

# **Intertek Finance plc**

**Directors' report and financial statements**

**Registered number 03226960**

**31 December 2013**

WEDNESDAY



\*A3AA7JS3\*

A29

18/06/2014

#133

COMPANIES HOUSE

**Contents**

Strategic report	2-3
Directors' report	4
Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	5
Independent auditor's report to the members of Intertek Finance plc	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10-18

## Strategic report for the year ended 31 December 2013

### Principal activities

The Company's primary activities are to manage the funding, exchange and interest rate risks of the Intertek Group. The Company is not engaged in speculative financial transactions.

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. No significant changes in the Company's activities are expected in the foreseeable future.

### Business review

The results for the year and the state of affairs of the Company at 31 December 2013 are shown in the financial statements and notes on pages 7 to 18. The profit after tax for the year was £9,643,000 (2012: £28,158,000). In both years, the primary source of income and expense was interest on Group loans.

### Key performance indicators

As a company which provides funding to other Group companies, performance is monitored by a review of the ability of the underlying Group companies to repay their debts due to the Company.

### 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, Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ or on the website [www.intertek.com](http://www.intertek.com).

### Market risk

The trading activity of Group companies and their financial position may be adversely impacted by downturns in general economic conditions or during periods of economic recession which could impact their ability to repay amounts loaned to them by the Company.

### Credit risk

The Company is exposed to credit risk in relation to derivative financial instruments and bank accounts. Transactions involving derivative financial instruments are with counterparties who have sound credit ratings. The Company also ensures that bank accounts are held with financial institutions with sound credit ratings. Given this, the Directors do not expect any counterparty to fail to meet its obligations. At the balance sheet date there were no significant concentrations of credit risk.

### Interest rate risk

The Company's objective is to manage the risk to the business from movements in interest rates, and to provide stability and predictability of the near term (12 month horizon) interest expense. Under the Company's Treasury policy, management may fix the interest rates on up to 80% of the Company's debt portfolio for the period of the current and succeeding financial year. The Company's debt portfolio beyond this period is to be managed within the range of a 30% - 70% fixed to floating rate ratio. To do this the Company uses hedging instruments where considered appropriate.

### 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.

### Exchange risk

The Company enters into forward exchange contracts to hedge certain firm commitments denominated in foreign currencies.

### Business outlook

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

**Strategic Report (Continued)****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.

By Order of the Board

Registered Office  
Academy Place  
1-9 Brook Street  
Brentwood  
Essex  
CM14 5NQ



**M P Skinner**  
Director

10 June 2014

**Directors' report for the year ended 31 December 2013**

The Directors of Intertek Finance plc (the "Company") present their report and the audited financial statements for the year ended 31 December 2013.

**Dividends**

Dividends of £25,247,000 were paid during the 2013 year (2012: £nil). The Directors do not propose the payment of any dividend in respect of the year.

**Donations**

There were no political or charitable donations made in the year (2012: £nil).

**Directors**

The Directors who held office during the year together with dates of appointment or resignation where appropriate, were as follows:

F M Evans  
J C K Hardy (resigned 25 April 2013)  
M P Skinner  
E J C Leigh (appointed 25 April 2013)  
P Moore (appointed 17 December 2013)

**Policy and practice on payment of suppliers**

The Company has no trade creditors.

**Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Registered Office  
Academy Place  
1-9 Brook Street  
Brentwood  
Essex  
CM14 5NQ



**M P Skinner**  
Director

10 June 2014

**Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Intertek Finance plc**

We have audited the financial statements of Intertek Finance plc for the year ended 31 December 2013 set out in pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided in the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

**Stephen Wardell (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit plc, Statutory Auditor**  
Chartered Accountants  
Registered Auditor  
15 Canada Square, London, E14 5GL

10 June 2014

**Profit and loss account**

for the year ended 31 December 2013

	<i>Note</i>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Operating costs		<b>(1,559)</b>	<b>(88)</b>
Dividends received from Group Companies		<b>6,277</b>	<b>-</b>
<b>Operating profit/(loss)</b>		<b>4,718</b>	<b>(88)</b>
Interest payable and similar charges	5	<b>(46,215)</b>	<b>(28,678)</b>
Interest receivable and similar income	6	<b>45,648</b>	<b>60,044</b>
<b>Net financing (charge)/income</b>		<b>(567)</b>	<b>31,366</b>
<b>Profit on ordinary activities before taxation</b>	4	<b>4,151</b>	<b>31,278</b>
Tax on profit on ordinary activities	7	<b>5,492</b>	<b>(3,120)</b>
<b>Profit for the financial year</b>		<b>9,643</b>	<b>28,158</b>

The results shown above arise from continuing activities and are presented on a historical cost basis.

The notes on pages 10 to 18 form an integral part of these financial statements.



**Statement of total recognised gains and losses**

for the year ended 31 December 2013

		<b>2013</b>	2012
		<b>£000</b>	£000
Profit for the financial year		<b>9,643</b>	28,158
Exchange loss	14	<b>(1,982)</b>	-
<b>Total recognised gains and losses for the year</b>		<b><u>7,661</u></b>	<b><u>28,158</u></b>

The notes on pages 10 to 18 form an integral part of these financial statements.

**Balance sheet**

at 31 December 2013

	Note	2013 £000	2012 £000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	8	<u>319,202</u>	<u>324,927</u>
<b>Current assets</b>			
Debtors (including £979,201,000 (2012: £871,819,000) due after more than one year)	9	1,004,906	905,992
Cash at bank and in hand		-	8,883
		<u>1,004,906</u>	<u>914,875</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(177,005)</u>	<u>(68,247)</u>
<b>Net current assets</b>		<u>827,901</u>	<u>846,628</u>
<b>Total assets less current liabilities</b>		<u>1,147,103</u>	<u>1,171,555</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(952,685)</u>	<u>(959,551)</u>
<b>Net assets</b>		<u><u>194,418</u></u>	<u><u>212,004</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	1,922	1,922
Share premium	14	185,350	185,350
Profit and loss account	14	7,146	24,732
<b>Shareholders' funds</b>	14	<u><u>194,418</u></u>	<u><u>212,004</u></u>

The notes on pages 10 to 18 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 10 June 2014  
and were signed on its behalf by:



**M P Skinner.**  
Director

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its published consolidated financial statements.

As the Company is a wholly owned subsidiary of Intertek Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Intertek Group plc, within which this Company is included, can be obtained from the Group Company Secretary, Academy Place, 1-9 Brook Street, Brentwood, CM14 5NQ.

#### ***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 page 2. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future due to the excess of interest receivable over payments. The profitability of the Company is affected by foreign exchange movements which the Company continues to monitor and control.

The Directors, having assessed the responses of the Directors of the Company's parent, Intertek Testing Services Holding Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Intertek Testing Services Holding Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date or at the contracted rate if the transaction is covered by a forward exchange contract.

#### ***Taxation***

The charge for taxation is based on the profit on ordinary activities for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets in respect of timing differences are only recognised to the extent that it is more likely than not that there will be suitable taxable profits to offset the future reversal of these timing differences.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### *Investments*

Investments are stated at cost less any provision for permanent diminution in value.

#### *Classification of financial instruments issued by the Company*

In accordance with FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

1. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Company; and
2. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

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

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.

#### *Financial Instruments*

Financial instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign currency exchange rates. Instruments accounted for as hedges are designated as a hedge at the inception of contracts. Interest differentials are derivatives instruments and amounts receivable and payable on interest rate instruments are recognised as adjustments of interest expense over the period of the contracts. Gains and losses arising on hedging instruments which are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

Where the Company has used foreign currency borrowings to finance, or provide a hedge against, its foreign equity investments, and the conditions per SSAP 20.51 are met, the equity investments are denominated in the appropriate foreign currency and the carrying amounts translated at the end of each accounting period at closing rates. Any exchange differences arising are taken to reserves and the exchange gains or losses on foreign currency borrowings are offset, as a reserve movement, against these exchange differences.

### 2. Remuneration of Directors

None of the Directors who served during the year received any remuneration in connection with the affairs of the Company (2012: £nil).

### 3. Employees

The Company had no employees in the year (2012: nil).

**Notes to the financial statements (continued)****4. Notes to the profit and loss account**

	2013 £000	2012 £000
<b><i>Profit on ordinary activities before taxation is stated after charging:</i></b>		
Auditors' remuneration:		
Audit of these financial statements	<u>2</u>	<u>2</u>

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Intertek Group plc.

**5. Interest payable & similar charges**

	2013 £000	2012 £000
Group loans	3,807	1,735
Other loans	26,070	26,111
Loan fees amortised	667	832
Exchange Loss	9,042	-
Exchange Loss on preference shares	6,629	-
	<u>46,215</u>	<u>28,678</u>

**6. Interest receivable & similar income**

	2013 £000	2012 £000
Group loans	42,127	58,868
Bank interest	307	412
Exchange gains	3,214	764
	<u>45,648</u>	<u>60,044</u>

**7. Taxation****a) Analysis of charge in the year**

	2013 £000	2012 £000
<b><i>UK corporation tax</i></b>		
Current tax on profit for the year	681	4,908
Adjustments in respect of prior years	(1,514)	(1,430)
	<u>(833)</u>	<u>3,478</u>
Double tax relief	(48)	(84)
<b><i>Foreign tax</i></b>		
Current tax on income for the year	48	84
Total current tax (credit)/charge for the year	<u>(833)</u>	<u>3,478</u>
<b><i>Deferred tax</i></b>		
Origination and reversal of timing differences	(5,191)	(381)
Effect of changes in tax rates	532	23
Current tax on income for the year	<u>(4,659)</u>	<u>(358)</u>
Tax on profit on ordinary activities	<u>(5,492)</u>	<u>3,120</u>

**Notes to the financial statements (continued)****7. Taxation (continued)****b) Factors affecting tax charge for the current year**

The current tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>4,151</u>	<u>31,278</u>
Current tax at 23.25% (2012: 24.5%)	965	7,663
<i>Effects of:</i>		
Utilisation of unrecognised tax losses	-	(2,907)
Overseas profits	832	152
Adjustments in respect of prior years	(1,514)	(1,430)
Expenses not deductible for tax purposes	343	-
Income not taxable	<u>(1,459)</u>	<u>-</u>
Total current tax (credit)/charge (see above)	<u>(833)</u>	<u>3,478</u>

**c) Factors affecting current and future tax charges**

During 2010, the UK government announced a phased reduction in the main UK corporation tax rate from 28% to 24% over a period of 4 years from 1 April 2011. Further reductions to the UK corporation tax rate were announced in subsequent years, to reduce the corporation tax rate to 20% from 1 April 2015. The reduction in the UK corporation tax rates to 21% from 1 April 2014 and to 20% from 1 April 2015 were substantively enacted in July 2013.

Deferred tax assets and liabilities are measured at 21% (2011: 23%). The change in rate reflects the change in the corporation tax rate to 21% with effect from 1 April 2014. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 31 December 2013, deferred tax assets and liabilities have been calculated based on a rate of 21%, where the temporary difference is expected to reverse after 1 April 2014. The effect of the re-measurement has had no material impact on the profit for the year.

**d) Unprovided deferred tax**

The amounts not provided for deferred tax are set out below:

	2013 £000	2012 £000
Other short term timing differences	37	55
Losses carried forward	<u>165</u>	<u>5,247</u>
Unprovided deferred tax asset	<u>202</u>	<u>5,302</u>

A deferred tax asset of £202,000 (2012: £5,302,000) has not been recognised as the asset can only be deducted against future suitable taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated to offset the future reversal of these timing differences and therefore no asset has been recognised.

**Notes to the financial statements (continued)****8. Fixed asset investments**

	Investment in associates £000	Investment in subsidiary undertakings £000	TOTAL £000
<b>Cost</b>			
At beginning of year	323,314	1,613	324,927
Addition	904	-	904
Movement on foreign exchange	(6,629)	-	(6,629)
At end of year	<u>317,589</u>	<u>1,613</u>	<u>319,202</u>
<b>Net book value</b>			
At 31 December 2013	<u>317,589</u>	<u>1,613</u>	<u>319,202</u>
At 31 December 2012	<u>323,314</u>	<u>1,613</u>	<u>324,927</u>

The principal subsidiary undertaking at 31 December 2013 and its country of incorporation is set out below. All interests are in the ordinary share capital of the company and all are wholly owned.

<b>Subsidiaries</b>	<b>Activity</b>	<b>Incorporation</b>
Intertek Luxembourg S.a.r.l	Financing	Luxembourg

In the opinion of the Directors, the aggregate value of the investments in subsidiary undertakings is not less than the amount at which the investments are stated in the balance sheet.

<b>Associates</b>	<b>Activity</b>	<b>Incorporation</b>	<b>Proportion of £1 Ordinary Shares</b>
Intertek Finance Ireland	Financing	Ireland	0.001%
Intertek Overseas Holdings Limited	Financing	United Kingdom	12.8%

In addition to the above, investments in associates include £316,685,000 of preference shares in multiple currencies. The value of preference shares is classed as an investment as the consideration is deemed to be permanent funding.

**9. Debtors**

	2013 £000	2012 £000
Amounts owed by Group undertakings	997,210	905,634
Deferred tax asset (see below)	5,017	358
Other debtors	1,955	-
Group relief receivable	724	-
	<u>1,004,906</u>	<u>905,992</u>

Debtors include amounts of £978,294,000 (2012: £871,819,000) owed by Group undertakings which are due after more than one year.

<b>Deferred tax asset</b>	2013 £000	2012 £000
Asset at beginning of year	358	-
Credit to the profit and loss account	4,659	358
Asset at end of year	<u>5,017</u>	<u>358</u>

**Notes to the financial statements (continued)****9. Debtors (continued)**

The elements of the deferred tax asset are:

	<b>2013</b>	2012
	<b>£000</b>	£000
Losses	<b>5,017</b>	358
<b>Deferred tax asset (see above)</b>	<b>5,017</b>	358

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

	<b>2013</b>	2012
	<b>£000</b>	£000
Amounts owed to Group undertakings	<b>150,363</b>	58,524
Group tax relief payable	-	4,060
Accruals and deferred income	<b>9,433</b>	5,663
Bank Overdraft	<b>2,042</b>	-
Senior notes	<b>15,167</b>	-
	<b>177,005</b>	68,247

**11. Creditors: amounts falling due after more than one year**

	<b>2013</b>	2012
	<b>£000</b>	£000
Revolving credit facility US\$600m	<b>191,642</b>	235,540
Bilateral term loan facilities	<b>24,268</b>	-
Bilateral multi-currency facility	<b>37,310</b>	38,293
Senior notes - due between 2-5 years	<b>166,839</b>	124,425
Senior notes - due after more than 5 years	<b>300,309</b>	320,394
Facility fees	<b>(1,813)</b>	(2,259)
Amounts owed to Group undertakings	<b>234,130</b>	243,158
	<b>952,685</b>	959,551

**Interest bearing loans and borrowings***Description of borrowings*

Total undrawn committed borrowing facilities as at 31 December 2013, were £175m (2012: £164m).

*US\$600m revolving credit facility*

The Company's principal bank facility comprises a US\$600m multi-currency revolving credit facility signed in February 2011, and available to 31 March 2016. Advances under the facility bear interest at a rate equal to LIBOR, or their local currency equivalent, plus a margin, depending on the leverage of the Group headed by Intertek Group plc. Drawings under this facility at 31 December 2013 were £191.7m (2012: £235.5m).

*Bilateral multi-currency facility*

In December 2010, the Company signed a multi-currency facility available to March 2016. The facility comprises a £30m multi-currency revolver facility and a €12m multi-currency term loan facility. Drawings under these facilities at 31 December 2013, were £37.3m (2012: £38.3m).

*Bilateral term loan facility 1*

On 21 December 2012, the Company signed a US\$20m bilateral term loan available to March 2015. Advances under this facility bear interest at a rate equal to LIBOR plus a margin, depending on the leverage of the Group headed by Intertek Group plc. Drawings under this facility at 31 December 2013, were £12.1m (2012: £nil).



## Notes to the financial statements (continued)

### 11: Creditors: amounts falling due after more than one year (continued)

#### *Bilateral term loan facility 2*

On 21 December 2012, the Company signed a US\$20m bilateral term loan available to December 2015. Advances under this facility bear interest at a rate equal to LIBOR plus a margin, depending on the leverage of the Group headed by Intertek Group plc. Drawings under this facility at 31 December 2013, were £12.1m (2012: £nil).

#### *Private placement bonds*

In June 2008, the Company raised US\$100m by way of a senior note issue. The notes are repayable on 26 June 2015 and pay a fixed annual interest rate of 5.54%.

In December 2008, the Company issued a further US\$100m of senior notes. These notes were issued in two tranches with US\$25m repayable on 21 January 2014, at a fixed annual interest rate of 7.50% and US\$75m repayable on 10 June 2016, at a fixed annual interest rate of 8.00%.

In December 2010, the Company issued a further US\$250m of senior notes. These notes were issued in two tranches with US\$100m repayable on 15 December 2017, at a fixed annual interest rate 3.2% and US\$150m repayable on 15 December 2020, at a fixed annual interest rate of 3.91%.

In October 2011, the Company secured funding of US\$265m by way of a senior note issue. The funds were received in January 2012. These notes were issued in three tranches with US\$20m repayable on 18 January 2019, at a fixed annual interest rate of 3.0%, US\$140m repayable on 18 January 2022, at a fixed annual interest rate of 3.75% and US\$105m repayable on 18 January 2024, at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued a further US\$80m of senior notes. These notes were issued in two tranches with US\$40m repayable on 14 February 2023, at a fixed annual interest rate of 3.10% and US\$40m repayable on 14 February 2025, at a fixed annual interest rate of 3.25%. These funds were used to reduce drawings under the principal bank facility.

### 12. Financial instruments

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

#### *a) Credit risk*

The Company is exposed to credit risk in relation to derivative financial instruments and bank accounts. Transactions involving derivative financial instruments are with counterparties who have sound credit ratings. The Company also ensures that bank accounts are held with financial institutions with sound credit ratings. Given this, management does not expect any counterparty to fail to meet its obligations. At the balance sheet date there were no significant concentrations of credit risk.

#### *b) Interest rate risk*

The Company adopts a policy of ensuring that between 30% and 70% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

The table below provides information about the maturity, currency and interest rate profile of the Company's senior term borrowings.

Liabilities 2013	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019+ £000	Carrying amount £000
Floating rate (USD)	-	24,268	228,952	-	-	-	253,220
Average interest rate	-	1.3%	1.4%	-	-	-	-
Fixed rate (USD)	15,167	60,669	45,501	60,669	-	300,309	482,315
Average interest rate	7.5%	5.5%	8.0%	3.2%	-	3.5%	-
<b>Total</b>	<b>15,167</b>	<b>84,937</b>	<b>274,453</b>	<b>60,669</b>	<b>-</b>	<b>300,309</b>	<b>735,535</b>

**Notes to the financial statements (continued)****12. Financial instruments (continued)****Liabilities 2012**

	2013	2014	2015	2016	2017	2018+	Carrying amount
	£000	£000	£000	£000	£000	£000	£000
Floating rate (USD)	-	-	-	273,833	-	-	273,833
Average interest rate	-	-	-	1.6%	-	-	-
Fixed rate (USD)	-	15,553	62,213	46,659	62,212	258,182	444,819
Average interest rate	-	7.5%	5.5%	8.0%	3.2%	3.8%	-
<b>Total</b>	-	15,553	62,213	320,492	62,212	258,182	718,652

**c) Foreign currency risk**

The Company enters into forward exchange contracts to hedge certain firm commitments denominated in foreign currencies.

The table below summarises by major currency the contractual amounts of the Company's forward exchange contracts in sterling. The "buy" amounts represent the sterling equivalent of commitments to purchase foreign currency, and the "sell" amounts represent the sterling equivalent of commitment to sell foreign currencies.

	2013 Buy £000	2013 Sell £000	2012 Buy £000	2012 Sell £000
US dollar	93,414	67,508	77,690	20,130
Euro	21,512	33,849	7,358	57,151
Others	88,695	12,724	22,954	22,082

The following table presents information regarding the forward exchange contract amounts in sterling equivalent and the estimated fair value (net cost of closing the contracts) of the Company's forward contracts with a fair value (assets) and a negative fair value (liabilities).

	2013 Contract amount £000	2013 Fair value £000	2012 Contract amount £000	2012 Fair value £000
Assets	104,068	1,860	33,453	380
Liabilities	(132,738)	(4,338)	(93,155)	(1,348)
<b>Net liabilities</b>	<b>(28,670)</b>	<b>(2,478)</b>	<b>(59,702)</b>	<b>(968)</b>

**13. Called up share capital**

	2013 £000	2012 £000
<b>Allotted, issued and paid</b>		
1,922,000 (2012: 1,922,000) Ordinary shares of £1 each	1,922	1,922

**Notes to the financial statements (continued)****14. Reconciliation of movements in shareholders' funds**

	Called up share capital £000	Share premium £000	Profit and loss £000	2012 Total share- holders' funds £000
At beginning of year	1,922	185,350	24,732	212,004
Profit for the year	-	-	9,643	9,643
Dividends paid	-	-	(25,247)	(25,247)
Exchange loss	-	-	(1,982)	(1,982)
<b>At end of year</b>	<b>1,922</b>	<b>185,350</b>	<b>7,146</b>	<b>194,418</b>

**15. Related party transactions**

Under FRS 8, "Related Party Disclosures", the Company has taken advantage of the exemption from disclosing transactions with other Group undertakings.

**16. 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 £16,100,000 at 31 December 2013 (2012: £22,700,000).

**17. Parent company and ultimate controlling party**

The immediate parent undertaking is Intertek Testing Services Holdings Limited.

The ultimate parent undertaking and controlling party is Intertek Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Intertek Group plc's consolidated financial statements can be obtained from the Group Company Secretary at Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ or on the website [www.intertek.com](http://www.intertek.com).