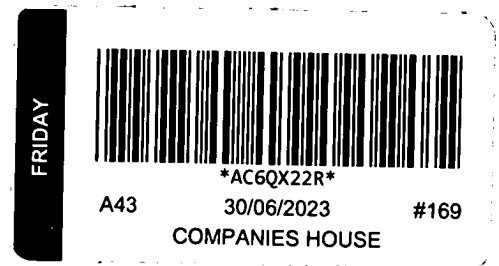


Company Registration No. 03226960 (England and Wales)

**INTERTEK FINANCE PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# INTERTEK FINANCE PLC

## COMPANY INFORMATION

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<b>Directors</b>	I M Woodger C Deasy S Eggleston	(Appointed 31 March 2023) (Appointed 22 March 2023) (Appointed 24 November 2022)
<b>Company number</b>	03226960	
<b>Registered office</b>	Academy Place 1-9 Brook Street Brentwood Essex CM14 5NQ	
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH	

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# INTERTEK FINANCE PLC

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# INTERTEK FINANCE PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The Directors of Intertek Finance plc (the "Company") present the Strategic Report for the year ended 31 December 2022.

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

The results for the year and the state of affairs of the Company at 31 December 2022 are shown in the financial statements on pages 10 to 34.

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

The principal risks and uncertainties affecting the Company are closely aligned with those discussed in the Intertek Group plc's (the "Group") annual report, which is publicly available from the Group Company Secretary, Intertek Group plc, 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com). Risks relating specifically to the Company are as follows:

#### **Financial risk management**

##### *Market risk*

At 31 December 2022, the Company had investments in Group companies of £904,000 (2021: £904,000) and amounts due from Group companies of £2,975,226,000 (2021: £2,744,024,000). A sustained period of economic recession could impact the operating results and financial position of these Group companies and impact their carrying value and ability to repay the amounts due to the Company.

##### *Foreign exchange risk*

The amounts payable to, and receivable from, Group undertakings include amounts denominated in currencies other than sterling; therefore, fluctuations in currency exchange rates will impact the results and financial position of the Company.

An analysis of key treasury management risks has been set out within the Directors' Report on pages 2-3.

#### **Business outlook**

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

#### **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.

#### **Environment**

The Company is committed to complying with relevant environmental legislation and preventing any adverse impact on the environment as a result of its operations. Where an adverse environmental impact is identified, a practicable, timely and environmentally sympathetic solution will be implemented. If a serious risk to the environment is identified, that activity will be halted and appropriate remedial action taken to eliminate the risk.

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

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed in Book one, pages 58 to 64 of the 2022 annual report of Intertek Group plc, which does not form part of this report.

#### **Employees**

The Company employed no people on average in 2022 (2021: none).

On behalf of the Board



S Eggleston  
Director

29 June 2023

# INTERTEK FINANCE PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The Directors present their annual report and audited financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company continued to be that of managing 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 where there is exposure to fluctuations in foreign exchange rates and interest rates. No significant changes in the Company's activities are expected in the foreseeable future.

#### **Results and dividends**

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

Income from shares in Group undertakings of £Nil (2021: £Nil) was received in the year.

Dividends of £Nil (2021: £Nil) were paid in the year. The Directors do not propose the payment of any further dividends in respect of the year.

#### **Directors**

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

F M Evans	(Resigned 31 March 2023)
J Timmis	(Resigned 22 March 2023)
J Hedley	(Resigned 24 November 2022)
I M Woodger	(Appointed 31 March 2023)
C Deasy	(Appointed 22 March 2023)
S Eggleston	(Appointed 24 November 2022)

#### **Financial instruments**

##### **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.

##### **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 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 financial year. The Company's debt portfolio beyond this period is to be managed within the range of a 50% - 80% fixed to floating rate ratio. To do this the Company uses derivative financial instruments where considered appropriate.

##### **Exchange risk**

The Company's principal foreign currency exposures arise from activities with overseas companies. Company policy permits but does not demand that derivative financial instruments be used in order to fix the cost in sterling. This involves the use of foreign exchange forward contracts.

# INTERTEK FINANCE PLC

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Financial instruments

(Continued)

#### *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.

#### *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.

#### *Future developments*

The Company will continue to be a holding company for its subsidiary company for the foreseeable future. The entity continues to operate as a going concern as discussed within note 1 on page 15.

#### *Independent Auditors*

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

#### *Strategic Report*

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- principal risks and uncertainties; and
- financial key performance indicators.

#### *Statement of disclosure to independent auditors*

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's independent auditors are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's independent auditors are aware of that information.

#### *Going concern*

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and will continue as part of the Group's current banking arrangements. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Board has reviewed the Group's financial forecasts up to 31 December 2024 to assess both liquidity requirements and debt covenants.

The undrawn headroom on the Company's committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in Note 13 of the financial statements.

#### *Directors' indemnities*

As permitted by the Articles of Association, the Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. No qualifying third party indemnity provisions for the benefit of its Directors were made during the year.

# INTERTEK FINANCE PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The financial statements on pages 10 to 34 were approved by the Board of Directors on and signed on its behalf by



S Eggleston

**Director**

29 June 2023

# **INTERTEK FINANCE PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

---

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

# INTERTEK FINANCE PLC

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF INTERTEK FINANCE PLC

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

##### Opinion

In our opinion, Intertek Finance plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2022; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

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

##### *Independence*

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

##### Conclusions relating to going concern

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

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

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

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

# INTERTEK FINANCE PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK FINANCE PLC

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#### **Reporting on other information**

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

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

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

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

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# INTERTEK FINANCE PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK FINANCE PLC

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Enquiry of management, those charged with governance and the Group's legal counsel around actual and potential fraud and non-compliance with laws and regulations.

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

- Enquiry of Group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.

- Obtaining and understanding the results of whistleblowing procedures and assessing any related investigations.

- Enquiry of the Group's Head of Internal Audit and reviewing internal audit reports.

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

#### **Use of this report**

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

# INTERTEK FINANCE PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF INTERTEK FINANCE PLC

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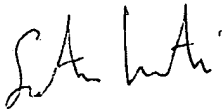
#### Other required reporting

##### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sotiris Kroustis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2023

# INTERTEK FINANCE PLC

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
	Note	£'000	£'000
Administrative expenses		(291)	(224)
Net impairment (loss)/gain on financial assets		(15,074)	(7,546)
<b>Operating loss</b>	<b>3</b>	<b>(15,365)</b>	<b>(7,770)</b>
Interest receivable from Group undertakings	7	134,627	78,296
Other interest receivable and similar income	7	18,038	544
Interest payable to Group undertakings	5	(8,665)	(1,054)
Other interest payable and similar expenses	5	(30,542)	(19,848)
<b>Profit before taxation</b>		<b>98,093</b>	<b>50,168</b>
Tax on profit	8	(19,734)	(9,675)
<b>Profit and total comprehensive income for the financial year</b>		<b>78,359</b>	<b>40,493</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# INTERTEK FINANCE PLC

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
<b>Fixed Assets</b>			
Investments	9	904	904
		<hr/>	<hr/>
<b>Current assets</b>			
Derivative financial instruments		2,069	3,582
Debtors falling due after more than one year	11	708,648	615,805
Debtors falling due within one year	11	2,267,008	2,128,602
Cash at bank and in hand		54,714	17,640
		<hr/>	<hr/>
		3,032,439	2,765,629
		<hr/>	<hr/>
<b>Creditors due within one year</b>			
Loans and overdrafts	13	(262,072)	(465,059)
Creditors	15	(1,491,256)	(1,362,012)
Derivative financial instruments		(2,883)	(2,559)
		<hr/>	<hr/>
		(1,756,211)	(1,829,630)
		<hr/>	<hr/>
<b>Net current assets</b>		1,276,228	935,999
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,277,132	936,903
		<hr/>	<hr/>
<b>Creditors falling due after more than one year</b>			
Loans and overdrafts	13	(797,118)	(535,248)
		<hr/>	<hr/>
<b>Net assets</b>		480,014	401,655
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	18	1,922	1,922
Share premium account		185,350	185,350
Profit and loss reserves		292,742	214,383
		<hr/>	<hr/>
<b>Total equity</b>		480,014	401,655
		<hr/>	<hr/>

# **INTERTEK FINANCE PLC**

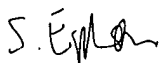
## **BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2022**

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The notes to the financial statements on pages 14 to 34 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2023 and are signed on its behalf by:



S Eggleston

**Director**

**Company Registration No. 03226960**

# INTERTEK FINANCE PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Called up share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>	1,922	185,350	173,890	361,162
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the financial year	-	-	40,493	40,493
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	1,922	185,350	214,383	401,655
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the financial year	-	-	78,359	78,359
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	1,922	185,350	292,742	480,014
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Intertek Finance plc (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office address is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of the International Financial Reporting Standards as adopted by the United Kingdom ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006.

The financial statements have been prepared on the historical cost basis and modified by revaluation of derivative financial assets and financial liabilities measured at fair value through profit and loss. The principal accounting policies adopted are set out below. These accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64 (p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Intertek Group plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment and (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17, 18(a) of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Intertek Group plc. The Group financial statements of Intertek Group plc are available to the public and can be obtained as set out in note 21.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the Company as an individual entity and not about its group.

Intertek Finance plc is a wholly owned subsidiary of Intertek Group plc, the ultimate parent undertaking, and the results of the company are included in the consolidated financial statements of Intertek Group plc which are available from 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com).

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on pages 2 to 4. The Company generated a profit of £78,359,000 (2021: £40,493,000) in the year and has net assets of £480,014,000 (2021: £401,655,000 ) as at 31 December 2022. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and will continue as part of the Group's current banking arrangements. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Board has reviewed the Group's financial forecasts up to 31 December 2024 to assess both liquidity requirements and debt covenants.

The undrawn headroom on the Company's committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in Note 13 of the financial statements.

##### 1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

##### 1.4 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

##### 1.5 Cash at bank and in hand

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

##### 1.6 Financial assets

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

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

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **Trade receivables and Loans**

Trade receivables and Loans comprise trade and other debtors. Loans and receivables are recognised initially at fair value and subsequently at amortised cost less impairment losses (including bad debt provision).

Trade debtors and other debtors comprise of amounts due from related group companies. Trade debtors are recognised initially at fair value and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. The Company applies either the 12-month expected credit loss model or the lifetime expected credit loss model, depending on the terms of the loan and the Company's assessment of the counterparty.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.7 Non-derivative financial liabilities

Trade and other creditors are recognised initially at fair value and subsequently at their amortised cost. Interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

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

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

#### **Net financing costs**

Net financing costs comprise interest expense on borrowings, facility fees, interest receivable on funds invested, net foreign exchange gains or losses and gains and losses on derivative financial instrument that are recognised in the profit and loss account. Interest income and interest expense are recognised as they accrue using the effective interest rate method.

### 1.8 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.9 Derivatives

The Company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes.

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

The fair value of cross currency interest rate swaps is estimated using the present value of the estimated future cash flows based on observable yield curves.

The fair value of foreign currency forwards is estimated using present value of future cash flows based on the forward exchange rates at the balance sheet date.

##### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.11 Foreign exchange

Transactions in foreign currencies are recorded to the Company's functional currency, Sterling, using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. All foreign exchange differences are taken to the profit and loss account.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

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

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Recoverability of debtors

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

### 3 Operating loss

	2022	2021
	£'000	£'000
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the Company's independent auditors for the audit of the Company's financial statements	6	6
Impairment loss/(reversal) recognised on financial assets	15,074	7,546
	<u>          </u>	<u>          </u>

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

### 4 Employees

The Company had no employees in the year (2021: None).

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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5 Interest payable and similar expenses

	2022	2021
	£'000	£'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	4,500	1,933
Interest on loan notes	23,298	14,536
Facility fees and others	2,744	1,887
Interest payable to Group undertakings	8,665	1,054
	<u>39,207</u>	<u>19,410</u>
<b>Interest on other financial liabilities:</b>		
Exchange differences on fair value of long term loans	-	1,480
	<u>39,207</u>	<u>20,890</u>
<b>Other finance costs:</b>		
Loss on hedge item in a fair value hedge	-	12
	<u>39,207</u>	<u>20,902</u>
<b>Total finance costs</b>	<u><u>39,207</u></u>	<u><u>20,902</u></u>

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Directors' remuneration

None of the Directors were remunerated directly by the Company or any of its subsidiaries (2021: none). The Directors of the Company are remunerated by Group companies, due to no qualifying services being provided to the Company during the year.

### 7 Interest receivable and similar income

	2022	2021
	£'000	£'000
<b>Interest income</b>		
Interest on bank deposits	143	20
Interest receivable from Group undertakings	134,627	78,296
	<u>134,770</u>	<u>78,316</u>
<b>Total interest income</b>	<b>134,770</b>	<b>78,316</b>
<b>Other investment income</b>		
Exchange differences	17,895	469
Unwinding of fair value discount on loans receivable	-	55
	<u>17,895</u>	<u>524</u>
<b>Total income</b>	<b>152,665</b>	<b>78,840</b>

### 8 Income tax expense

	2022	2021
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	19,711	8,161
Adjustments in respect of prior periods	-	(87)
	<u>19,711</u>	<u>8,074</u>
<b>Total UK current tax</b>	<b>19,711</b>	<b>8,874</b>
Foreign taxes and reliefs	23	801
	<u>19,734</u>	<u>9,675</u>
<b>Taxation charge for the year</b>	<b>19,734</b>	<b>9,675</b>

The main rate of UK corporation tax is 19.00% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.00% from 1 April 2023.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Income tax expense (Continued)

	2022	2021
	£'000	£'000

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

	2022	2021
	£'000	£'000
Profit before taxation	98,093	50,168
Expected tax charge based on a corporation tax rate of 19.00%	18,638	9,532
Effect of expenses not deductible in determining taxable profit	2,874	1,656
Income not taxable	-	(10)
Adjustment in respect of prior years	-	(87)
Effect of overseas tax rates	23	361
Transfer pricing adjustment	70	44
Effects of group relief/ other reliefs	(1,871)	(1,821)
<b>Taxation charge for the year</b>	<b>19,734</b>	<b>9,675</b>

### 9 Investments

	2022	2021
	£'000	£'000
Investments in associates	904	904
	904	904

#### Movements in fixed asset investments

	Shares in Group undertakings and participating interests £'000
<b>Cost or valuation</b>	
At 1 January 2022 & 31 December 2022	904
<b>Carrying amount</b>	
At 31 December 2022	904
At 31 December 2021	904

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Associates

Details of the Company's associates as at 31 December 2022 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Class of shares	Address
Intertek Overseas Holdings Limited	United Kingdom	13.00%	Ordinary shares	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ

### 11 Debtors

	Due within one year		Due after one year	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Other receivables	430	383	-	-
Amounts due from fellow Group undertakings	2,266,578	2,128,219	708,648	615,805
	<u>2,267,008</u>	<u>2,128,602</u>	<u>708,648</u>	<u>615,805</u>

### 12 Credit risk

Credit risk arises in relation to amounts due from other Group entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

The Company does not hold any collateral or other credit enhancements to cover this credit risk.

#### Past due and impaired financial asset investments

A credit loss assessment was made under IFRS 9 for all current debtors. It was determined, based on an assessment of current liquidity and the availability of future operating cash flows, that amounts due from Group undertakings should be reported net of accumulated impairment provisions of £26,986,000 (2021: £97,808,000).

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Loans and overdrafts

##### Analysis of net debt

The components of net debt are outlined below:

	01 January 2022	Cash flow	Exchange adjustments	31 December 2022
	£'000	£'000	£'000	£'000
<b>Net cash</b>	13,796	39,509	-	53,305
<b>Borrowings:</b>				
Revolving credit facility US\$850m 2027	(65,873)	71,963	(6,090)	-
Senior notes US\$140m 2022	(103,780)	103,000	780	-
Acquisition facility 'B' AU\$264.1m 2022	(141,942)	143,750	(1,808)	-
Acquisition facility 'B' US\$290.7m 2022	(215,493)	218,161	(2,668)	-
Senior notes US\$160m 2023	(118,607)	(100)	(14,393)	(133,100)
Acquisition facility 'A' AU\$88.0m 2023	(47,314)	-	(2,086)	(49,400)
Acquisition facility 'A' US\$96.9m 2023	(71,831)	200	(8,969)	(80,600)
Senior notes US\$125m 2024	(92,663)	-	(11,337)	(104,000)
Senior notes US\$120m 2025	(88,954)	(200)	(10,646)	(99,800)
Senior notes US\$75m 2026	(55,597)	(100)	(6,703)	(62,400)
Senior notes US\$150m 2027	-	(109,400)	(15,400)	(124,800)
Senior notes US\$165m 2028	-	(123,800)	(13,500)	(137,300)
Senior notes US\$165m 2029	-	(123,800)	(13,500)	(137,300)
Senior notes US\$160m 2030	-	(120,000)	(13,100)	(133,100)
<b>Total borrowings</b>	(1,002,054)	59,674	(119,420)	(1,061,800)
<b>Total net debt</b>	(988,258)	99,183	(119,420)	(1,008,495)

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Loans and overdrafts	(Continued)			
	01 January 2021	Cash flow	Exchange adjustments	31 December 2021
	£'000	£'000	£'000	£'000
<b>Net cash</b>	(16,001)	29,797	-	13,796
<b>Borrowings:</b>				
Revolving credit facility US\$850m 2027	(135,466)	61,479	8,114	(65,873)
Senior notes US\$15m 2021	(11,110)	10,851	259	-
Senior notes US\$140m 2022	(103,680)	-	(100)	(103,780)
Acquisition facility 'B' AU\$264.1m 2022	-	(142,018)	76	(141,942)
Acquisition facility 'B' US\$290.7m 2022	-	(210,866)	(4,627)	(215,493)
Senior notes US\$160m 2023	(118,492)	-	(115)	(118,607)
Acquisition facility 'A' AU\$88.0m 2023	-	(47,339)	25	(47,314)
Acquisition facility 'A' US\$96.9m 2023	-	(70,289)	(1,542)	(71,831)
Senior notes US\$125m 2024	(92,573)	-	(90)	(92,663)
Senior notes US\$120m 2025	(88,868)	-	(86)	(88,954)
Senior notes US\$75m 2026	(55,544)	-	(53)	(55,597)
<b>Total borrowings</b>	(605,733)	(398,182)	1,861	(1,002,054)
<b>Total net debt</b>	(621,734)	(368,385)	1,861	(988,258)
<b>Analysis of net cash</b>			<b>2022</b>	<b>2021</b>
			£'000	£'000
Cash at bank and in hand			54,714	17,640
Bank overdrafts			(1,409)	(3,844)
<b>Net cash</b>			53,305	13,796

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Loans and overdrafts

(Continued)

#### Analysis of loans and overdrafts

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

	2022 £'000	2021 £'000
Due within one year liabilities	262,072	465,059
Due after one year liabilities	797,118	535,248
	<u>1,059,190</u>	<u>1,000,307</u>
<i>Less: liabilities that do not form part of external borrowings:</i>		
Facility fees	4,107	5,591
Bank overdrafts (forms part of net cash balance)	(1,409)	(3,844)
	<u>                    </u>	<u>                    </u>
Borrowings falling due after more than five years included above:		
Amounts payable other than by instalments	-	65,873
	<u>                    </u>	<u>                    </u>

#### Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2022 were £707.3m (2021: £564.2m).

#### US\$850m revolving credit facility

The Company has a US\$850m multi-currency revolving credit facility, which is the Group's principal facility and in December 2021 was extended from 2026 to 2027. The impact of this was a transfer of £65.9m from borrowings due to be repaid between two and five years to borrowings due to be repaid over five years.

Advances under the facility bear interest at a rate equal to a risk-free rate, or their local currency equivalent, plus a margin, depending on the Group's financial leverage. Drawings under this facility at 31 December 2022 were: Nil (2021: £65.9m).

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 13 Loans and overdrafts

(Continued)

##### Description of Borrowings

###### US\$692m Acquisition Facility

In May 2021 the Company agreed a US\$692m multi-currency acquisition facility to finance the acquisition of SAI Global with £357.4m to be repaid in March 2022 and the balance of £130.0m repayable on 7 September 2023. Advances under the facility bear interest at a rate equal to USD LIBOR or AUD BBSW, plus a margin. Drawings under this facility at 31 December 2022 were £130m (2021: £476.7m).

###### Private placement bonds

In October 2011 the Company issued US\$140m of senior notes repaid 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 Company issued 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%. The repayment on 14 February 2023 was funded from the existing revolving credit facility.

In July 2014 the Company issued US\$110m of senior notes. These notes were issued in four tranches with US\$15m repaid on 31 July 2021 at a fixed annual interest rate of 3.37%, US\$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US\$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US\$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

In December 2020 the Company issued US\$200m of senior notes. These notes were issued in two tranches with US\$120m repayable on 2 December 2023 at a fixed annual interest rate of 1.97% and US\$80m repayable on 2 December 2025 at a fixed annual interest rate of 2.08%.

In December 2021 the Company issued US\$640m of senior notes that have been drawn during 2022. The note was issued in four tranches with US\$150m repayable on 13 January 2027 at a fixed annual interest rate of 2.24%, US\$165m repayable on 15 March 2028 at a fixed annual interest rate of 2.33%, US\$165m repayable on 15 March 2029 at a fixed annual interest rate of 2.47% and US\$160m repayable on 15 March 2030 at a fixed annual interest rate of 2.54%.

On 14 February 2023, funded from the existing revolving credit facility, a US\$40m senior note at a fixed annual interest rate of 3.10% was repaid.

###### Interest Rate Benchmark Reform

LIBOR was discontinued as a published benchmark rate for some currencies as of 1 January 2022. The Company has reviewed and renegotiated significant borrowing contracts to replace LIBOR references with alternative benchmark rates, as needed. USD LIBOR will remain a reference rate for contracts that have a final fixing date in advance of USD LIBOR cessation on the 30th of June 2023.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Fair values

Except as detailed below, the Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash at bank and in hand *	53,305	13,796	53,305	13,796
Amounts due from Group companies	2,975,226	2,744,024	2,975,226	2,744,024
Foreign currency forwards**	2,069	3,582	2,069	3,582
<b>Total financial assets</b>	<b>3,030,600</b>	<b>2,761,402</b>	<b>3,030,600</b>	<b>2,761,402</b>
Cash at bank and in hand *	-	-	-	-
Interest bearing loans and borrowings	1,061,800	1,002,054	1,061,800	1,007,937
Amounts owed to Group companies	1,451,094	1,343,343	1,451,094	1,343,343
Foreign currency forwards**	2,883	2,559	2,883	2,559
<b>Total financial liabilities</b>	<b>2,515,777</b>	<b>2,347,956</b>	<b>2,515,777</b>	<b>2,353,839</b>

#### Determining the fair value of financial liabilities

\* represented to include overdrawn balances in cash at bank and in hand and to allocate foreign currency forwards between assets and liabilities.

\*\* Foreign currency forwards are categorised as Level 2, under which the fair value is measured using inputs other than quoted prices observable for the liability, either directly or indirectly.

#### 15 Creditors

	2022 £'000	2021 £'000
Amounts owed to fellow Group undertakings	1,451,094	1,343,343
Accruals	1,247	2,203
Social security and other taxation	29,277	10,515
Other creditors	9,638	5,951
	<b>1,491,256</b>	<b>1,362,012</b>

Amounts owed to Group undertakings have no fixed date of repayment and carry interest based on the denomination of the borrowing currency. Other payables includes external interest and commitment fees.

## INTERTEK FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Liquidity risk

##### Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when they fall due. The Group's policy is to:

- ensure sufficient liquidity is available to Group companies in the amounts, currencies and locations required to support the Group's operations; and
- ensure the Group has adequate available sources of funding to protect against unforeseen internal and external events.

To ensure this policy is met, the Group monitors cash balances daily, projects cash requirements on a rolling basis and funds itself using debt instruments with a range of maturities.

The following table details the remaining contractual maturity for the Company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Company may be required to pay.

At 31 December 2022	Carrying Amount £'000	Six months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000	Contractual Cash flows £'000
<b>Non-derivative financial liabilities</b>							
Senior term loans and notes	1,061,888	47,400	244,100	123,400	337,100	418,400	1,170,400
	<u>1,061,888</u>	<u>47,400</u>	<u>244,100</u>	<u>123,400</u>	<u>337,100</u>	<u>418,400</u>	<u>1,170,400</u>
<b>Derivative financial liabilities/(assets)</b>							
<i>Forward exchange contracts:</i>							
Outflow	2,883	1,329,183	-	-	-	-	1,329,183
Inflow	(2,069)	(1,328,368)	-	-	-	-	(1,328,368)
	<u>814</u>	<u>815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>815</u>
<b>Total</b>	<u><u>1,062,702</u></u>	<u><u>48,215</u></u>	<u><u>244,100</u></u>	<u><u>123,400</u></u>	<u><u>337,100</u></u>	<u><u>418,400</u></u>	<u><u>1,171,215</u></u>

INTERTEK FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Liquidity risk								(Continued)
At 31 December 2021	Carrying Amount £'000	Six months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000	Contractual Cash flows £'000	
<b>Non-derivative financial liabilities</b>								
Senior term loans and notes	1,002,054	112,434	366,251	243,487	247,394	65,768	1,035,334	
	<u>1,002,054</u>	<u>112,434</u>	<u>366,251</u>	<u>243,487</u>	<u>247,394</u>	<u>65,768</u>	<u>1,035,334</u>	
<b>Derivative financial liabilities/(assets)</b>								
<i>Forward exchange contracts:</i>								
Outflow	2,559	1,061,717	-	-	-	-	1,061,717	
Inflow	(3,582)	(1,062,740)	-	-	-	-	(1,062,740)	
	<u>(1,023)</u>	<u>(1,023)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,023)</u>	
<b>Total</b>	<u><u>1,001,031</u></u>	<u><u>111,411</u></u>	<u><u>366,251</u></u>	<u><u>243,487</u></u>	<u><u>247,394</u></u>	<u><u>65,768</u></u>	<u><u>1,034,311</u></u>	

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Market risk

#### Market risk management

##### Foreign exchange 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.

	2022 Buy £'000	2022 Sell £'000	2021 Buy £'000	2021 Sell £'000
US dollar	426,020	320,270	204,678	218,748
Euro	133,908	46,055	77,310	6,387
Australian dollar	30,708	19,018	154,517	2,548
Others	737,732	943,840	626,235	834,034
	<u>1,328,368</u>	<u>1,329,183</u>	<u>1,062,740</u>	<u>1,061,717</u>

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).

	2022 Contract amount £'000	2022 Fair Value £'000	2021 Contract amount £'000	2021 Fair value £'000
Assets	508,382	3,582	430,698	1,413
Liabilities	(550,776)	(2,559)	(190,171)	(404)
<b>Net (liabilities)/assets</b>	<u>(42,394)</u>	<u>1,023</u>	<u>240,527</u>	<u>1,009</u>

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 17 Market risk

(Continued)

##### 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 Group'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 20% – 60% fixed to floating rate ratio. To do this the Company uses derivative financial instruments where considered appropriate.

Liabilities 2022	2023	2024	2025	2026	2027+	2028+	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Floating rate (USD & AUD)	130,000	-	-	-	-	-	130,000
Average interest rate	0.77%	-	-	-	-	0.45%	-
Fixed rate (USD)	133,100	104,000	99,800	62,400	124,800	407,700	931,800
Average interest rate	3.75%	2.25%	3.85%	2.47%	4.10%	-	-
<b>Total</b>	<b>263,100</b>	<b>104,000</b>	<b>99,800</b>	<b>62,400</b>	<b>124,800</b>	<b>407,700</b>	<b>1,061,800</b>
<b>Liabilities 2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027+</b>	<b>Carrying amount</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Floating rate (USD & AUD)	357,435	119,145	-	-	-	65,873	542,453
Average interest rate	0.57%	0.77%	-	-	-	0.45%	-
Fixed rate (USD)	103,780	118,607	92,663	88,954	55,597	-	459,601
Average interest rate	3.75%	2.25%	3.85%	2.47%	4.06%	-	-
<b>Total</b>	<b>461,215</b>	<b>237,752</b>	<b>92,663</b>	<b>88,954</b>	<b>55,597</b>	<b>65,873</b>	<b>1,002,054</b>

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Market risk

(Continued)

#### Credit risk

Credit risks arise mainly from the possibility that group companies may not be able to settle their obligations as agreed. The Company monitors the creditworthiness of group companies on an ongoing basis. The credit risk is diversified due to the Company's loan receivables portfolio comprising of multiple group companies which operate across a range of industries and regions.

The carrying amount of financial assets represents the maximum credit exposure.

#### Counterparty risk

Cash at bank and in hand and available borrowing facilities are at risk in the event that the counterparty is not able to meet its obligations in regards to the cash held or facilities available to the Company. The Company also enters into transactions with counterparties in relation to derivative financial instruments. If the counterparty was not able to meet its obligations, the Company may be exposed to additional foreign currency or interest rate risk.

The Company, wherever possible, enters into arrangements with counterparties who have robust credit standing, which the Company defines as a financial institution with a credit rating of at least investment grade. The Company has existing banking relationships with a number of 'relationship banks' that meet this criterion, and seeks to use their services wherever possible while avoiding excessive concentration of credit risk. Given the diverse geographic nature of the Group's activities, it is not always possible to use a relationship bank. Therefore, the Group has set limits on the level of deposits to be held at non-relationship banks to minimise the risk to the Company. It is also Group policy to remit any excess funds from local entities back to the Company in the UK. Given the controls in place, and based on a current assessment of our banking relationships, management does not expect any counterparty to fail to meet its obligations.

<b>18 Called up share capital</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Ordinary share capital</b>		
<b><i>Issued and fully paid</i></b>		
1,922,000 (2021: 1,922,000) Ordinary shares of £1 each	1,922	1,922
	<u>          </u>	<u>          </u>

### 19 Contingent liabilities

The Company is a member of a group of UK companies that are a part of a composite banking cross-guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool guaranteeing the total gross liability position of the pool which was £401,000 at 31 December 2022 (2021: £401,000). The Company has also guaranteed the lease obligations of a fellow Group company.

The Company has arranged guarantees, letters of credit and performance bonds amounting to £20,365,000 (2021: £20,365,000) on behalf of other Group undertakings.

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of other Group undertakings. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### 20 Events after the reporting date

There has been no event that has occurred, that would require adjustments to our disclosures in these accounts.

# INTERTEK FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21 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 33 Cavendish Square, London, W1G 0PS or on the website [www.intertek.com](http://www.intertek.com).

#### 22 Related party transactions

##### Remuneration of key management personnel

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

##### Other transactions with related parties

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

	Interest income		Interest payable	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Other related parties	358	104	850	662
	<u>358</u>	<u>104</u>	<u>850</u>	<u>662</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2022	2021
	£'000	£'000
Other related parties	(109,825)	(106,605)
	<u>(109,825)</u>	<u>(106,605)</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2022	2021
	£'000	£'000
Other related parties	9,636	9,307
	<u>9,636</u>	<u>9,307</u>

Other related parties constitute entities that are not fully owned by the Group as presented in note 23 of the Group's consolidated financial statements. Amounts have been reviewed for impairment by reviewing the value in use of the entity from which the balance is due. No impairment of balances was deemed necessary.