Materials Testing & Inspection Services Limited

Annual report and financial statements

Registered number 05532138

31 December 2016

Contents

Strategic Report for the year ended 31 December 2016

The Directors present their Strategic Report for the year ended 31 December 2016.

Principal activities
The principal activity of Materials Testing & Inspection Services Limited (the "Company") during the year was that of a holding company with a subsidiary company whose principal activity was that of non-destructive testing services.

Business review
The results for the year and the state of affairs of the Company at 31 December 2016 are shown in the financial statements and notes on pages 7 to 18. The profit after tax for the year was £9,000 (2015: £7,000).

Going concern
On the basis of their assessment of the Company's financial position and of the enquires 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 1.3 for more details.

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

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. Risks relating specifically to the Company are as follows:

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.

Employees
The Company employed no persons in 2016 (2015: nil).

Business outlook
The Company will continue to exist as a holding company with a subsidiary company which provides non-destructive testing services.

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.

On behalf of the Board

R van Dorp

Director

19 December 2017

Directors' Report for the year ended 31 December 2016

The Directors of Materials Testing & Inspection Services Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2016.

The business review, principle risks and uncertainties, going concern and future developments are included in the strategic report.

Dividends
No dividends were paid in the year (2015: £nil). The Directors do not propose the payment of any dividends in respect of the year.

Charitable and political donations
There were no political or charitable donations made in the year (2015: £nil).

Directors
The Directors who held office during the year and at the date of signing the financial statements were as follows:

R van Dorp
K Hitchen
G Tomlinson

Disclosure of information to the auditor
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 auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor
PricewaterhouseCoopers LLP ("PwC") has been appointed as the Company's auditor for the year ending 31 December 2016 following a formal tender of the Intertek group's external auditor.

On behalf of the Board

R van Dorp
Director

19 December 2017

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

R van Dorp
Director

19 December 2017

Independent auditor's report to the members of Materials Testing & Inspection Services Limited

Report on the financial statements

Our opinion

In our opinion, Materials Testing & Inspection Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the year ended 31 December 2016 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report for the year ended 31 December 2016 have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report for the year ended 31 December 2016. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditor's report to the members of Materials Testing & Inspection Services Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities in respect of the financial statements 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report for the year ended 31 December 2016, we consider whether those reports include the disclosures required by applicable legal requirements.

Andrew Hodgekins

Andrew Hodgekins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

19 December 2017

Income Statement
for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	3	**152**	152
Administrative expenses		**(41)**	(40)
Other operating income		**3**	3
Operating profit	4	**114**	115
Finance income	6	**92**	91
Finance costs	7	**(187)**	(189)
Profit before taxation		**19**	17
Tax on profit	8	**(10)**	(10)
Profit for the financial year		**9**	7

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

The Company has no other comprehensive income other than those stated above.

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

Statement of Financial Position
as at 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Non-current assets					
Investment property	9	2,091		2,125	
Investments	10	1,994		1,994	
			4,085		4,119
Current assets					
Receivables (due after more than one year £2,000,000 (2015: £2,000,000)	11	2,151		2,066	
Payables: amounts falling due within one year	12	(4,193)		(4,147)	
Net current (liabilities)			(2,043)		(2,081)
Total assets less current liabilities			2,043		2,038
Payables: amounts falling due after more than one year	13		(201)		(204)
Provisions for liabilities	14		(2)		(3)
Net assets			1,840		1,831
Capital and reserves					
Called up share capital	15		575		575
Capital redemption reserve			202		202
Retained earnings			1,063		1,054
Total Shareholders' funds			1,840		1,831

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

The financial statements were approved by the Board of Directors on 19 December 2017 and were signed on its behalf by:

R van Dorp
Director

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Shareholders' funds £'000
Balance at 1 January 2015	575	202	1,047	**1,824**
Total comprehensive income for the year				
Profit for the financial year	-	-	7	**7**
Total comprehensive income for the year	-	-	**7**	**7**
Balance at 31 December 2015	**575**	**202**	**1,054**	**1,831**

	Called up share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2016	575	202	1,054	**1,831**
Total comprehensive income for the year				
Profit for the financial year	-	-	9	**9**
Total comprehensive income for the year	-	-	9	**9**
Balance at 31 December 2016	**575**	**202**	**1,063**	**1,840**

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

Notes to the financial statements

1. Accounting policies

General Information
Materials Testing & Inspection Services Limited is a company incorporated and domiciled in the UK whose registered address is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ.

1.1 Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Basis of preparation
The financial statements of Materials Testing & Inspection Services Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also require the Directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company's ultimate parent undertaking, Intertek Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Intertek Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Group Company Secretary, Intertek Group plc, 33 Cavendish Square, London, W1G 0PS.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- *Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).*
- *IFRS 7, 'Financial Instruments: Disclosures'.*
- *Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).*
- *Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:*
    - *(i) paragraph 79(a)(iv) of IAS 1;*
    - *(ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';*
- *The following paragraphs of IAS 1, 'Presentation of financial statements':*
    - *– 10(d), (statement of cash flows),*
    - *– 16 (statement of compliance with all IFRS),*
    - *– 38A (requirement for minimum of two primary statements, including cash flow statements),*
    - *– 38B-D (additional comparative information),*
    - *– 111 (cash flow statement information), and*
    - *– 134-136 (capital management disclosures).*
- *IAS 7, 'Statement of cash flows'.*
- *Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).*
- *Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).*
- *The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.*

1.3 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 generated a profit of £9,000 (2015: £7,000), in the year and had net assets of £1,840,000 at 31 December 2016 (2015: net assets of £1,831,000). The Company participates in the Intertek group's centralized

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.3 Going concern (continued)
treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

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.

1.4 New standards, amendments and IFRIC interpretations
No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the company.

1.5 Investment Property
Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. Depreciation is charged at the following rates:

- Freehold property – 50 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Investments
Fixed asset investments are stated at cost less provision for diminution in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

1.7 Impairment excluding deferred tax assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.7 Impairment excluding deferred tax assets (continued)
Non-financial assets (continued)
generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

1.8 Trade and other receivables
Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risk specific to the liability.

1.11 Government grants
Capital based grants are included within accruals and deferred income in the balance sheet and credited to the income statement over the estimated useful economic life of the freehold property to which it relates.

1.12 Revenue recognition
Revenue represents the total income and expenses receivable excluding VAT for services provided in the ordinary course of business.

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 accrued income if no billing has been completed. Advance payments received from customers are included in creditors and amounts are set of against the value of work undertaken as the contracts progress.

1.13 Expenses
Operating lease payments
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.13 Expenses (continued)

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the income statement using the effective rate of interest method, unwinding of the discount provisions, and net foreign exchange losses that are recognised in the statement of comprehensive income (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss of the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Investment property

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgement having the most significant effect on the amounts recognised in the financial statements relates to the Investment Properties which have been included in the financial statements at cost less accumulated depreciation (see note 9).

Notes to the financial statements (continued)

2. Critical accounting estimates and judgements

2.1 Critical accounting estimates and assumptions (continued)

(b) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 11 for the net carrying amount of the receivables.

3. Revenue

The revenue is attributable to the principle activity of the Company which was carried out wholly in the UK.

4. Operating profit

Operating profit is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Government grants	(3)	(3)
Depreciation of investment property	34	34
Auditor's remuneration for these financial statements	6	6

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. Remuneration of Directors

The Directors of the Company are remunerated by Group Companies due to no qualifying services being provided in relation to Materials Testing & Inspection Services Limited during the year (2015: £nil).

In 2016 two of the Directors were paid by a subsidiary of the Company and not by Materials Testing & Inspections Services Limited directly (2015: two).

6. Finance income

	2016	2015
	£'000	£'000
Interest receivable from Group undertakings	92	91
	92	91

7. Finance costs

	2016	2015
	£'000	£'000
Interest payable to Group undertakings	187	189
	187	189

Notes to the financial statements (continued)

8. Tax on profit

a) Analysis of charge in year

	2016 £'000	2015 £'000
UK corporation tax		
Current tax on profits for the year	10	10
Total income tax charge	10	10

b) Factors affecting tax charge for the current year
The current tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before taxation	**19**	17
Current tax at 20.00% (2015: 20.25%)	**4**	3
Effects of:		
Expenses not deductible for tax purposes	**6**	7
Total income tax charge	**10**	10

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

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.

9. Investment property

	Freehold property £'000
Cost	
At beginning of year and at 31 December 2016	2,304
Depreciation	
At beginning of year	179
Charge for the year	34
At end of year	**213**
Net book value	
At 31 December 2016	**2,091**
At 31 December 2015	2,125

The fair value of the investment property amounts to £2,575,500 and is based on the Directors' valuation using current independent market evidence.

Notes to the financial statements (continued)

10. Investments

	Shares in group undertakings £'000
Cost	
At beginning of year and at 31 December 2016	1,994
Net book value	
At beginning of year and At 31 December 2016	1,994

The Company's investments at the balance sheet date in the share capital of companies include the following:

NDT Services Limited
Nature of business: primarily that of Non-destructive testing services.

Class of shares	Address	Country of incorporation	% holding
Ordinary	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, England	UK	100.00

	2016 £'000	2015 £'000
Aggregate capital and reserves	**1,613**	1,753
(Loss)/profit for the year	**(140)**	313

11. Receivables

	2016 £'000	2015 £'000
Amounts owed from group undertakings	**2,151**	2,066
	2,151	2,066

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

Notes to the financial statements (continued)

12. Payables: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to Group undertakings	**4,120**	4,120
Group tax relief payable	**10**	10
Accruals and deferred income	**60**	14
Deferred government grants	**3**	3
	4,193	4,147

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

13. Payables: amounts falling due after more than one year

	2016 £'000	2015 £'000
Deferred government grants	**201**	204

14. Provisions for liabilities

	2016 £'000	2015 £'000
Deferred tax: accelerated capital allowances	**2**	3

	Deferred tax £'000
Balance at 1 January 2016	**3**
Charge to the income statement	**(1)**
Balance at 31 December 2016	**2**

15. Called up share capital

Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
575,000 (2015: 575,000) 'A' ordinary shares of £1 each	**575**	575

Notes to the financial statements (continued)

16. Contingent liability
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 £5,944,000 at 31 December 2016 (2015: £10,525,000). 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.

17. Related party disclosures
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.

18. Parent company and ultimate controlling party
The immediate parent undertaking is Intertek UK 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 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.

19. Subsequent events
There are no subsequent events to note that would affect the statement of financial position as at 31 December 2016.