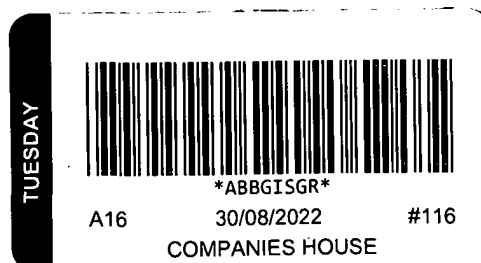


Company Registration No. 00956722 (England and Wales)

**INTERTEK INSPECTION SERVICES UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# INTERTEK INSPECTION SERVICES UK LIMITED

## COMPANY INFORMATION

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Directors	M J Carter	(Appointed 1 February 2022)
	B Mallet	(Appointed 30 May 2022)
Secretary	Intertek Secretaries Limited	
Company number	00956722	
Registered office	Academy Place 1-9 Brook Street Brentwood Essex CM14 5NQ	
Independent Auditors	PricewaterhouseCoopers LLP Savannah House 3 Ocean Way Southampton SO14 3TJ	

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# INTERTEK INSPECTION SERVICES UK LIMITED

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# INTERTEK INSPECTION SERVICES UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors of Intertek Inspection Services UK Limited (the "Company") present the Strategic Report and audited financial statements for the year ended 31 December 2021.

#### Review of the business

The principal activity of the Company continued to be that of the provision of worldwide technical inspection services dedicated to reducing clients' risks, including quality assurance, expediting and procurement, non-destructive testing and other related services. The results include two branches registered in Kazakhstan.

#### Business review

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 34. The loss for the financial year was £48,000 (2020: £163,000). Revenue has decreased to £5,557,000 (2020: £7,966,000) (30.2%) and gross profit has increased to £12,000 (2020: loss of £134,000). A reduction in revenue with low associated margins due to contract completion has contributed to the increase in gross profit during the year.

The Company has net assets of £2,873,000 (2020: £2,934,000).

#### Key performance indicators

The Company's management use certain financial Key Performance Indicators (KPIs) to assess how well the Company has performed during the year, which are shown below.

	2021	2020	Variance
	£'000	£'000	
Revenue	5,557	7,966	(30.2%)
Operating (loss)/profit	(48)	200	(124.0%)
Operating margin	(0.9)%	2.5%	(160bps)

The Company also currently uses non-financial KPIs to measure employee productivity and management are developing metrics specific to the Company to measure energy usage. Employee output is measured in volume per head and is used to assess the productivity of the workforce per total heads.

Further non-financial information including employee, social, human rights etc has been included within the parent entity Intertek Group plc, these can be found by visiting [www.Intertek.com](http://www.Intertek.com).

Employee Productivity	2021	2020
Activity volume per direct heads	5,271	5,521
Activity volume per total heads	5,271	5,107

# **INTERTEK INSPECTION SERVICES UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Section 172 statement**

In line with our section 172 duty under the Companies Act 2006, we, the Directors, run the Company for the benefit of its shareholders as a whole and in doing so take into account the long-term impact of any decision, maintaining stakeholder relationships, the external impact of its activities and maintaining a reputation for high standards of business conduct, whilst carefully and duly considering our duties, and acting in a way we consider, in good faith, is most likely to promote the success of the Company. Throughout decision making processes, we have concern for all stakeholders potentially affected, directly or indirectly, by the decision at hand, as well as the long-term impact of the decision on the success of the Company. The Company, and the Group as a whole, are committed to the successful delivery of long-term sustainable growth and shareholder value, underpinned by the highest standard of corporate governance. We, the Directors, uphold the utmost standard of conduct and integrity in our decision-making, an expectation held at every level of the Intertek Group.

### **Customers**

Customers are at the heart of everything we do, and we aim to always deliver a superior and continuously improving customer service. Further information regarding the engagement, and consideration, of our customers can be found on page 58 of the Intertek Group plc Annual Report and Accounts for the year ended 31 December 2021 ("Group ARA"), with further information on pages 80-85.

### **Employees**

Our passionate employees are customer-centric and deliver sustainable value through unmatched expertise and quality of work for our customers globally on a daily basis. We exercise our consideration of our people when considering and approving large transactions and dividends. The Company is a participating member of, and has employees in, the Intertek Pension Scheme (the "Scheme"); by virtue of which, we consider the funding of the Scheme before approving transactions that could be deemed to affect the Scheme. Further information regarding the engagement, and consideration, of our people can be found on page 58 of the Group ARA, with further information on our people on page 73-79, and pages 114-120.

The Company employed 24 people on average in 2021 (2020: 40). The Company's policy is to consult employees and discuss with them matters which are likely to affect their interests. Information on matters of concern to employees is given through regular briefings that seek to achieve a common awareness of the financial and economic factors affecting the Company's performance.

The Company is sensitive to the employment and career development needs of disabled persons, taking into account their particular abilities. In the event that an employee becomes disabled, every effort is made to offer suitable employment within the Group.

The Company encourages staff to participate in the Company's performance through share schemes, bonus and commission arrangements.

### **Suppliers**

We recognise the importance of our supply chains and invest in our relationships with them. The 2021 Modern Slavery Act Statement updated the controls, policies and the assurance programmes in place, which in turn ensure the right behaviours are being driven by the Company, the suppliers it contracts with, as well as across the Group as a whole. The statement can be found on our website at [www.intertek.com](http://www.intertek.com). Further information regarding the engagement and consideration of our suppliers can be found on page 59 of the Group ARA.

The Company does not follow a single standard on payment practice but has a variety of payment terms with its suppliers. The Company aims to develop relationships that are based upon mutual trust. The Company is aware of the importance of prompt payment, especially to small businesses, and it undertakes to pay suppliers on time and according to terms of trade. The Company has a wide range of suppliers and no individual supplier is of crucial importance. At 31 December 2021, the period of credit taken from the Company's suppliers amounted to 16 days (2020: 7 days). There were no financial risks in relation to this and all invoices have now been processed.

# INTERTEK INSPECTION SERVICES UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **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:

#### *Market risk*

The trading activity of the Company and its financial position may be adversely impacted by downturns in general economic conditions or any future periods of economic recession.

#### **Financial risk**

##### *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.

##### *Liquidity risk*

The management of operational liquidity risk is aimed primarily at ensuring that the Company always has a liquidity buffer that is able, in the short term, to absorb both the net effects of transactions made and expected changes in liquidity under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### **Business outlook**

The Quality Assurance market is expected to grow faster post Covid-19 as the demand for Quality Assurance solutions expands, given growing stakeholder expectations about quality, safety and sustainability. Moving forward, we expect the structural growth drivers in our industry to be augmented by our increase in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, and a step change in sustainability management and disclosures.

#### **Going concern**

On the basis of their assessment of the Company's financial position, and of the enquiries made of the Directors of Intertek Group plc, 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. Refer to Note 1.2 for more details.

#### **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.

The financial statements on pages 10 to 34 were approved by the board of Directors and authorised for issue on 12 August 2022 and are signed on its behalf by:



M J Carter  
Director

# INTERTEK INSPECTION SERVICES UK LIMITED

## 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.

#### Results and dividends

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

Ordinary dividends were paid amounting to £nil (2020: £nil). The Directors do not recommend payment of a final dividend.

#### Directors

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

J C Burge	(Resigned 31 January 2022)
R A van Dorp	(Resigned 26 July 2022)
R Nott	(Resigned 30 May 2022)
M J Carter	(Appointed 1 February 2022)
B Mallet	(Appointed 30 May 2022)

#### Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year and remain in force at the date of approval of these financial statements.

#### Directors' insurance

The Company maintains third party insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company. The policies were in force during the financial year and at the date of approval of the financial statements.

#### Independent Auditors

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

#### Directors' responsibilities statement

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 elected to prepare 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). In addition, 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, 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.

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

# INTERTEK INSPECTION SERVICES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 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;
- financial key performance indicators; and
- business outlook.

### 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.

### Branches outside the UK

The financial statements include the financial performance and year end financial position of a number of branches located outside the UK. During the year, the following branches were in operation outside the UK:

- Kazakhstan Branch - Almaty
- Kazakhstan Branch - Atyrau
- Uzbekistan Branch
- Azerbaijan Branch

### Statement on engagement with suppliers, customers and others in a business relationship with the company

The financial statements on pages 10 to 34 were approved by the board of Directors and authorised for issue on ~~12 August 2022~~ and are signed on its behalf by:



M J Carter

Director



# **INTERTEK INSPECTION SERVICES UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF INTERTEK INSPECTION SERVICES UK LIMITED**

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

##### **Opinion**

In our opinion, Intertek Inspection Services UK Limited'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 and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2021; Income statement, Statement of comprehensive income, and 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.

# **INTERTEK INSPECTION SERVICES UK LIMITED**

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

### **TO THE MEMBERS OF INTERTEK INSPECTION SERVICES UK 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 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 INSPECTION SERVICES UK LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK INSPECTION SERVICES UK LIMITED

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#### *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 auditors' 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, anti-bribery and corruption laws, and indirect and direct tax laws, 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. 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 group and management bias in accounting estimates to achieve management incentive schemes and targets. Audit procedures performed by the engagement team included:

- Enquiry of management 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 staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations.
- Reviewing internal audit reports.
- 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 INSPECTION SERVICES UK LIMITED**

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

### **TO THE MEMBERS OF INTERTEK INSPECTION SERVICES UK LIMITED**

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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.



**Christopher Solomides (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Southampton**

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15th August 2022

# INTERTEK INSPECTION SERVICES UK LIMITED

## INCOME STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
Revenue	3	5,557	7,966
Cost of sales		(5,545)	(8,100)
<b>Gross profit/(loss)</b>		<b>12</b>	<b>(134)</b>
Administrative expenses		(610)	(337)
Other operating income		549	671
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(49)</b>	<b>200</b>
Finance income	8	38	16
Finance costs	7	(4)	(9)
<b>(Loss)/profit before taxation</b>		<b>(15)</b>	<b>207</b>
Tax on (loss)/profit	9	(33)	(44)
<b>(Loss)/profit for the financial year</b>		<b>(48)</b>	<b>163</b>

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

The notes to the financial statements on pages 15 - 34 form an integral part of these financial statements.

# INTERTEK INSPECTION SERVICES UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	2021 £'000	2020 £'000
(Loss)/profit for the financial year	(48) <u>          </u>	163 <u>          </u>
Other comprehensive expense		
Items that will be reclassified to profit or loss		
Currency translation differences	(13) <u>          </u>	(16) <u>          </u>
Total comprehensive (expense)/income for the financial year	(61) <u>          </u>	147 <u>          </u>

The notes to the financial statements on pages 15 - 34 form an integral part of these financial statements.

# INTERTEK INSPECTION SERVICES UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	138	242
		<u>          </u>	<u>          </u>
<b>Current assets</b>			
Deferred tax asset	15	86	91
Trade and other receivables	11	27,805	26,990
Cash and cash equivalents		326	185
		<u>          </u>	<u>          </u>
		28,217	27,266
		<u>          </u>	<u>          </u>
<b>Current liabilities</b>			
Trade and other payables	12	(25,336)	(24,331)
Lease liabilities	14	(84)	(97)
		<u>          </u>	<u>          </u>
		(25,420)	(24,428)
		<u>          </u>	<u>          </u>
<b>Net current assets</b>		2,797	2,838
		<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>		2,935	3,080
		<u>          </u>	<u>          </u>
<b>Non-current liabilities</b>			
Lease liabilities	14	(62)	(146)
		<u>          </u>	<u>          </u>
<b>Net assets</b>		2,873	2,934
		<u>          </u>	<u>          </u>
<b>Equity</b>			
Called up share capital	17	-	-
Retained earnings		2,873	2,934
		<u>          </u>	<u>          </u>
<b>Total equity</b>		2,873	2,934
		<u>          </u>	<u>          </u>

# **INTERTEK INSPECTION SERVICES UK LIMITED**

## **STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2021**

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The notes to the financial statements on pages 15 - 34 form an integral part of these financial statements.

The financial statements on pages 10 to 34 were approved by the board of Directors and authorised for issue on ~~12 August 2022~~ and are signed on its behalf by:



M J Carter  
Director

Company Registration No. 00956722



# INTERTEK INSPECTION SERVICES UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020		-	2,788	2,788
Year ended 31 December 2020:				
Profit for the financial year		-	163	163
<b>Other comprehensive expense:</b>				
Currency translation differences		-	(16)	(16)
<b>Total comprehensive income for the financial year</b>		-	147	147
Share based payments vested	16	-	(1)	(1)
Balance at 31 December 2020		-	2,934	2,934
Year ended 31 December 2021:				
Loss for the financial year		-	(48)	(48)
<b>Other comprehensive expense:</b>				
Currency translation differences		-	(13)	(13)
<b>Total comprehensive expense for the financial year</b>		-	(61)	(61)
Balance at 31 December 2021		-	2,873	2,873

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### 1 Accounting policies

#### Company information

Intertek Inspection Services UK Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom. 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 UK ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006.

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 financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below and have been applied consistently, other than where new policies have been adopted.

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.
- the requirements of second sentence of paragraph 110 and from paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15; and
- the requirements of paragraph 52, 58, the second sentence of paragraphs 90, 91 and 93 of IFRS 16 leases.

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 20.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **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 Business Review section of the Strategic Report on pages 1 - 3. The Company generated a loss of £48,000 (2020: profit of £163,000) in the year and has net current assets of £2,797,000 (2020: £2,838,000). The Company participates in the Intertek Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Company has appropriate financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

#### **1.3 Revenue**

Revenue represents the total amount receivable for services rendered when there is transfer of control to the customer, excluding sales related taxes and intra-group transactions.

Revenue from services rendered on short-term projects is generally recognised in the income statement when the relevant service is completed, usually when the report of findings or test/inspection certificate is issued. Short-term projects are generally considered to be those of less than two months' duration.

On long-term projects revenue is recognised using the five steps for revenue recognition. The majority of contracts are for less than one year. The Company records transactions as sales on the basis of value of work done, with the corresponding amount being included in trade receivables if the customer has been invoiced, or in contract assets (accrued income), if billing has yet to be completed. Performance obligations vary across business lines and regions, and on a contract-by-contract basis and there may be more than one performance obligation per contract.

Long-term projects consist of two main types:

- time incurred is billed at agreed rates on a periodic basis, such as monthly; or
- staged payment invoicing occurs, requiring an assessment of percentage completion, based on services provided and revenue accrued accordingly.

Expenses are recharged to clients where permitted by the contract. Payments received in advance from customers are recognised in contract liabilities (deferred income) where services have not yet been rendered.

The Company does not expect to have any contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The Company has applied practical expedients in i) recognising assets from the costs incurred to obtain or fulfil a contract; and ii) in disclosing unsatisfied performance obligations in contracts as contracts have an expected duration of less than a year.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

(Continued)

##### 1.4 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:

Leasehold land and buildings	Over the lease term
Fixtures and fittings	3-10 years
Computers	3-10 years
Motor vehicles	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 statement of comprehensive income.

##### 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.

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 Cash and cash equivalents

Cash and cash equivalents include 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.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### 1.8 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, 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.

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

Trade receivables 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 receivables 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 receivables, 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 receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables and contract assets until such time as the Company believes the amount to be irrecoverable, after which the trade receivable or contract assets balance is written off.

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'other receivables'. Other 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, 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.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 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 borrowings, trade payables 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.

#### 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 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.12 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.

##### 1.13 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 non-current 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.

##### 1.14 Retirement benefits

###### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.15 Share-based payments**

##### *Share based payment transactions*

The ultimate parent of the Company runs a Long Term Incentive Plan that allows Group employees to acquire shares in Intertek Group plc. The cost of awards to employees that take the form of shares or rights to shares is recognised over the period of the employee's related performance.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that have not vested by 1 January 2014.

The fair value of options granted to employees of the Company is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is spread over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the options and share awards granted is measured using the Monte Carlo method. This method, in calculating the fair value, takes into account various factors including the expected volatility of the shares, the dividend yield and risk free interest rate.

The fair value of shares granted under the Long Term Incentive Plan is also measured using the Monte Carlo method and is spread over the period during which the employee becomes unconditionally entitled to the shares.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settle in the consolidated financial statements of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.



# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.16 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 property, plant and equipment, 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 property, plant and equipment. 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 initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. 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 lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery 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.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.17 Grants

Government grants are recognised as deferred income when there is reasonable assurance that the grant conditions will be met and the grants will be received. They are classified as current and non-current liabilities 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. Government grants are appropriately released in the income statement so as to match them with the related expenses that they are intended to compensate.

#### 1.18 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 statement of comprehensive income for the year.

#### 1.19 Group recharges

Intertek Testing Management Ltd, in the UK is a provider of Group-wide management support services to group operating companies. These costs include:

- Regional costs – Regional geographic management and functional support expenses;
- Business line costs – Global business line management and dedicated support expenses and Strategic Business Unit support costs; and
- Global costs – Corporate management and group support functions.

These costs are allocated with reference to the entity's proportion of Global, Regional, Business Line or Business Line Regional third-party revenue.

Any income that is received from intercompany management recharges is recognized within Other operating income in the Income Statement.

#### 1.20 IP Fees

Intellectual Property (IP) fees cover Intertek's brand, other intangibles, and related services. The IP fees are calculated centrally by group. The rate set for the IP fee is dependent on the entity's Operating Margin.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

After review there are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### 3 Revenue

An analysis of the Company's revenue is as follows:

	2021 £'000	2020 £'000
<b>Revenue analysed by class of business</b>		
Worldwide technical inspection services	5,557	7,966
	<u>5,557</u>	<u>7,966</u>
	2021 £'000	2020 £'000
<b>Revenue analysed by geographical market</b>		
United Kingdom	3,236	4,722
Europe	388	1,435
The Americas	1,560	1,032
Middle and Far East Asia	15	58
Africa and Australia	358	719
	<u>5,557</u>	<u>7,966</u>

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Operating (loss)/profit

	2021 £'000	2020 £'000
Operating (loss)/profit for the year is stated after (crediting)/charging:		
CJRS grant income	-	(160)
Management charge receivable from group companies	(166)	(131)
Fees payable to the Company's independent auditors for the audit of the Company's financial statements	33	28
Depreciation of property, plant and equipment	106	108
Share-based payments	6	6
	<u>          </u>	<u>          </u>

The Company participated in government support schemes and received £nil (2020: £160,000) in Coronavirus Job Retention Scheme (CJRS) grant income driven by the Covid-19 pandemic.

### 5 Employees

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

	2021 Number	2020 Number
Technical	24	37
Administration	-	3
	<u>          </u>	<u>          </u>
	24	40
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	1,379	1,825
Social security costs	133	146
Other pension costs	51	67
	<u>          </u>	<u>          </u>
	1,563	2,038
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	126	88
Company pension contributions to defined contribution schemes	6	4
	<u>          </u>	<u>          </u>
	132	92
	<u>          </u>	<u>          </u>

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Finance costs

	2021 £'000	2020 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	-	2
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	4	7
	<u>4</u>	<u>9</u>
Total interest expense	<u>4</u>	<u>9</u>

### 8 Investment income

	2021 £'000	2020 £'000
<b>Interest income</b>		
Interest receivable from Group companies	1	-
<b>Other investment income</b>		
Foreign exchange gains	37	16
	<u>38</u>	<u>16</u>
Total income	<u>38</u>	<u>16</u>

### 9 Tax on (loss)/profit

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current year	15	37
Adjustments in respect of prior periods	(36)	-
	<u>(21)</u>	<u>37</u>
<b>Total UK current tax</b>	<u>(21)</u>	<u>37</u>
Foreign taxes and reliefs	49	7
	<u>28</u>	<u>44</u>
<b>Taxation charge</b>	<u>28</u>	<u>44</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(14)	-
Adjustment in respect of prior periods	19	-
	<u>5</u>	<u>-</u>
<b>Total tax charge</b>	<u>33</u>	<u>44</u>

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9 Tax on (loss)/profit

(Continued)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. The deferred tax balances have been remeasured using a rate of 25% as at 31 December 2021.

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

	2021 £'000	2020 £'000
(Loss)/profit before taxation	(15)	207
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(3)	39
Effect of expenses not deductible in determining taxable profit	25	-
Adjustment in respect of prior periods	(17)	-
Effect of change in UK corporation tax rate	(21)	(11)
Effect of overseas tax rates	49	16
<b>Taxation charge for the year</b>	<b>33</b>	<b>44</b>

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Computers	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2021	678	261	271	98	1,308
Additions	-	-	2	-	2
Disposals	-	-	-	(13)	(13)
Foreign currency adjustments	-	-	(1)	-	(1)
At 31 December 2021	678	261	272	85	1,296
<b>Accumulated depreciation and impairment</b>					
At 1 January 2021	509	252	258	47	1,066
Charge for the year	67	7	12	20	106
Eliminated on disposal	-	-	-	(13)	(13)
Foreign currency adjustments	-	(1)	-	-	(1)
At 31 December 2021	576	258	270	54	1,158
<b>Carrying amount</b>					
At 31 December 2021	102	3	2	31	138
At 31 December 2020	169	9	13	51	242

Property, plant and equipment includes right-of-use assets, as follows:

	Leasehold land and buildings	Motor vehicles	Total
	£'000	£'000	£'000
Opening right-of-use asset on transition at 1 January 2021	169	50	219
Asset cost - Disposals	-	(13)	(13)
Depreciation - Charge in the year	(67)	(20)	(87)
Depreciation - Disposals	-	13	13
Net book value at 31 December 2021	102	30	132

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	314	423
Other receivables	53	10
Amounts owed by fellow group undertakings	26,767	25,843
Prepayments	29	16
Contract assets	642	698
	<u>27,805</u>	<u>26,990</u>

Amounts owed by fellow Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. A mixture of the amounts due are interest bearing and interest free.

### 12 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	179	177
Amounts owed to fellow group undertakings	23,613	22,500
Accruals	813	812
Social security and other taxation	729	842
Other payables	2	-
	<u>25,336</u>	<u>24,331</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 are interest bearing and interest free.

### 13 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 United Kingdom scheme invested assets comprise both quoted and unquoted assets.

The total costs charged to income in respect of defined contribution plans is £51,000 (2020: £67,000).

### 14 Lease liabilities

	2021 £'000	2020 £'000
<b>Maturity analysis</b>		
Within one year	84	97
In two to five years	62	146
	<u>146</u>	<u>243</u>
<b>Total lease liabilities</b>		



# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Lease liabilities

(Continued)

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 £'000	2020 £'000
Current liabilities	84	97
Non-current liabilities	62	146
	<u>146</u>	<u>243</u>
	2021 £'000	2020 £'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>4</u>	<u>7</u>

The total cash outflow for lease liabilities during the year was £97,000 (2020: £57,000).

Other leasing information is included in note 21.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15 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.

	Accelerated capital allowances £'000	Short term timing differences £'000	IFRS16 transition adjustment £'000	Total £'000
Deferred tax asset at 1 January 2020	48	41	(2)	87
<b>Deferred tax movements in prior year</b>				
Credit to profit or loss	-	1	(1)	-
Deferred tax asset at 1 January 2021 and 31 December 2020	48	42	1	91
<b>Deferred tax movements in current year</b>				
Credit/(charge) to profit or loss	9	(13)	(1)	(5)
Deferred tax asset at 31 December 2021	57	29	-	86

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	86	91

Amounts expected to be recoverable in periods after 12 months amounted to £86,000 (2020: £91,000).

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 16 Share-based payment transactions

Intertek Group plc (the ultimate parent of the Company) runs a Long Term Incentive Plan that allows Group employees to acquire shares in Intertek Group plc.

The fair value of services received in return for shares granted to employees, is measured by reference to the fair value of shares granted. The estimate of the fair value of the services received is measured based on the Monte Carlo method.

During the year ended 31 December 2021, the Company recognised an expense of £6,000 (2020: £6,000) in respect of outstanding share awards.

The fair values and the assumptions used in their calculations are detailed below and further 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.

#### **Long Term Incentive Plan**

Deferred and performance shares in Intertek Group plc are awarded under this plan. The first awards were granted on 7 April 2006.

The deferred shares, under the Long Term Incentive Plan, vest after three years and are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date.

The performance shares, under the Long Term Incentive Plan, are granted under a performance related market condition and as a result this condition is taken into account in the fair value measurement at grant date. The awards vest three years after grant subject to fulfilment of the performance and market conditions for the matching shares.

The weighted average remaining contractual life of share options outstanding at the end of the year is less than one year.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Share-based payment transactions

(Continued)

	2021 Deferred Share Awards £'000	2021 LTIP Share Awards £'000	2021 Total Awards £'000	2020 Deferred Share Awards £'000	2020 LTIP Share Awards £'000	2020 Total Awards £'000
Outstanding at 1 January	365	-	365	424	-	424
Granted	252	-	252	126	-	126
Vested	(117)	-	(117)	(185)	-	(185)
Forfeited	-	-	-	-	-	-
Outstanding at 31 December 2021	500	-	500	365	-	365

	Share Awards - 2011 Scheme 2021	Share Awards - 2021 Scheme 2021	Performance Awards 2021
Weighted average fair value at measurement date (pence)	4,791	5,306	-
Share price (pence)	4,791	5,306	-
Expected volatility	n/a	n/a	n/a
Risk free interest rate	n/a	n/a	n/a
Time to maturity (years)	3	3	-
17 Called up share capital		2021 £'000	2020 £'000
Ordinary share capital Issued and fully paid 200 (2020: 200) Ordinary shares of £1 each		-	-

### 18 Contingent liabilities

The Company is a member of a group of UK companies that are 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 treated this financial guarantee contract as an insurance contract. 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.

### 19 Events after the reporting date

Following the year end, the impacts of the higher than expected inflation, and the ongoing conflict in Ukraine have been considered and no adjustments to these financial statements would be required.

# INTERTEK INSPECTION SERVICES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 20 Controlling party

The immediate parent undertaking is RCG-Moody International 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 at 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com).

#### 21 Other leasing information

##### Lessee

Amounts recognised in profit or loss as an expense during the year in respect of lease arrangements are as follows:

	2021 £'000	2020 £'000
Asset hire and other charges	20	116

The lease charges expensed to the income statement include charges for short-term, low-value and variable leases under IFRS 16.

#### 22 Related party transactions

Under FRS 101.8 (k), "Related Party Disclosures", the Company has taken advantage of the exemption from disclosing transactions with entities that are wholly owned by the Group.

All transactions with key management personnel are included in note 6.

##### Other transactions with related parties

During the year the Company entered into the following transactions with related parties that were not wholly owned by the Group:

	Sales		Purchases	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Other related parties	137	34	-	-