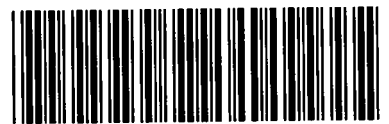


Company Registration No. 00948153 (England and Wales)

**INTERTEK TESTING MANAGEMENT LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

THURSDAY



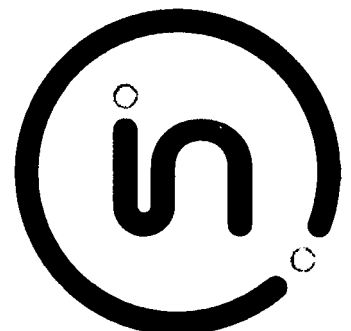
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# INTERTEK TESTING MANAGEMENT LTD

## COMPANY INFORMATION

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<b>Directors</b>	F M Evans	
	J Hedley	(Appointed 12 April 2021)
	J Timmis	(Appointed 12 April 2021)

<b>Company number</b>	00948153
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<b>Registered office</b>	Academy Place 1-9 Brook Street Brentwood Essex CM14 5NQ
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<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
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# INTERTEK TESTING MANAGEMENT LTD

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# INTERTEK TESTING MANAGEMENT LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors of Intertek Testing Management Ltd (the "Company") present the Strategic Report and audited financial statements for the year ended 31 December 2021.

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

The results for the year and the state of affairs of the Company at 31 December 2021 are shown in the financial statements on pages 10 to 43.

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

The principal risks and uncertainties affecting the Company are closely aligned with those discussed in the Intertek Group plc's (the "Group") 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 2021, the Company had amounts due from Group companies of £29,825,000 (2020: £19,080,000). 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.

#### **Business outlook**

The management expects that future performance will be in line with current performance.

#### **Key performance indicators**

As a management services company which also provides funding to other Group companies, performance is monitored by a review of the Company's investments by reference to 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.

#### **S172(1) statement and stakeholder engagement**

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with the Group's policies and procedures which are discussed on pages 55 to 61 of the Annual Report of Intertek Group plc, which does not form part of this report.

# INTERTEK TESTING MANAGEMENT LTD

## STRATEGIC REPORT (CONTINUED)

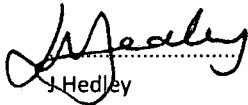
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Employees

The Company employed 64 people on average in 2021 (2020: 63).

On behalf of the Board



J Hedley

**Director**

28 June 2022 .....

# INTERTEK TESTING MANAGEMENT LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the Company continued to be that of the provision of management services to the Group. No significant changes in the Company's activities are expected.

#### Results and dividends

The results for the year are set out on page 10.

Dividends of £Nil (2020: £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	
N A Hare	(Resigned 12 April 2021)
R McCluskey	(Resigned 12 April 2021)
J Hedley	(Appointed 12 April 2021)
J Timmis	(Appointed 12 April 2021)

#### Future developments

The Company will continue to provide management services to the Group for the foreseeable future. The entity continues to operate as a going concern as discussed within the notes on page 16.

#### Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of 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 auditors

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 auditors are 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 auditors are 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 a fellow Group undertaking, Intertek Finance plc. The Directors have received confirmation that Intertek Finance plc intends to support the Company for at least one year after these financial statements are signed.

# INTERTEK TESTING MANAGEMENT LTD

## DIRECTORS' REPORT (CONTINUED)

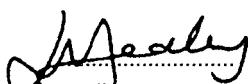
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 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.

The financial statements on pages 10 to 43 were approved by the Board of Directors on 28 June 2022 and signed on its behalf by

  
J Hedley  
Director

Date: 28 June 2022

# **INTERTEK TESTING MANAGEMENT LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

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.



# INTERTEK TESTING MANAGEMENT LTD

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF INTERTEK TESTING MANAGEMENT LTD

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

##### Opinion

In our opinion, Intertek Testing Management Ltd's financial statements:

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

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

##### Basis for opinion

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

##### Independence

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

##### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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# **INTERTEK TESTING MANAGEMENT LTD**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF INTERTEK TESTING MANAGEMENT LTD**

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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 auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

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

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

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

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

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement, 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.

# INTERTEK TESTING MANAGEMENT LTD

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK TESTING MANAGEMENT LTD

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#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

- Enquiry of management, those charged with governance and the Group's legal counsel around actual and potential fraud and non-compliance with laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Enquiry of Group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

#### *Use of this report*

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

# INTERTEK TESTING MANAGEMENT LTD

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK TESTING MANAGEMENT LTD

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#### Other required reporting

##### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Daniel Chan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 June 2022.....

# INTERTEK TESTING MANAGEMENT LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Administrative expenses		(35,028)	(26,223)
Other operating income		33,442	24,914
Net impairment losses on financial assets		-	(330)
<b>Operating loss</b>	<b>3</b>	<b>(1,586)</b>	<b>(1,639)</b>
Interest receivable and similar income		-	359
Interest payable to Group undertakings	<b>6</b>	(11)	(57)
Other interest payable and similar expenses	<b>6</b>	(1,022)	(362)
<b>Loss before taxation</b>		<b>(2,619)</b>	<b>(1,699)</b>
Tax on loss	<b>7</b>	(1,335)	(945)
<b>Loss for the financial year</b>		<b>(3,954)</b>	<b>(2,644)</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain/(loss) on defined benefit pension schemes		12,610	(1,040)
Current tax credit on defined benefit scheme		-	51
Tax relating to items not reclassified		(2,672)	268
<b>Total items that will not be reclassified to profit or loss</b>		<b>9,938</b>	<b>(721)</b>
<b>Total other comprehensive income/(expense) for the financial year</b>		<b>9,938</b>	<b>(721)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>5,984</b>	<b>(3,365)</b>

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

# INTERTEK TESTING MANAGEMENT LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	8	40	71
Tangible fixed assets	9	2,873	3,394
		<u>2,913</u>	<u>3,465</u>
<b>Current assets</b>			
Deferred tax asset	10	4,437	5,738
Debtors	11	35,246	32,008
Cash at bank and in hand		458	-
		<u>40,141</u>	<u>37,746</u>
<b>Creditors due within one year</b>			
Loans and overdrafts	13	(176)	(314)
Creditors	15	(96,777)	(90,596)
Lease liabilities	16	(730)	(29)
		<u>(97,683)</u>	<u>(90,939)</u>
<b>Net current liabilities</b>		<u>(57,542)</u>	<u>(53,193)</u>
<b>Total assets less current liabilities</b>		<u>(54,629)</u>	<u>(49,728)</u>
<b>Creditors: amounts falling due after more than one year</b>			
Lease liabilities	16	(3,361)	(4,074)
		<u>(3,361)</u>	<u>(4,074)</u>
<b>Provisions for liabilities</b>			
Retirement benefit surplus	17	5,380	-
Retirement benefit obligations	17	-	(8,780)
		<u>5,380</u>	<u>(8,780)</u>
<b>Net liabilities</b>		<u><u>(52,610)</u></u>	<u><u>(62,582)</u></u>

# INTERTEK TESTING MANAGEMENT LTD

## BALANCE SHEET (CONTINUED)

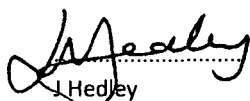
AS AT 31 DECEMBER 2021

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	Note	2021 £'000	2020 £'000
Capital and reserves			
Called up share capital	18	2,000	2,000
Profit and loss reserves		(54,610)	(64,582)
Total equity		<u>(52,610)</u>	<u>(62,582)</u>

The notes to the financial statements on pages 14 to 43 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2022 and are signed on its behalf by:



J Hedley  
Director

Company Registration No. 00948153

# INTERTEK TESTING MANAGEMENT LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Called up share capital	Profit and loss reserves	Total
	Note	£'000	£'000	£'000
<b>Balance at 1 January 2020</b>		2,000	(63,022)	(61,022)
<b>Year ended 31 December 2020:</b>				
Loss for the financial year		-	(2,644)	(2,644)
<b>Other comprehensive expense:</b>				
Actuarial loss on defined benefit pensions schemes		-	(1,040)	(1,040)
Current tax credit on share based payments		-	51	51
Deferred tax on share-based payment transactions		-	268	268
<b>Total comprehensive expense for the financial year</b>		-	(3,365)	(3,365)
Share based payment charge		-	(5,584)	(5,584)
Share based payments vested	19	-	7,041	7,041
Deferred tax on share-based payment transactions	7	-	48	48
Current tax on share-based payment transactions	7	-	300	300
<b>Balance at 31 December 2020</b>		2,000	(64,582)	(62,582)
<b>Year ended 31 December 2021:</b>				
Loss for the financial year		-	(3,954)	(3,954)
<b>Other comprehensive income:</b>				
Actuarial loss on defined benefit pensions schemes		-	12,610	12,610
Deferred tax on share-based payment transactions		-	(2,672)	(2,672)
<b>Total comprehensive income for the financial year</b>		-	5,984	5,984
Share based payment charge		-	(4,959)	(4,959)
Share based payments vested	19	-	7,994	7,994
Deferred tax on share-based payment transactions	7	-	454	454
Current tax on share-based payment transactions	7	-	499	499
<b>Balance at 31 December 2021</b>		2,000	(54,610)	(52,610)



# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Intertek Testing Management Ltd (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 United Kingdom ("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.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

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 and (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 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,
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- the requirement of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

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 21.

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 Testing Management Ltd is a wholly owned subsidiary of Intertek Group plc, the ultimate parent undertaking, and the results of Intertek Testing Management Ltd 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).

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 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 Directors' Report on page 3 to 4. The Company generated a loss of £3,954,000 (2020: £2,644,000) in the year and has net current liabilities of £57,542,000 (2020: £53,193,000) as at 31 December 2021. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of a fellow Group undertaking, Intertek Finance plc. The Directors have received confirmation that Intertek Finance plc intends to support the Company for at least one year after these financial statements are signed.

#### 1.3 Intangible assets other than goodwill

Intangible assets comprise computer software, which is defined as having a finite useful life and the costs are amortised on a straight line basis over over 3 years, except for the Treasury Management System (TMS) software, which is amortised over 7 years on a straight line basis. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

#### 1.4 Tangible fixed assets

Tangible fixed assets 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:

Leasehold land and buildings	Term of lease
Fixtures and fittings	3 to 10 years
Computer hardware	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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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.

#### **1.7 Cash at bank and in hand**

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.8 Financial assets**

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Financial assets held at amortised cost**

Trade debtors are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of debtors that will not, in the opinion of the Directors, be collected. The Company applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all debtors, including contract assets.

The provision calculations are based on historic credit losses and specific country-risk classifications with higher default rates applied to older balances. This approach is followed for all debtors unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the debtor irrecoverable and therefore require a specific provision. A provision is made against trade debtors and contract assets until such time as the Company believes the amount to be irrecoverable, after which the trade debtors or contract assets balance is written off.

Other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'other debtor'. Other debtors 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 debtors 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, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### **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.

#### 1.9 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. 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 loans and overdrafts, trade creditors and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Derecognition of financial liabilities**

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

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.10 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.

#### 1.11 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 profit and loss account 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 profit and loss account, 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.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

##### 1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Monte Carlo method. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.15 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property. Normally the lease term is the contractual start to end date, except when a break or extension option are reasonably certain to be taken, which are considered on a lease-by-lease basis.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index, discounted using the incremental borrowing rate ('IBR'). The IBR rates are updated biannually and are applied to new leases. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

In the previous year, leases were classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases were classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, were charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis was more representative of the time pattern in which economic benefits from the lease asset were consumed.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.



# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.17 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 Critical accounting estimates and judgements**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount 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 estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Critical judgements**

##### **Recoverability of debtors**

Amounts owed by Group undertakings are recognised initially at the value of the invoice or loan raised and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of debtors that will not, in the opinion of the Directors, be collected. The Company applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all debtors. The provision calculations are based on a review of all debtors to see if there are specific circumstances which would render the debtor irrecoverable and therefore require a specific provision.

##### **Defined Benefit Scheme**

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. Further details and sensitivity analysis are included in note 17.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after (crediting)/charging:		
Management charge receivable from Group companies	(33,442)	(24,914)
Fees payable to the Company's independent auditors for the audit of the Company's financial statements	6	6
Depreciation of property, plant and equipment	562	722
Amortisation of intangible assets	31	17
Impairment loss recognised on debtors	-	330
Share-based payments	7,994	7,041
	<u>7,994</u>	<u>7,041</u>

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

### 4 Employees

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2021 Number	2020 Number
Administration	64	63
	<u>64</u>	<u>63</u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	23,714	16,246
Social security costs	2,138	2,258
Other pension costs	725	677
	<u>26,577</u>	<u>19,181</u>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 5 Directors' remuneration

	2021	2020
	£'000	£'000
Remuneration for qualifying services	871	1,154
Amounts receivable under long term incentive schemes	318	326
Company pension contributions to defined contribution schemes	35	40
	<u>1,224</u>	<u>1,520</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3).

The number of Directors who vested share awards during the year was 2 (2020: 2).

The number of Directors who are entitled to receive shares under long term incentive schemes during the year was 3 (2020: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£'000	£'000
Remuneration for qualifying services	411	899
Company pension contributions to defined contribution schemes	13	24
	<u>424</u>	<u>923</u>

The highest paid Director had share awards that vested during the year.

The highest paid Director has been entitled to receive shares under a long term incentive scheme during the year.

Post-employment benefits are accruing for 1 Director (2020: 1) under a defined benefit scheme.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Interest payable and similar expenses

	2021 £'000	2020 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	3	87
IFRS 16 - lease finance charge	117	105
Interest payable to Group undertakings	11	57
	<u>131</u>	<u>249</u>
<b>Interest on other financial liabilities:</b>		
Interest on the net defined benefit liability	110	170
	<u>110</u>	<u>170</u>
Total interest expense	241	419
<b>Other finance costs:</b>		
Foreign exchange losses	792	-
	<u>792</u>	<u>-</u>
<b>Total finance costs</b>	<u>1,033</u>	<u>419</u>

### 7 Tax on loss

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on loss for the current year	(481)	(875)
Adjustments in respect of prior periods	(9)	107
	<u>(490)</u>	<u>(768)</u>
<b>Total UK current tax</b>	(490)	(768)
Foreign taxes and reliefs	2,742	1,527
	<u>2,742</u>	<u>1,527</u>
<b>Taxation charge</b>	<u>2,252</u>	<u>759</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	92	128
Changes in tax rates	(1,059)	(381)
Adjustment in respect of prior periods	50	439
	<u>(917)</u>	<u>186</u>
<b>Total tax charge</b>	<u>1,335</u>	<u>945</u>

The main rate of UK corporation tax is 19.00% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.00% from 1 April 2023. This has a consequential effect on the Company's future tax charge and net deferred tax position.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7 Tax on loss

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2021 £'000	2020 £'000
Loss before taxation	(2,619)	(1,699)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(498)	(323)
Effect of expenses not deductible in determining taxable profit	9	68
Adjustments in respect of prior periods	41	547
Effect of change in UK corporation tax rate	(1,059)	(381)
Effect of overseas tax rates	2,221	1,237
Share Options	621	(203)
<b>Taxation charge for the year</b>	<b>1,335</b>	<b>945</b>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £'000	2020 £'000
Current tax arising on:		
Actuarial differences recognised as other comprehensive income/(expense)	-	(51)
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income/(expense)	2,672	(268)
	<b>2,672</b>	<b>(319)</b>

In addition to the amount charged to the profit and loss account and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	2021 £'000	2020 £'000
Current tax:		
Excess tax deductions related to share based payments on exercised options	(499)	(300)
Deferred tax:		
Change in estimated excess tax deductions related to share based payments	(454)	(48)
<b>Total tax recognised directly in equity</b>	<b>(953)</b>	<b>(348)</b>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 8 Intangible assets

	Computer software £'000
<b>Cost</b>	
At 1 January 2021	109
	<hr/>
At 31 December 2021	109
	<hr/>
<b>Accumulated amortisation</b>	
At 1 January 2021	38
Charge for the year	31
	<hr/>
At 31 December 2021	69
	<hr/>
<b>Carrying amount</b>	
At 31 December 2021	40
	<hr/>
At 31 December 2020	71
	<hr/>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computer hardware	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31 December 2020	6,491	1,243	107	7,841
Additions	20	7	14	41
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 December 2021	6,511	1,250	121	7,882
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Accumulated depreciation</b>				
At 31 December 2020	3,214	1,172	61	4,447
Charge for the year	513	23	26	562
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 December 2021	3,727	1,195	87	5,009
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Carrying amount</b>				
At 31 December 2021	2,784	55	34	2,873
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
At 31 December 2020	3,277	71	46	3,394
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

Tangible fixed assets includes right-of-use assets, as follows.

#### Right-of-use assets

	Leasehold land & buildings
	£'000
<b>Net values</b>	
Opening right-of-use asset at 1 January 2021	3,271
Cost movement in the year	20
Depreciation movement in year	(513)
	<u>        </u>
Closing right-of-use asset at 31 December 2021	2,778
	<u>        </u>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting year.

	Short term temporary differences £'000	Fixed asset temporary differences £'000	Retirement benefit obligations £'000	Share based payments £'000	Total £'000
Deferred tax asset at 1 January 2020	187	353	1,584	3,484	5,608
<b>Deferred tax movements in prior year</b>					
Charge to profit or loss	(125)	(52)	(249)	(141)	(567)
Credit to other comprehensive income	-	-	268	-	268
Credit direct to equity	-	-	-	48	48
Effect of change in tax rate - profit or loss	9	41	64	267	381
Deferred tax asset at 31 December 2020	71	342	1,667	3,658	5,738
<b>Deferred tax movements in current year</b>					
Charge to profit or loss	(12)	46	(347)	171	(142)
Charge to other comprehensive income	-	-	(2,344)	-	(2,344)
Credit direct to equity	-	-	-	122	122
Effect of change in tax rate - profit or loss	17	120	7	915	1,059
Effect of change in tax rate - other comprehensive income	-	-	(328)	-	(328)
Effect of change in tax rate - equity	-	-	-	332	332
Deferred tax asset at 31 December 2021	76	508	(1,345)	5,198	4,437

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax assets	4,437	5,738

Deferred tax assets have been recognised on tangible fixed assets, share based payments, retirement benefit obligations and short term timing differences. These are reflected in the statement of comprehensive income and statement of changes in equity accordingly.

Deferred tax assets have been fully recognised in respect of all temporary differences. Amounts expected to be recoverable in the period after 12 months amounts to £2,398,000 (2020: £5,738,000) at 31 December 2021.



# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Debtors

	2021	2020
	£'000	£'000
Other debtors	288	143
VAT recoverable	1,342	4,663
Amounts owed by fellow Group undertakings	29,825	19,080
Prepayments	2,810	6,896
Group tax relief recoverable	981	1,226
	<u>35,246</u>	<u>32,008</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 12 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 debtors. 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 reported net of accumulated impairment provisions of £1,403,000 (2020: £1,403,000).

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Loans and overdrafts

	2021 £'000	2020 £'000
Unsecured borrowings at amortised cost		
Bank overdrafts	176	314
	<u>176</u>	<u>314</u>

#### Analysis of loans and overdrafts

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'000	2020 £'000
Due within one year liabilities	176	314
	<u>176</u>	<u>314</u>

### 14 Market risk

#### Foreign exchange risk

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
USD	18,051	10,487	23	69
EUR	33	10	10	203
Other	12,193	8,912	15	5
	<u>30,277</u>	<u>19,409</u>	<u>48</u>	<u>277</u>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Market risk

(Continued)

#### Interest rate risk

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

	Carrying amount of financial liabilities	
	2021	2020
	£'000	£'000
Amounts owed to fellow Group undertakings	16,000	16,000

	Weighted average effective interest rate	
	2021	2020
Amounts owed to fellow Group undertakings	0.07%	0.39%
	0.07%	0.39%

### 15 Creditors

	2021	2020
	£'000	£'000
Trade creditors	3,110	3,310
Amounts owed to fellow Group undertakings	87,357	79,563
Accruals	1,413	4,765
Taxation and social security	12	9
Other creditors	4,885	2,949
	96,777	90,596

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.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 16 Lease liabilities

	2021	2020
	£'000	£'000
<b>Maturity analysis</b>		
Repayable in less than 1 year	730	29
Repayable in 1-2 years	746	725
Repayable in 2-5 years	2,344	2,276
Repayable in more than 5 years	271	1,073
	<u>          </u>	<u>          </u>
<b>Total undiscounted liabilities</b>	<b>4,091</b>	<b>4,103</b>
	<u>          </u>	<u>          </u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£'000	£'000
Current liabilities	730	29
Non-current liabilities	3,361	4,074
	<u>          </u>	<u>          </u>
	<b>4,091</b>	<b>4,103</b>
	<u>          </u>	<u>          </u>

	2021	2020
	£'000	£'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	117	105
	<u>          </u>	<u>          </u>

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Retirement benefit schemes

##### Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is an expense of £710,000 (2020: £736,000).

##### Defined benefit scheme

The Company operates a defined benefit scheme for qualifying employees. The Scheme was closed to new entrants from 1 April 2002. It provides benefits based on final pensionable pay.

##### Valuation

The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom ('United Kingdom Scheme') was carried out as at 31 March 2019, and for IAS 19 accounting purposes has been updated to 31 December 2021. The average duration of the scheme is 20 years.

##### Risks

##### Funding Risks

The main risks for the schemes are:

Investment return risk:	If the assets underperform the returns assumed in setting the funding targets then additional contributions may be required at subsequent valuations.
Investment matching risk:	The schemes invest significantly in equities, whereas the funding targets are closely related to the returns on bonds. If equities fall in value relative to the matching asset of bonds, additional contributions may be required.
Longevity risk:	If future improvements in longevity exceed the assumptions made for scheme funding then additional contributions may be required.

##### Role of Third Parties

The United Kingdom Scheme is managed by Trustees on behalf of its members. The Trustees take advice from appropriate third parties including investment advisors, actuaries and lawyers as necessary.

##### Funding policy

##### Funding Arrangements

The Trustees use the Projected Unit Credit Method with a three-year control period. Currently the scheme members pay contributions at the rate of 8.5% of salary. The employer pays contributions of 18.5% of salary, plus £0.2m per year to fund scheme expenses, and has made an additional contribution of £2.0m in 2021 to reduce the deficit disclosed by the 2019 valuation.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Retirement benefit schemes

(Continued)

	<u>United Kingdom Scheme</u>	
	2021	2020
<i>Key assumptions</i>	%	%
Discount rate	1.90	1.35
Inflation rate (based on CPI)	2.25	1.80
Rate of pension increases:		
Increases subject to a maximum of 2.5% p.a.	1.80	1.60
	<u>      </u>	<u>      </u>
	<u>United Kingdom Scheme</u>	
	2021	2020
<i>Mortality assumptions</i>	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	21.8	21.8
- Females	23.9	23.9
	<u>      </u>	<u>      </u>
Retiring in 25 years		
- Males	47.8	47.8
- Females	50.1	50.1
	<u>      </u>	<u>      </u>

The table above shows, for the United Kingdom Scheme, the number of years a male or female is expected to live, assuming they were aged either 40 (and lives to 65) or 65 at 31 December. The mortality tables adopted in 2020 for the United Kingdom Scheme are S3PA tables, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvements. In 2019 the S3PA tables were used, based on the CMI 2018 mortality projection model with a 1.25% long-term annual rate for future improvements.

	2021	2020
<i>Amounts recognised in the profit and loss account</i>	£'000	£'000
Current service cost	620	560
Less: Contributions from other Group entities	(680)	(660)
Net interest on defined benefit liability	110	170
	<u>      </u>	<u>      </u>
Total costs	50	70
	<u>      </u>	<u>      </u>

The current service cost and scheme administration expenses are included in operating costs in the profit and loss account and pension interest cost and interest income are included in net financing costs.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Retirement benefit schemes	(Continued)	
	2021	2020
	£'000	£'000
<i>Amounts recognised in other comprehensive expense</i>		
Actuarial changes arising from changes in demographic assumptions	-	(3,760)
Actuarial changes arising from changes in financial assumptions	(7,560)	15,180
Actuarial changes arising from experience adjustments	2,080	(940)
Actuarial changes related to plan assets	(7,130)	(9,440)
	<u>(12,610)</u>	<u>1,040</u>

### Company contributions

The Company assessed the triennial actuarial valuation and its impact on the scheme funding plan in 2020 and future years. In 2022, the Company expects to make normal contributions of £2.7m (2021: £2.7m) and has made a special contribution of £2.0m (2021: £2.0m) to the United Kingdom Scheme. The next triennial valuation is due to take place as at 31 March 2022 and will include a review of the Company's future contribution requirements.

### Pension liability for defined benefit schemes

The amounts included in the balance sheet arising from the Company's obligations in respect of defined benefit plans are as follows:

	<u>United Kingdom Scheme</u>	
	2021	2020
	£'000	£'000
Present value of defined benefit obligations	131,500	140,230
Fair value of plan assets	(136,880)	(131,450)
	<u>(5,380)</u>	<u>8,780</u>
(Surplus)/deficit in scheme		
	<u>(5,380)</u>	<u>8,780</u>
	2021	2020
	£'000	£'000
<i>Movements in the present value of defined benefit obligations</i>		
At 1 January	140,230	130,150
Current service cost	620	560
Benefits paid	(5,910)	(3,730)
Contributions from scheme members	180	200
Actuarial gains and losses	(5,480)	10,480
Interest cost	1,860	2,570
	<u>131,500</u>	<u>140,230</u>
At 31 December		

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Retirement benefit schemes (Continued)

	2021 £'000	2020 £'000
The defined benefit obligations arise from plans funded as follows:		
Wholly unfunded obligations	-	-
Wholly or partly funded obligations	131,500	140,230
	<u>131,500</u>	<u>140,230</u>
	2021 £'000	2020 £'000
Movements in the fair value of plan assets:		
At 1 January 2021	131,450	120,830
Interest income	1,750	2,400
Return on plan assets (excluding amounts included in net interest)	7,130	9,440
Benefits paid	(5,910)	(3,730)
Contributions by the employer	2,660	2,660
Contributions by scheme members	180	200
Other	(380)	(350)
	<u>136,880</u>	<u>131,450</u>

The actual return on plan assets was £8,880,000 (2020: £11,840,000).

Sensitivity of the defined benefit obligations to changes in assumptions

*Scheme obligations would have been affected by changes in assumptions as follows:*

		<u>United Kingdom Scheme</u>	
		<u>Liabilities</u>	<u>Increase (decrease) in deficit</u>
		£m	£m
No change		131.50	-
0.25% change in discount rate	- increase	126.10	(5.40)
	- decrease	137.00	5.50
0.25% change in inflation	- increase	134.30	2.80
	- decrease	128.70	(2.80)
		<u>136.88</u>	<u>131.45</u>



# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Retirement benefit schemes

(Continued)

#### Asset Allocation:

Investment statements were provided by the Investment Managers which showed that, as at 31 December 2021 the invested assets of the Scheme totalled £136.9m (2020: £131.5m) broken down as follows:

	United Kingdom Scheme	
	2021 £'000	2020 £'000
UK equities	17,330	28,620
Overseas equities	17,730	20,270
Property	5,190	10,180
Diversified growth funds	37,010	34,890
Corporates	38,030	12,560
Liability Driven Investment**	16,750	17,680
Cash	4,840	7,250
Total	136,880	131,450

\*Investments are included at fair value. The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Pooled investment vehicles (including the LDI Fund) which are not traded on active markets, but where the investment manager had provided a monthly trading price, are valued using the last single price, provided by the investment manager at or before year end.

The LDI Fund provides the hedge against adverse movements in inflation and interest rates. It seeks to match the sensitivity of the Scheme's liability cash flow to changes in interest rates and inflation; it is invested in gilts, swaps, futures, repo contracts and money market instruments.

The Scheme had bank account assets of £1.2m as at 31 December 2021 (2020: £0.6m).

The Scheme invested assets comprise both quoted and unquoted assets. The value of quoted assets in 2021 was £17.3m (2020: £28.6m), included within equities in the above table, with the remaining assets being unquoted.

18 Called up share capital	2021 £'000	2020 £'000
Ordinary share capital		
<i>Issued and fully paid</i>		
2,000,000 (2020: 2,000,000) Ordinary shares of £1 each	2,000	2,000

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 19 Share-based payment transactions

The share-based compensation plans operated by Group allow employees to acquire shares of Intertek Group plc. The fair value of the employee services, received in exchange for the grant of share options or shares, is measured at the grant date and is recognised as an expense with a corresponding increase in equity. The charge is calculated using Monte Carlo method and expensed to the profit and loss account over the vesting period of the relevant award. The charge for the Deferred Share Awards is adjusted to reflect expected and actual levels of vesting for service conditions. The expense of the LTIP Share Awards is calculated using the Black-Scholes method and is adjusted for the probability of EPS performance conditions being achieved.

During the year ended 31 December 2021, the Company recognised an expense of £7,994,000 (2020: £7,041,000) in respect of outstanding share awards.

The fair values and the assumptions used in their calculations are detailed in the consolidated financial statements of Intertek Group plc for the year ended 31 December 2021. These include assumptions on expected volatility, dividend yield and risk-free interest rate.

#### Share Plans

The Deferred Bonus Plan 2005 was replaced in 2011 with the Intertek 2011 Long Term Incentive Plan (the 'LTIP'). Deferred Share Awards (previously Share Awards) and LTIP Share Awards (previously Performance Awards) have been granted under this plan. The first awards were granted on 7 April 2006. The awards under these plans vest three years after grant date, subject to fulfilment of the performance conditions.

#### 2021 Long Term Incentive Plan

The Intertek 2021 Long Term Incentive Plan ('2021 Plan') was approved at the Group's 2020 Annual General meeting as the Intertek 2011 Long Term Incentive Plan was approaching the end of its 10-year life cycle. The 2021 Plan is broadly similar to the previous Long Term Incentive Plan, but with amendments to take account of developments in market practice. The Deferred shares awarded in 2021 were made under the 2021 plan with the first awards made on 12 March 2021. The awards under these plans vest three years after grant date, subject to fulfilment of the non-market based performance conditions.

**Buy Out Awards:** On 1st April 2021, Jonathan Timmis was granted conditional rights to acquire 39,000 shares under a one-off arrangement as a condition of his recruitment as CFO of the Group, granted under the Long Term Incentive Plan 2021. The award comprised three tranches of 13,000 shares, vesting 1 April 2022, 1 April 2023 and 1 April 2024. Further details are shown in the Remuneration report in the Group's Annual Report and accounts on pages 136 to 163.

The deferred shares held by company employees are as follows:

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Share-based payment transactions

(Continued)

	Deferred Share Awards		2011 LTIP Share Awards	
	2021	2020	2021	2020
Outstanding at 1 January	175,906	177,750	407,163	412,449
Granted	1,843	50,526	4,951	140,324
Forfeited	(649)	(23)	(67,609)	(15,442)
Vested	(63,499)	(51,989)	(45,173)	(130,168)
Transfers in/out	(13,974)	(358)	(40,996)	-
Outstanding at 31 December	99,627	175,906	258,336	407,163
Time to maturity (years)	1-3	1-3	1-3	1-3

	Deferred Share Awards		2021 LTIP Share Awards	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Outstanding at 1 January	-	-	-	-
Granted	43,026	-	146,374	-
Forfeited	(189)	-	(725)	-
Vested	-	-	-	-
Transfers in/out	-	-	-	-
Outstanding at 31 December	42,837	-	145,649	-
Time to maturity (years)	1-3	N/A	3	N/A

Full details in relation to the 2011 and 2021 Long Term Incentive Plan are contained in the consolidated financial statements of Intertek Group plc for the year ended 31 December 2021.

#### Deferred Share Plan

Awards may be granted under the Deferred Share Plan ("DSP") to employees of the Group (other than the Executive Directors of the Company) selected by the Remuneration Committee over existing, issued ordinary shares of Intertek Group plc only.

The DSP was adopted primarily to allow for the deferral of a proportion of selected employee's annual bonus into shares of Intertek Group plc, but may also be used for the grant of other awards (such as incentive awards and buy-out awards for key employees) in circumstances that the Remuneration Committee deems appropriate. Awards will normally have a three-year vesting period. Awards may be made subject to performance conditions and are subject to normal good and bad leaver provisions and malus and clawback.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Share-based payment transactions

(Continued)

Inputs were as follows:

	2021	2020
Outstanding awards		
At beginning of year	2,998	6,417
Granted	22	63
Vested	(2,291)	(3,482)
Forfeited	-	-
Risk free rate	-	-
Transfers in/out	-	-
	<u>729</u>	<u>2,998</u>

### 20 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 £401,000 at 31 December 2021 (2020: £3,957,000). 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.

### 21 Controlling party

The parent company of Intertek Testing Management Ltd is Intertek Holdings Limited and its registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ.

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 consolidated financial statements can be obtained from the Company Secretary, 33 Cavendish Square, London W1G 0PS or on the website [www.intertek.com](http://www.intertek.com).

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Related party transactions

Under FRS 101 reduced disclosure framework, the Company has taken advantage of the exemption from the IAS24 requirement to disclose transactions with entities that are wholly owned by the Group and disclosures in respect of the compensation of key management personnel.

#### Other transactions with related parties

During the year the Company entered into the following transactions with related parties:

	Purchase of goods	
	2021	2020
	£'000	£'000
Other related parties	1,506	1,811

Other related parties constitute entities that are not fully owned by the Group as presented in note 23 of the Group's consolidated financial statements.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2021	2020
	£'000	£'000
Other related parties	28	242

Balances owed by related parties have been reviewed and no provision against balances is deemed necessary.

Other related parties constitute entities that are not fully owned by the Group as presented in note 23 of the Group's consolidated financial statements.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2021	2020
	£'000	£'000
Other related parties	11,446	6,928

Balances owed by related parties have been reviewed and no provision against balances is deemed necessary.

# INTERTEK TESTING MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **22 Related party transactions**

**(Continued)**

Other related parties constitute entities that are not fully owned by the Group as presented in note 23 of the Group's consolidated financial statements.