

# **Materials Testing & Inspection Services Limited**

Annual report and financial statements

Registered number 05532138

31 December 2014

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## Strategic report for the year ended 31 December 2014

### Principal activities

The principal activity of 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 2014 are shown in the financial statements and notes on pages 8 to 13. The profit after tax for the year was £2,006,000 (2013 £662,000)

### 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, 25 Savile Row, London, W1S 2ES, or on the website [www.intertek.com](http://www.intertek.com)

### Employees

The Company employed no persons in 2014 (2013 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.

By Order of the Board



R A van Dorp

Director

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

8 September 2015

**Directors' report for the year ended 31 December 2014**

The Directors of Materials Testing & Inspection Services Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2014

**Dividends**

Dividends of £2,000,000 (2013 £661,000) were received in the year from NDT Services Limited

Dividends of £2,000,000 (2013 £nil) were paid in the year. The Directors do not propose the payment of any further dividends in respect of the year

**Charitable and political donations**

There were no political or charitable donations made in the year (2013 £nil)

**Directors**

The Directors who held office during the year, together with their dates of appointment and resignation as appropriate, are given below

S K Wicks	(resigned 01 April 2014)
S A Harrington	(resigned 11 August 2014)
S R Shine	(resigned 19 February 2015)
R A van Dorp	(appointed 11 August 2014)
K J J Hitchen	(appointed 11 August 2014)
G R Tomlinson	(appointed 11 August 2014)

**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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the Auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board



**R A van Dorp**  
Director

8 September 2015

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

The Directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 its 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.

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

We have audited the financial statements of Materials Testing & Inspection Services Limited for the year ended 31 December 2014 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 (APB'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 on 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 2014 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.

### **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 and 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.



**Mark Flanagan (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

Registered Auditors

St Nicholas House, 31 Park Row, Nottingham, NG1 6FQ

8 September 2015

**Profit and loss account**

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	152	152
Administrative expenses		(40)	(43)
Other operating income		3	3
<b>Operating Profit</b>	<b>4</b>	<b>115</b>	<b>112</b>
Income from shares in group undertakings		2,000	661
<b>Profit on ordinary activities before interest and taxation</b>		<b>2,115</b>	<b>773</b>
Interest receivable and similar income	6	38	-
Interest payable and similar charges	7	(137)	(100)
<b>Profit on ordinary activities before taxation</b>		<b>2,016</b>	<b>673</b>
Tax on profit on ordinary activities	8	(10)	(11)
<b>Profit for the year</b>	<b>16</b>	<b>2,006</b>	<b>662</b>

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

The Company had no gains and losses in the current or preceding year other than those stated above

The notes on pages 8 to 13 form an integral part of these financial statements

**Balance sheet**

at 31 December 2014

		2014		2013	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9		2,158		2,192
Investments	10		1,994		1,994
			<u>4,152</u>		<u>4,186</u>
<b>Current assets</b>					
Debtors	11	2,075		13	
Creditors' amounts falling due within one year	12	(70)		(45)	
Net current assets/(liabilities)			<u>2,005</u>		<u>(32)</u>
Total assets less current liabilities			6,157		4,154
Creditors' amounts falling due after more than one year	13		(4,330)		(2,333)
Provisions for liabilities	14		(3)		(3)
Net assets			<u>1,824</u>		<u>1,818</u>
<b>Capital and reserves</b>					
Called up share capital	15		575		575
Capital redemption reserve	16		202		202
Profit and loss account	16		1,047		1,041
Shareholders' funds			<u>1,824</u>		<u>1,818</u>

The notes on pages 8 to 13 form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 8 September 2015 and were signed on its behalf by



**R A van Dorp**  
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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow 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, 25 Savile Row, London, W1S 2ES

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare Group financial statements These financial statements present information about the Company as an individual undertaking and not about its Group

#### *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 £2,006,000 in the year (2013 £662,000) and net current assets of £2,005,000 at 31 December 2014 (2013 net current liabilities of £32,000) The Company participates in the Intertek group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The Directors, having assessed the response of the Directors of the Company's ultimate parent, Intertek Group plc, 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 as part of Intertek Group plc's 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 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

#### *Turnover*

Turnover represents net invoiced sales of services, excluding value added tax

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold property	2% on cost of buildings
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#### *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

#### *Government grants*

Government grants received in respect of capital expenditure relating to the freehold property have been deferred on the balance sheet and will be released to the profit and loss account in accordance with the depreciation policy for the freehold property

**Notes to the financial statements (continued)****1 Accounting policies (continued)*****Pensions***

The Company operates a defined contribution scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period they are payable.

***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

***Hire purchase and leasing commitments***

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their useful lives or the lease term, whichever is shorter. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**2 Turnover**

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

**3. Other operating income**

	2014 £'000	2013 £'000
Government grants	3	3
<b>4 Operating profit</b>		

	2014 £'000	2013 £'000
Operating profit is stated after charging		
Depreciation of owned fixed assets	34	34
Auditor's remuneration	6	7

**5 Remuneration of Directors**

	2014 £'000	2013 £'000
Emoluments for qualifying services	105	-
Company pension contributions to direct contribution scheme	4	-
	109	-

Two Directors (2013 Nil) were members of direct contribution schemes.

In 2014 two of the Directors were paid by a subsidiary of the Company and not by Materials Testing & Inspections Services Limited directly.

**Notes to the financial statements (continued)****6. Interest receivable and similar income**

	2014 £'000	2013 £'000
Receivable from Group undertakings	38	-
	<u>38</u>	<u>-</u>

**7. Interest payable and similar charges**

	2014 £'000	2013 £'000
Bank loan interest	-	100
Payable to Group undertakings	137	-
	<u>137</u>	<u>100</u>

**8. Taxation****a) Analysis of charge in year**

	2014	2013
<b>Current tax</b>		
<i>UK corporation tax</i>		
Current tax on profits for the year	11	11
Adjustment in respect of prior periods	(1)	-
	<u>10</u>	<u>11</u>

**b) Factors affecting the tax charge for the current year**

The current tax charge for the year is lower (2013 lower) than the standard rate of corporation tax in the UK of 21.50% (2013 23.25%). The differences are explained below

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	2,016	673
Current tax at 21.50% (2013 23.25%)	433	156
Effects of		
Expenses not deductible for tax purposes	8	8
Income not taxable for tax purposes	(430)	(153)
Adjustments in respect of prior periods	(1)	-
<b>Total current tax charge (see above)</b>	<u>10</u>	<u>11</u>

**Notes to the financial statements (continued)****8. Taxation (continued)****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 20% (2013: 21%). The change in rate reflects the change in the corporation tax rate to 20% with effect from 1 April 2015. 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 2014, deferred tax assets and liabilities have been calculated based on a rate of 20%, where the temporary difference is expected to reverse after 1 April 2015. The effect of the re-measurement has had no material impact on the profit for the year.

**9 Tangible fixed assets**

	<b>Freehold property £'000</b>
<b>Cost</b>	
At beginning of year and at 31 December 2014	2,304
<b>Depreciation</b>	
At beginning of year	112
Charge for the year	34
<b>At end of year</b>	<b>146</b>
<b>Net book value</b>	
At 31 December 2014	<b>2,158</b>
At 31 December 2013	2,192

**10. Fixed asset investments**

	<b>Shares in group undertakings £'000</b>
<b>Cost</b>	
At beginning of year and at 31 December 2014	1,994
<b>Net book value</b>	
At beginning of year and At 31 December 2014	1,994

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

**Notes to the financial statements (continued)****10 Fixed asset investments (continued)****NDT Services Limited**

Nature of business Non-destructive testing services

Class of shares	Country of incorporation	% holding	2014 £'000	2013 £'000
"A" Ordinary	UK	100.00	1,418	2,939
Aggregate capital and reserves			479	742
Profit for the year				

**11 Debtors**

	2014 £'000	2013 £'000
VAT	-	1
Amounts owed from group undertakings	2,075	12
	2,075	13

**12 Creditors: amounts falling due within one year**

	2014 £'000	2013 £'000
Amounts owed to group undertakings	-	24
Group relief payable	10	11
Accruals and deferred income	60	10
	70	45

**13 Creditors: amounts falling due after one year**

	2014 £'000	2013 £'000
Amounts owed to group undertakings	4,120	2,120
Deferred government grants	210	213
	4,330	2,333

**Notes to the financial statements (continued)****14. Provisions for liabilities**

	2014 £'000	2013 £'000
Deferred tax accelerated capital allowances	<u>3</u>	<u>3</u>
		<b>Deferred tax £'000</b>
Balance at 1 January 2014		3
Movement		-
Balance at 31 December 2014		<u>3</u>

**15. Called up share capital**

Allotted, called up and fully paid Number	Class	Nominal value	2014 £'000	2013 £'000
575,156	'A' Ordinary	£1	<u>575</u>	<u>575</u>

**16. Reserves**

	Profit and loss account £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2014	1,041	202	1,243
Profit for the period	2,006	-	2,006
Dividends received	(2,000)	-	(2,000)
At 31 December 2014	<u>1,047</u>	<u>202</u>	<u>1,249</u>

**17. Contingent liability**

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 £29,484,000 at 31 December 2014 (2013 £16,100,000).

**18. Related party disclosures**

Under Financial Reporting Standard 8, Related Party Disclosures, the Company has taken advantage of the exemption from disclosing transactions or balances with other Group undertakings.

**19. Ultimate parent company**

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 25 Savile Row, London, W1S 2ES, or on the website [www.intertek.com](http://www.intertek.com).