academy Place 1-9 Brook Street Brentwood Essex CM14 5NQ
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<b>Independent Auditor</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
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# INTERTEK UK HOLDINGS LIMITED

## CONTENTS

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	Page(s)
Strategic Report	1
Directors' Report	2 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 24

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# INTERTEK UK HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The Directors of Intertek UK Holdings Limited (the "Company") present the Strategic Report and audited financial statements for the year ended 31 December 2018.

#### **Review of the business**

The results for the year and the state of affairs of the Company at 31 December 2018 are shown in the financial statements on pages 8 to 24.

#### **Principal risks and uncertainties**

The principal risks and uncertainties affecting the Company are closely aligned with those discussed in the Group's annual report, which is publicly available from the Group Company Secretary, Intertek Group plc, 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com). Risks relating specifically to the Company are as follows:

#### **Financial risk management**

##### *Market risk*

At 31 December 2018, the Company had investments in Group companies of £55,972,000 (2017: £52,532,000) and amounts due from Group companies of £18,989,000 (2017: £23,600,000). A sustained period of economic recession could impact the operating results and financial position of these Group companies and impact their carrying value and ability to repay the amounts due to the Company.

##### *Foreign exchange risk*

The amounts payable to and receivable from Group undertakings include amounts denominated in currencies other than sterling; therefore, fluctuations in currency exchange rates will impact the results and financial position of the Company.

#### **Key performance indicators**

As a holding company which also provides funding to other Group companies, performance is monitored by a review of the investments and underlying intercompany balances for their susceptibility to impairment.

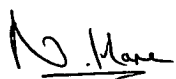
#### **Environment**

The Company is committed to complying with relevant environmental legislation and preventing any adverse impact on the environment as a result of its operations. Where an adverse environmental impact is identified, a practicable, timely and environmentally sympathetic solution will be implemented. If a serious risk to the environment is identified, that activity will be halted and appropriate remedial action taken to eliminate the risk.

#### **Employees**

The Company employed no people on average in 2018 (2017: none).

On behalf of the board



N A Hare

**Director**

20 September 2019

# **INTERTEK UK HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the Company is, and will continue to be, that of a parent undertaking with interests in subsidiary undertakings which provide testing, inspection and certification services.

#### **Results and dividends**

The results for the year are set out on page 8.

Income from shares in group undertakings of £2,585,000 (2017: £232,000) was received in the year.

Dividends of £Nil (2017: £Nil) were paid in the year. The directors do not propose the payment of any further dividends in respect of the year.

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements are as follows:

F M Evans

J C Burge

R McCluskey

N A Hare

(Resigned 4 June 2018)

(Appointed 4 June 2018)

#### **Future developments**

The Company will continue to be a holding company for its subsidiary companies for the foreseeable future. The entity continues to operate as a going concern as discussed within note 1 on pages 11 to 15.

#### **Independent Auditor**

The independent auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **INTERTEK UK HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### **Strategic Report**

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- principal risks and uncertainties; and
- financial key performance indicators.

#### **Statement of disclosure to independent auditor**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's independent auditor is unaware. Additionally, the Directors individually 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 independent auditor is aware of that information.

#### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company Intertek Holdings Limited. The directors have received confirmation that Intertek Holdings Limited intend to support the Company for at least one year after these financial statements are signed.

#### **Directors' indemnities**

As permitted by the Articles of Association, the company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors. No qualifying third party indemnity provisions for the benefit of its Directors were made during the year.

# **INTERTEK UK HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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On behalf of the Board

A handwritten signature in black ink, appearing to read 'N A Hare', with a horizontal line drawn underneath the name.

N A Hare

**Director**

20 September 2019

# **INTERTEK UK HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF INTERTEK UK HOLDINGS LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Intertek UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

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

##### **Independence**

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

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

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.



# **INTERTEK UK HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF INTERTEK UK HOLDINGS LIMITED**

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements; and has been prepared in accordance with applicable legal requirements.

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

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **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.

# INTERTEK UK HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK UK HOLDINGS LIMITED

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#### Use of this report

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

#### Other required reporting

##### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Christopher Solomides (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20 September 2019

# INTERTEK UK HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £'000	2017 £'000
Administrative expenses		(6,120)	(1,618)
Income from shares in Group undertakings		2,585	232
Interest receivable from Group undertakings		873	812
Interest payable to Group undertakings		(4,691)	(4,362)
Other gains and losses	5	-	623
<b>Loss before taxation</b>		<b>(7,353)</b>	<b>(4,313)</b>
Tax on loss	7	715	666
<b>Loss and total comprehensive expense for the financial year</b>		<b>(6,638)</b>	<b>(3,647)</b>

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

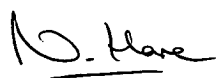
# INTERTEK UK HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,474	1,508
Investments	9	55,972	52,532
		<u>57,446</u>	<u>54,040</u>
<b>Current assets</b>			
Trade and other receivables	10	19,935	25,179
Cash and cash equivalents		45	229
		<u>19,980</u>	<u>25,408</u>
<b>Creditors due within one year</b>			
Trade and other payables	15	(106,580)	(101,964)
		<u>(86,600)</u>	<u>(76,556)</u>
<b>Net current liabilities</b>			
		(86,600)	(76,556)
<b>Total assets less current liabilities</b>		<u>(29,154)</u>	<u>(22,516)</u>
<b>Net liabilities</b>		<u>(29,154)</u>	<u>(22,516)</u>
<b>Equity</b>			
Called up share capital	16	8,918	8,918
Share premium account		641	641
Accumulated losses		(38,713)	(32,075)
<b>Total equity</b>		<u>(29,154)</u>	<u>(22,516)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2019 and are signed on its behalf by:



N A Hare  
Director

Company Registration No. 00373440

# INTERTEK UK HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Accumulated losses	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2017</b>	8,918	641	(28,428)	(18,869)
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive expense for the financial year	-	-	(3,647)	(3,647)
<b>Balance at 31 December 2017</b>	8,918	641	(32,075)	(22,516)
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive expense for the financial year	-	-	(6,638)	(6,638)
<b>Balance at 31 December 2018</b>	8,918	641	(38,713)	(29,154)

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### Company information

Intertek UK Holdings Limited (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office address is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of the International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

These accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64 (p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Intertek Group plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17, 18(a) of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of Intertek Group plc. The group financial statements of Intertek Group plc are available to the public and can be obtained as set out in note 19.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1 Accounting policies

(Continued)

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the Company as an individual entity and not about its group.

Intertek UK Holdings Limited is a wholly owned subsidiary of Intertek Group plc, the ultimate parent undertaking, and the results of Intertek UK Holdings Limited are included in the consolidated financial statements of Intertek Group plc which are available from 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com).

#### 1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Director's Report on pages 2 to 4. The company generated a loss of £6,638,000 (2017: loss £3,647,000) in the year and has net current liabilities of £86,600,000 (2017: £76,556,000) as at 31 December 2018. The Company participates in the Intertek Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue as part of Intertek Group plc's current banking arrangements.

In connection with the preparation of the financial statements of Intertek UK Holdings Limited for the year ended 31 December 2018, a letter of support was provided to confirm that Intertek Holdings Limited will continue to support Intertek UK Holdings Limited for the foreseeable future allowing it to continue on a going concern basis.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of the company's immediate parent, Intertek Holdings Limited, the Company's Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight-line basis
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#### 1.4 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### 1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

#### 1.7 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), which are measured at fair value.

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets are impaired in line with IFRS 9, as disclosed in note 2.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.



# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

#### 1.9 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **1 Accounting policies**

**(Continued)**

##### **1.11 Dividends on shares presented within shareholders' funds**

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **2 Adoption of new and revised standards and changes in accounting policies**

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 9 Financial Instruments came into effect on 1 January 2018.

Management has performed its reviews of the standard, and identified the following areas of note. The Company has applied the limited exemption in IFRS 9 and has elected not to restate comparative information in the year of adoption. As a result, the comparative information provided has been accounted for in accordance with the Company's previous accounting policy.

Classification and measurement of financial assets – the Company's financial assets comprise receivables from Group undertakings and cash and cash equivalents. The disclosures relating to Group receivables and cash and cash equivalents continue to be applicable and have not been affected by the adoption of IFRS 9. There are no changes to the measurement of financial assets.

Impairment of financial assets, by introducing a forward-looking expected loss impairment model – the Company's primary types of financial assets subject to IFRS 9's new expected credit loss model are amounts due from fellow group undertakings. The Company has applied the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables, whereas IAS 39 operated under an incurred loss model and would only recognise impairments when there was objective evidence. An additional impairment provision of Group receivables of £Nil has been recognised as a result of this assessment.

IFRS 15 Revenue from contracts with customers came into effect on 1 January 2018. IFRS 15 is not relevant to the Company as there is no revenue from contracts with customers.

#### **3 Employees**

The Company employed no persons in the year (2017: nil).

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Operating loss

	2018 £'000	2017 £'000
Operating loss for the year is stated after charging:		
Fees payable to the Company's independent auditor for the audit of the Company's financial statements	1	1
Depreciation of property, plant and equipment	34	33
Impairment loss recognised on investments and other receivables	5,861	1,612
	<u>          </u>	<u>          </u>

Amounts disclosed above reflect services provided by the Company's auditor in respect of auditing these financial statements. These amounts, however, have been paid by the ultimate parent company, Intertek Group plc.

### 5 Other gains and losses

	2018 £'000	2017 £'000
Loans due to fellow group undertakings written off	-	623
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

None of the directors were remunerated directly by the Company or any of its subsidiaries (2017: none). The directors of the Company are remunerated by Group companies, due to no qualifying services being provided in relation to Intertek UK Holdings Limited during the year.

### 7 Tax on loss

	2018 £'000	2017 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current year	(719)	(678)
Foreign taxes and reliefs	4	12
	<u>          </u>	<u>          </u>
<b>Taxation (credit)</b>	<u>(715)</u>	<u>(666)</u>

During 2015, the UK government announced a phased reduction in the main UK corporation tax rate from 20% to 18% over a period of three years from 1 April 2017. The reduction in the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 was substantively enacted in October 2015. In 2016, a further reduction in the UK corporation tax rate to 17% by 1 April 2020 was announced.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 7 Tax on loss

(Continued)

The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	2018 £'000	2017 £'000
Loss before taxation	(7,353)	(4,313)
	<u>          </u>	<u>          </u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2017: 19.25%)	(1,397)	(830)
Effect of expenses not deductible in determining taxable profit	1,169	197
Income not taxable	(491)	(45)
Effect of overseas tax rates	4	12
	<u>          </u>	<u>          </u>
Taxation credit for the year	(715)	(666)
	<u>          </u>	<u>          </u>

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 8 Property, plant and equipment

	Freehold property £'000
<b>Cost</b>	
At 1 January 2018	1,675
	<hr/>
At 31 December 2018	1,675
	<hr/>
<b>Accumulated depreciation and impairment</b>	
At 1 January 2018	167
Charge for the year	34
	<hr/>
At 31 December 2018	201
	<hr/>
<b>Carrying amount</b>	
At 31 December 2018	1,474
	<hr/>
At 31 December 2017	1,508
	<hr/>

There are no outstanding contractual commitments relating to the acquisition of property, plant and equipment. No assets were fully depreciated and not yet retired at 31 December 2018.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### 9 Investments

	2018 £'000	2017 £'000
Investments in subsidiaries	55,972	52,532
	<u>55,972</u>	<u>52,532</u>

#### **Fair value of financial assets carried at amortised cost**

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 9 Investments (Continued)

#### Movements in non-current investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2018	59,335
Additions	9,301
	<hr/>
At 31 December 2018	68,636
	<hr/>
<b>Impairment</b>	
At 1 January 2018	(6,803)
Impairment losses	(5,861)
	<hr/>
At 31 December 2018	(12,664)
	<hr/>
<b>Carrying amount</b>	
At 31 December 2018	55,972
	<hr/>
At 31 December 2017	52,532
	<hr/>

#### Additions to investments

During the year the Company purchased 3,360 shares in N T A Monitor Limited for a consideration of £9,301,000.

#### Impairment

During the year, the Company carried out a review to determine whether there had been a impairment of carrying values of its fixed asset investments in line with "IAS 36: Impairment of Assets". It was deemed necessary to impair investments held as follows:

- Esperanza Guernsey Holdings Limited (£3,622,000)
- Materials Testing & Inspection Services Limited (£2,239,000)

Impairments have been processed following a review of the value in use of each entity. Where the recoverable amount based on these future cash flows and available net assets is lower than the carrying value, the carrying value has been reduced to the recoverable amount.

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

### 10 Trade and other receivables

	2018	2017
	£'000	£'000
Other receivables	-	104
VAT recoverable	40	-
Amounts owed by fellow Group undertakings	18,989	23,600
Current tax recoverable	906	1,475
	<u>19,935</u>	<u>25,179</u>

Amounts due from group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due is interest bearing and interest free.

### 11 Credit risk

Credit risk arises in relation to loans receivable from other Group entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

The Company does not hold any collateral or other credit enhancements to cover this credit risk.

#### Past due and impaired financial asset investments

A credit loss assessment was made under IFRS 9 for all current receivables. It was determined, based on an assessment of current liquidity and the availability of future operating cash flows, that amounts due from Group undertakings should be impaired by £Nil (2017: £Nil). The amounts due from Group undertakings is reported net of this provision.



# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12 Subsidiaries

Details of the Company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Class of shares	Address
Electrical Mechanical Instrument Services (UK) Limited	United Kingdom	100%	Ordinary	Unit 19 & 20 Wellheads Industrial Centre, Dyce, Aberdeen, AB21 7GA, Scotland
Esperanza Guernsey Holdings Limited	Guernsey	100%	Ordinary	PO Box 472, St Julian's Court, St Julian's Avenue, St Peter Port, GY1 6AX, Guernsey
Intertek Surveying Services UK Limited	United Kingdom	100%	Ordinary	Redshank House, Alness Point Business Park, Alness, Highland, IV17 0UP, Scotland
Intertek Testing & Certification Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
ITS Testing Services (UK) Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
Materials Testing & Inspection Services Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
Melbourn Scientific Limited	United Kingdom	100%	Ordinary	Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, United Kingdom, SG8 6DN, United Kingdom
N T A Monitor Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England

A full list of indirect related undertakings of Intertek UK Holdings Limited and their country of incorporation are shown below:

Intertek Commodities Mozambique Lda	Mozambique	99%	Quota capital	Rua 1233, NR 72 R/C, Distrito Urbano 1, Maputo, Mozambique
Intertek Aruba N.V.	Aruba	100%	Ordinary	Lago Heights Straat 28A, San Nicolas, Aruba
Intertek Azeri Limited	Azerbaijan	100%	Ordinary	2236 Mirza Davud Str., Xatai District, Baku, AZ 1026, Azerbaijan
Intertek Fujairah FZC	United Arab Emirates	100%	Ordinary	P.O. Box 1307, Fujairah, United Arab Emirates
Intertek Ltd	Bahamas	100%	Ordinary	Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, Bahamas
Intertek Statius N.V.	St Eustatius	100%	Ordinary	Man 'O' War #B3, Oranjestad, St. Eustatius, Netherlands Antilles

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Subsidiaries

(Continued)

Name of undertaking	Country of incorporation	Ownership interest (%)	Class of shares	Address
Intertek Surveying Services (USA), LLC	United States	100%	Membership unit	3033 Chimney Rock Road, Suite 625, Houston TX 77056, United States
Intertek Genalysis SI Limited	Solomon Islands	100%	Ordinary	c/o Baoro & Associates, Top Floor, Y. Sato Building, Point Cruz, Honiara, Solomon Islands
Metoc Limited	United Kingdom	100%	Ordinary-A	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
NDT Services Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
N T A Academy Limited	United Kingdom	100%	Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England
N T A Monitor (M) Sdn Bhd	Malaysia	100%	Ordinary	No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia

### 13 Associates

Details of the Company's indirect associates at 31 December 2018 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Class of shares	Address
Euro Mechanical Instrument Services LLC	United Arab Emirates	49%	Ordinary	PO Box 46153, Abu Dhabi, United Arab Emirates

### 14 Market risk

#### Market risk management

#### Interest rate risk

The carrying amounts of financial liabilities and applicable interest rates at the reporting date are as follows:

	Weighted average effective interest rate	
	2018	2017
Amounts owed to fellow group undertakings	4.68%	4.33%

# INTERTEK UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to fellow group undertakings	105,840	101,964
Deferred consideration	740	-
	<u>106,580</u>	<u>101,964</u>

Amounts due to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due is interest bearing and interest free.

At the year end, a deferred consideration of £740,000 was payable in relation to the acquisition of N T A Monitor Limited.

### 16 Called up share capital

	2018 £'000	2017 £'000
<b>Ordinary share capital</b>		
<i>Issued and fully paid</i>		
8,918,043 (2017: 8,918,043) Ordinary Shares of £1 each	<u>8,918</u>	<u>8,918</u>

### 17 Contingent liabilities

The Company is a member of a group of UK companies that are a part of a composite banking cross-guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool guaranteeing the total gross liability position of the pool which was £3,360,000 at 31 December 2018 (2017: £1,479,000). The Company has also guaranteed the lease obligations of a fellow Group company.

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of other Group undertakings. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### 18 Events after the reporting date

There are no subsequent events to note that would affect the balance sheet as at 31 December 2018.

### 19 Controlling party

The immediate parent undertaking is Intertek Holdings Limited.

The ultimate parent undertaking and controlling party is Intertek Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Intertek Group plc's consolidated financial statements can be obtained from the Group Company Secretary, 33 Cavendish Square, London, W1G 0PS, or on the website [www.intertek.com](http://www.intertek.com).