

intertek

# financial report

The Financial Report comprises the Group consolidated Financial Statements and the Company Financial Statements.



Book three

We are pleased to share with you our Annual Report & Accounts in a unique, three-book format:

**Book one - Strategic Report**

**Book two - Sustainability Report**




**Book three - Financial Report**

**These separate, but connected books, with their interconnected themes and narratives, allow us to present what we achieved in 2022 in a systemic, end-to-end architecture.**

They have been designed to make it easier for our stakeholders to fully understand our business, how we bring quality and safety to life, what we offer our clients and society, and the opportunities we have ahead of us.

The three books, which allow us to present our work in 2022 to you through the three important lenses of growth opportunities, sustainability goals and financial performance, should be read together to form our Annual Report & Accounts 2022.

**Look out for these throughout the report:**

-  Reference to another page in the report or to an external web page
-  Intertek Sustainability Disclosure Index
-  Online Review 2022



Visit our website for more information

 [intertek.com](https://www.intertek.com)

## strategic report

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## financial report

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**Book three**

## Consolidated income statement

	Notes	Adjusted results* £m	Separately Disclosed Items* £m	Total 2022 £m	Adjusted results* £m	Separately Disclosed Items* £m	Total 2021 £m
<b>For the year ended 31 December</b>							
<b>Revenue</b>	2	<b>3,192.9</b>	-	<b>3,192.9</b>	2,786.3	-	2,786.3
Operating costs	4	<b>(2,672.8)</b>	<b>(67.7)</b>	<b>(2,740.5)</b>	(2,312.4)	(40.7)	(2,353.1)
<b>Group operating profit/(loss)</b>	2	<b>520.1</b>	<b>(67.7)</b>	<b>452.4</b>	473.9	(40.7)	433.2
Finance income	14	<b>2.2</b>	-	<b>2.2</b>	1.5	-	1.5
Finance expense	14	<b>(34.1)</b>	<b>(0.7)</b>	<b>(34.8)</b>	(29.9)	8.6	(21.3)
<b>Net financing (costs)/income</b>		<b>(31.9)</b>	<b>(0.7)</b>	<b>(32.6)</b>	(28.4)	8.6	(19.8)
<b>Profit/(loss) before income tax</b>		<b>488.2</b>	<b>(68.4)</b>	<b>419.8</b>	445.5	(32.1)	413.4
Income tax (expense)/credit	6	<b>(128.4)</b>	<b>15.4</b>	<b>(113.0)</b>	(118.0)	11.3	(106.7)
<b>Profit/(loss) for the year</b>	2	<b>359.8</b>	<b>(53.0)</b>	<b>306.8</b>	327.5	(20.8)	306.7
<b>Attributable to:</b>							
Equity holders of the Company		<b>341.8</b>	<b>(53.0)</b>	<b>288.8</b>	308.9	(20.8)	288.1
Non-controlling interest	20	<b>18.0</b>	-	<b>18.0</b>	18.6	-	18.6
<b>Profit/(loss) for the year</b>		<b>359.8</b>	<b>(53.0)</b>	<b>306.8</b>	327.5	(20.8)	306.7
<b>Earnings per share**</b>							
Basic	7			<b>179.2p</b>			178.7p
Diluted	7			<b>178.4p</b>			177.9p

\* See note 3.

\*\* Earnings per share on the adjusted results is disclosed in note 7.

## Consolidated statement of comprehensive income

For the year ended 31 December	Notes	2022 £m	2021 £m
<b>Profit for the year</b>	2	<b>306.8</b>	306.7
<b>Other comprehensive income/(expense)</b>			
Remeasurements on defined benefit pension schemes	16	<b>17.4</b>	11.5
Tax on comprehensive income items	6	<b>(4.3)</b>	(0.5)
<b>Items that will never be reclassified to profit or loss</b>		<b>13.1</b>	11.0
Foreign exchange translation differences of foreign operations		<b>181.5</b>	(24.7)
Net exchange (loss)/gain on hedges of net investments in foreign operations		<b>(120.0)</b>	4.0
<b>Items that are or may be reclassified subsequently to profit or loss</b>		<b>61.5</b>	(20.7)
<b>Total other comprehensive income/(expense) for the year</b>		<b>74.6</b>	(9.7)
<b>Total comprehensive income for the year</b>		<b>381.4</b>	297.0
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>363.1</b>	277.4
Non-controlling interest	20	<b>18.3</b>	19.6
<b>Total comprehensive income for the year</b>		<b>381.4</b>	297.0

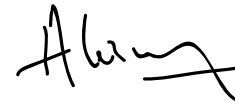
## Consolidated statement of financial position

As at 31 December	Notes	2022 £m	2021 £m
<b>Assets</b>			
Property, plant and equipment	8	694.4	641.8
Goodwill	9	1,418.4	1,241.4
Other intangible assets	9	362.9	358.5
Trade and other receivables	11	21.5	-
Defined benefit pension asset	16	21.3	5.4
Deferred tax assets	6	45.0	39.3
<b>Total non-current assets</b>		<b>2,563.5</b>	2,286.4
Inventories*		16.9	14.9
Trade and other receivables*	11	726.4	661.9
Cash and cash equivalents	14	321.6	265.9
Current tax receivable		31.9	20.6
<b>Total current assets</b>		<b>1,096.8</b>	963.3
<b>Total assets</b>		<b>3,660.3</b>	3,249.7
<b>Liabilities</b>			
Interest-bearing loans and borrowings	14	(262.4)	(462.0)
Current taxes payable		(71.0)	(59.1)
Lease liabilities	14	(70.6)	(63.5)
Trade and other payables*	12	(723.2)	(667.8)
Provisions*	13	(15.8)	(13.2)
<b>Total current liabilities</b>		<b>(1,143.0)</b>	(1,265.6)
Interest-bearing loans and borrowings	14	(797.1)	(537.2)
Lease liabilities	14	(251.6)	(228.8)
Deferred tax liabilities	6	(99.2)	(67.4)
Defined benefit pension liabilities	16	(2.2)	(4.0)
Trade and other payables*	12	(34.6)	(31.9)
Provisions*	13	(14.6)	(0.5)
<b>Total non-current liabilities</b>		<b>(1,199.3)</b>	(869.8)
<b>Total liabilities</b>		<b>(2,342.3)</b>	(2,135.4)
<b>Net assets</b>		<b>1,318.0</b>	1,114.3

As at 31 December	Notes	2022 £m	2021 £m
<b>Equity</b>			
Share capital	15	1.6	1.6
Share premium		257.8	257.8
Other reserves		(41.3)	(102.5)
Retained earnings		1,065.9	925.1
<b>Total equity attributable to equity holders of the Company</b>		<b>1,284.0</b>	1,082.0
Non-controlling interest	20	34.0	32.3
<b>Total equity</b>		<b>1,318.0</b>	1,114.3

\* Working capital of negative £47.8m (2021: negative £43.3m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £nil (2021: £6.7m) and IFRS 16 Lease Receivable of £2.9m (2021: £nil).

The financial statements on pages 1 to 48 were approved by the Board on 27 February 2023 and were signed on its behalf by:



**André Lacroix**  
Chief Executive Officer



**Jonathan Timmis**  
Chief Financial Officer

## Consolidated statement of changes in equity

	Attributable to equity holders of the Company								
	Notes	Other reserves						Non-controlling interest £m	Total equity £m
		Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m		
<b>For the year ended 31 December</b>									
<b>At 1 January 2021</b>		1.6	2578	(87.2)	6.4	796.4	975.0	28.0	1,003.0
<b>Total comprehensive (expense)/income for the year</b>									
Profit		-	-	-	-	288.1	288.1	18.6	306.7
Other comprehensive (expense)/income		-	-	(21.7)	-	11.0	(10.7)	1.0	(9.7)
<b>Total comprehensive (expense)/income for the year</b>		-	-	(21.7)	-	299.1	277.4	19.6	297.0
<b>Transactions with owners of the Company recognised directly in equity</b>									
<b>Contributions by and distributions to the owners of the Company</b>									
Dividends paid	15	-	-	-	-	(170.6)	(170.6)	(17.0)	(187.6)
Adjustment arising from changes in non-controlling interest	20	-	-	-	-	-	-	1.7	1.7
Purchase of own shares	15	-	-	-	-	(11.4)	(11.4)	-	(11.4)
Tax paid on Share Awards vested*	17	-	-	-	-	(6.7)	(6.7)	-	(6.7)
Equity-settled transactions	17	-	-	-	-	18.6	18.6	-	18.6
Income tax on equity-settled transactions	6	-	-	-	-	(0.3)	(0.3)	-	(0.3)
<b>Total contributions by and distributions to the owners of the Company</b>		-	-	-	-	(170.4)	(170.4)	(15.3)	(185.7)
<b>At 31 December 2021</b>		1.6	2578	(108.9)	6.4	925.1	1,082.0	32.3	1,114.3

\* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

**Consolidated statement of changes in equity** Continued

	Notes	Attributable to equity holders of the Company							Total equity £m
		Other reserves					Total before non- controlling interest £m	Non- controlling interest £m	
		Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m			
<b>For the year ended 31 December</b>									
<b>At 1 January 2022</b>		<b>1.6</b>	<b>257.8</b>	<b>(108.9)</b>	<b>6.4</b>	<b>925.1</b>	<b>1,082.0</b>	<b>32.3</b>	<b>1,114.3</b>
<b>Total comprehensive income for the year</b>									
Profit		-	-	-	-	288.8	288.8	18.0	306.8
Other comprehensive income		-	-	61.2	-	13.1	74.3	0.3	74.6
<b>Total comprehensive income for the year</b>		-	-	61.2	-	301.9	363.1	18.3	381.4
<b>Transactions with owners of the Company recognised directly in equity</b>									
<b>Contributions by and distributions to the owners of the Company</b>									
Dividends paid	15	-	-	-	-	(170.6)	(170.6)	(16.6)	(187.2)
Purchase of own shares	15	-	-	-	-	(2.3)	(2.3)	-	(2.3)
Tax paid on Share Awards vested*	17	-	-	-	-	(4.4)	(4.4)	-	(4.4)
Equity-settled transactions	17	-	-	-	-	17.5	17.5	-	17.5
Income tax on equity-settled transactions	6	-	-	-	-	(1.3)	(1.3)	-	(1.3)
<b>Total contributions by and distributions to the owners of the Company</b>		-	-	-	-	(161.1)	(161.1)	(16.6)	(177.7)
<b>At 31 December 2022</b>		<b>1.6</b>	<b>257.8</b>	<b>(47.7)</b>	<b>6.4</b>	<b>1,065.9</b>	<b>1,284.0</b>	<b>34.0</b>	<b>1,318.0</b>

\* The tax paid on Share Awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.

## Consolidated statement of cash flows

For the year ended 31 December	Notes	2022 £m	2021 £m
<b>Cash flows from operating activities</b>			
Profit for the year	2	<b>306.8</b>	306.7
Adjustments for:			
Depreciation charge	8	<b>160.2</b>	150.6
Amortisation of software	9	<b>20.3</b>	18.7
Amortisation of acquisition intangibles	9	<b>34.8</b>	29.3
Impairment of goodwill and other assets	8,9	<b>15.3</b>	-
Equity-settled transactions	17	<b>17.5</b>	18.6
Net financing costs	14	<b>32.6</b>	19.8
Income tax expense	6	<b>113.0</b>	106.7
(Profit)/loss on disposal of property, plant, equipment and software		<b>(0.4)</b>	0.1
<b>Operating cash flows before changes in working capital and operating provisions</b>		<b>700.1</b>	650.5
Change in inventories		<b>(0.8)</b>	0.6
Change in trade and other receivables		<b>(54.3)</b>	(29.2)
Change in trade and other payables		<b>61.1</b>	62.0
Change in provisions		-	(2.7)
Special contributions into pension schemes	16	<b>(2.0)</b>	(2.0)
<b>Cash generated from operations</b>		<b>704.1</b>	679.2
Interest and other finance expense paid		<b>(37.5)</b>	(27.0)
Income taxes paid		<b>(106.7)</b>	(102.0)
<b>Net cash flows generated from operating activities*</b>		<b>559.9</b>	550.2
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant, equipment and software*		<b>4.2</b>	1.0
Interest received*	14	<b>2.2</b>	1.5
Acquisition of subsidiaries, net of cash acquired	10	<b>(63.2)</b>	(480.9)
Consideration paid in respect of prior year acquisitions		-	(10.9)
Acquisition of property, plant, equipment and software*		<b>(116.5)</b>	(97.1)
<b>Net cash flows used in investing activities</b>		<b>(173.3)</b>	(586.4)

For the year ended 31 December	Notes	2022 £m	2021 £m
<b>Cash flows from financing activities</b>			
Purchase of own shares	15	<b>(2.3)</b>	(11.4)
Tax paid on share awards vested		<b>(4.4)</b>	(6.7)
Drawdown of borrowings		<b>477.2</b>	471.3
Repayment of borrowings		<b>(536.8)</b>	(72.4)
Repayment of lease liabilities*		<b>(81.4)</b>	(70.4)
Dividends paid to non-controlling interest	20	<b>(16.6)</b>	(17.0)
Equity dividends paid		<b>(170.6)</b>	(170.6)
<b>Net cash flow generated (used in)/from financing activities</b>		<b>(334.9)</b>	122.8
Net increase in cash and cash equivalents	14	<b>51.7</b>	86.6
Cash and cash equivalents at 1 January	14	<b>264.0</b>	183.4
Exchange adjustments	14	<b>5.0</b>	(6.0)
<b>Cash and cash equivalents at 31 December</b>		<b>320.7</b>	264.0

The notes on pages 7 to 48 are an integral part of these consolidated financial statements.

Cash outflow relating to Separately Disclosed Items was £17.9m for year ended 31 December 2022 (2021: £16.6m).

\* Free cash flow of £368.4m (2021: £385.2m) comprises the asterisked items in the above consolidated statement of cash flows.



# Notes to the financial statements

## 1 Significant accounting policies

### Basis of preparation

Accounting policies applicable to more than one section of the financial statements are shown below. Where accounting policies relate to a specific note in the financial statements, they are set out within that note, to provide readers of the financial statements with a more useful layout to the financial information presented.

### Statement of compliance

Intertek Group plc is a public company incorporated in England & Wales and domiciled in the UK, limited by shares.

The Group financial statements as at and for the year ended 31 December 2022 consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in associates. Intertek Group plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. The Group financial statements have been prepared by the Directors in accordance with these accounting standards in conformity with the requirements of the Companies Act 2006. The Company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its Company financial statements in accordance with UK GAAP, comprising FRS 101 and applicable law; these are presented on pages 49 to 53.

### Significant new accounting policies and standards

During the year no new accounting standards were adopted by the Group.

### Changes in accounting policies

The accounting policies set out in these financial statements have been applied consistently to all years presented, apart from those disclosed below. There are no new accounting standards that are effective for annual periods beginning on or after 1 January 2022 that have a material effect on the consolidated financial statements of the Group. There are no accounting standards that are issued but not yet effective that are expected to have a material effect on the consolidated financial statements of the Group.

### Measurement convention

The financial statements are prepared on the historical cost basis except as discussed in the relevant accounting policies.

### Functional and presentation currency

These consolidated financial statements are presented in sterling, which is the Company's functional currency. All information presented in sterling has been rounded to the nearest £0.1m.

### Going concern

The Group has a broad customer base across its multiple business lines and in its different geographic regions and is supported by a robust balance sheet and strong operational cash flows.

The Board has reviewed the Group's financial forecasts up to 31 December 2024 to assess both liquidity requirements and debt covenants.

In addition, the Group's financial forecasts for 2023 and 2024, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe yet plausible decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years). In addition, reverse stress testing has also been applied to the model which represents a significant decline in cash flows compared with the 30% downside sensitivity. Such a scenario is considered to be remote. The Board remains satisfied with the Group's funding and liquidity position, with the Group forecast to remain within its committed facilities and compliant with debt covenants even following the 30% downside sensitivity. The sensitivity modelling excludes additional mitigating actions (e.g. dividend cash payments, non-essential overheads and non-committed capital expenditure) that are within management control and could be initiated if deemed required.

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in note 14 of the financial statements with repayment of the Acquisition facilities of £130m and US\$160m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities following the issuance of £640m of senior notes issued in the current year. Full details of the Group's borrowing facilities and maturity profile are outlined in note 14.

On the basis of its forecasts to 31 December 2024, both base case and downside, and available facilities, the Board has concluded that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

### Consideration of climate change

In preparing the financial statements, we have considered the impact of climate change (refer to Book one, page 49 for further information). There is no material impact on the financial reporting judgement and estimates arising from our considerations which is consistent with the assertion that risks associated with climate change are not expected to have a material impact on the viability of the Group in the short, medium and long term. Specifically we note the following:

- The Group continues to invest in on-site renewable energy generation at our locations.
- We have specifically considered the impact of climate change on the carrying value of fixed assets (see note 8).
- The Group has not bought carbon credits in 2022 (2021: nil) to offset our measured Scope 1, 2 and 3 GHG emissions.

### Government grants

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate. Where grants are received in advance of the related expenses, they are initially recognised in the balance sheet and released to match the related expenditure. Non-monetary grants are recognised at fair value. The related cash flow is classified in accordance with the nature of the activity.

## Notes to the financial statements Continued

### 1 Significant accounting policies Continued

#### Basis of consolidation

##### Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power to direct the relevant activities, exposure to variable returns from the investee and the ability to use its power over the investee to affect the amount of investor returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

For purchases of non-controlling interest in subsidiaries, the difference between the cost of the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of acquisition, is reflected directly in shareholders' equity.

##### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities (for example cash, trade receivables, trade payables) denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are generally recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. For the policy on hedging of foreign currency transactions see note 14.

##### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year. Exchange differences arising from the translation of foreign operations are taken directly to equity in the translation reserve. They are released to the income statement upon disposal. For the policy on net investment hedging see note 14.

The most significant currencies for the Group were translated at the following exchange rates:

Value of £1	Assets and liabilities Actual rates		Income and expenses Cumulative average rates	
	31 December 2022	31 December 2021	2022	2021
US dollar	1.20	1.35	1.24	1.38
Euro	1.13	1.19	1.17	1.16
Chinese renminbi	8.45	8.59	8.31	8.89
Hong Kong dollar	9.37	10.52	9.68	10.70
Australian dollar	1.78	1.86	1.78	1.83

#### Key Estimations and Uncertainties

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Discussed below are key assumptions concerning the future, and other key sources of estimation at the reporting date, that could have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

##### Impairment of goodwill

Following recognition of goodwill as a result of acquisitions, the Group determines, as a minimum on an annual basis and including current year acquisitions, whether goodwill is impaired, which requires an estimation of the future cash flows of the cash generating units to which the goodwill is allocated, as well as assumptions on growth rates and discount rates – see note 9. There is no significant risk of material impairment within the next financial year.

##### Employee post-retirement benefit obligations

For material defined benefit plans, the actuarial valuation includes assumptions such as discount rates, return on assets, salary progression and mortality rates. Further details and sensitivity analysis are included in note 16.

There are no critical accounting judgements.

##### Other accounting policies

Accounting policies relating to a specific note in the financial statements are set out within that note as follows:

	Note
Revenue	2
Separately Disclosed Items	3
Taxation	6
Property, plant and equipment	8
Goodwill and other intangible assets	9
Trade and other receivables	11
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## Notes to the financial statements Continued

# 2 Operating segments and presentation of results

### Accounting policy

#### Revenue

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

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

In line with IFRS 15, rebates and customer discounts are considered to be variable consideration and have been deducted from recognised revenue.

Revenue is recognised using the five steps for revenue recognition. The majority of contracts are for less than one year. The Group records transactions as sales on the basis of value of work done, with the corresponding amount being included in trade receivables if the customer has been invoiced, or in contract assets, if billing has yet to be completed. Performance obligations vary across business lines and regions, and on a contract-by-contract basis. There may be more than one performance obligation per contract, for example Alchemy Training Solutions contracts have multiple elements which are split between recognising Revenue at a point in time for services such as right of use software licences and over time for other services delivered under the same contract.

Long-term projects consist of two main types:

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

Expenses are recharged to clients where permitted by the contract. Payments received in advance from customers are recognised in contract liabilities to the extent that performance obligations have not been satisfied.

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

The Group has applied practical expedients in i) recognising assets from the costs incurred to obtain or fulfil a contract; and ii) in disclosing unsatisfied performance obligations in contracts as contracts have an expected duration of less than a year. The economic factors affecting revenue for both short- and long-term contracts are consistent within each.

### Operating segments

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker.

These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer base and the mid- to long-term structural growth drivers.

The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately.

Inter-segment pricing is determined on an arm's length basis. There is no significant seasonality in the Group's operations. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The performance of the segments is assessed based on adjusted operating profit which is stated before Separately Disclosed Items. The operating segment revenue disclosures provided under IFRS 8 are consistent with the disaggregated revenue disclosure and recognition and measurement requirements of IFRS 15.

A reconciliation to operating profit by division and Group profit for the year is included overleaf.

The principal activities of the divisions, and the customers they serve, are as follows:

**Products** – Our Products division consists of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating process and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, our Products business lines support a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of Assurance, Testing, Inspection and Certification ('ATIC') services including laboratory safety, quality and performance testing, second-party supplier auditing, sustainability analysis, products assurance, vendor compliance, people assurance, process performance analysis, facility plant and equipment verification and third-party certification.

**Trade** – Our Trade division consists of three global business lines with similar global and regional trade-flow structural growth drivers with demand driven by population and GDP growth, the development of regional trade, increased traceability and growth in port and transport infrastructure.

The division provides differing services which reflect the breadth of our ATIC offering, but the services provided are similar in nature and include analytical assessment, inspection and technical services that are delivered to the customers through issuing certificates or reports. The three business lines all assist our Trade-related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally. Our Trade-related customers are all dependent on, and intrinsically linked to, global shipping and trade flows.

## Notes to the financial statements Continued

### 2 Operating segments and presentation of results Continued

Our Caleb Brett business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Our Government & Trade Services business provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our AgriWorld business provides analytical and testing services to global agricultural trading companies and growers.

**Resources** – Our Resources division consists of two business lines demonstrating similar mid- to long-term structural growth drivers closely linked to our end-customer capital investment. Demand is driven by long-term energy demand, supply chain risk management, sustainability of energy supply, infrastructure investments, growth in alternative energy and focus on health and safety.

The division offers similar services across our range of Total Quality Assurance ('TQA') solutions to the oil, gas, nuclear, power and minerals industries. Our Resources customers typically extract natural resources from the ground and our services enable our customers to optimise the use of their assets and to minimise risk in their supply chains. Delivery of our services is through issuing certificates or reports.

Our Industry Services business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of TQA solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our Minerals business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

The results of these divisions for the year ended 31 December are shown below:

	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
<b>Year ended 31 December 2022</b>					
Products	2,024.3	(113.5)	426.9	(50.4)	376.5
Trade	635.6	(43.4)	57.9	(8.6)	49.3
Resources	533.0	(23.6)	35.3	(8.7)	26.6
<b>Total</b>	<b>3,192.9</b>	<b>(180.5)</b>	<b>520.1</b>	<b>(67.7)</b>	<b>452.4</b>
<b>Group operating profit</b>			<b>520.1</b>	<b>(67.7)</b>	<b>452.4</b>
Net financing costs			(31.9)	(0.7)	(32.6)
<b>Profit before income tax</b>			<b>488.2</b>	<b>(68.4)</b>	<b>419.8</b>
Income tax (expense)/credit			(128.4)	15.4	(113.0)
<b>Profit for the year</b>			<b>359.8</b>	<b>(53.0)</b>	<b>306.8</b>

	Revenue from contracts with customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
<b>Year ended 31 December 2021</b>					
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
<b>Total</b>	<b>2,786.3</b>	<b>(169.3)</b>	<b>473.9</b>	<b>(40.7)</b>	<b>433.2</b>
<b>Group operating profit</b>			<b>473.9</b>	<b>(40.7)</b>	<b>433.2</b>
Net financing (costs)/income			(28.4)	8.6	(19.8)
<b>Profit before income tax</b>			<b>445.5</b>	<b>(32.1)</b>	<b>413.4</b>
Income tax (expense)/credit			(118.0)	11.3	(106.7)
<b>Profit for the year</b>			<b>327.5</b>	<b>(20.8)</b>	<b>306.7</b>

## Notes to the financial statements Continued

### 2 Operating segments and presentation of results Continued

#### Geographic segments

Although the Group is managed through a divisional structure, which operates on a global basis, under the requirements of IFRS 8 the Group must disclose any specific countries that are important to the Group's performance. The Group considers the following to be the material countries in which it operates: the United States, China (including Hong Kong), the United Kingdom and, following the acquisition of SAI in 2021, Australia.

In presenting information on the basis of geographic segments, segment revenue is based on the location of the entity recognising that revenue. Segment assets are based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2022 £m	2021 £m	2022 £m	2021 £m
United States	958.3	837.1	1,139.4	974.2
China (including Hong Kong)	591.3	550.3	97.3	81.4
United Kingdom	203.5	173.9	264.2	226.8
Australia	174.9	110.6	555.9	541.6
Other countries and unallocated	1,264.9	1,114.4	418.9	417.7
<b>Total</b>	<b>3,192.9</b>	<b>2,786.3</b>	<b>2,475.7</b>	<b>2,241.7</b>

#### Major customers

No revenue from any individual customer exceeded 10% of total Group revenue in 2022 or 2021.

### 3 Separately Disclosed Items

#### Accounting policy

##### Adjusted results

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. Separately Disclosed Items ('SDI') are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted result to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis. A full glossary and definitions of adjusted performance metrics used by the Group is included on page 61.

When applicable, these items include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; the costs of any significant strategic projects; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

Adjusted operating profit, which is a non-GAAP measure, excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the income statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected

in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure.

The costs associated with our cost reduction programme are excluded from adjusted operating profit where they represent changes associated with operational streamlining and technology upgrades and are costs that are not expected to reoccur. The restructuring programme is expected to last up to five years.

The treatment as SDI is consistent with the disclosure of costs for similar restructuring and strategic programmes previously undertaken.

The impairment of goodwill and other assets that by their nature or size are not expected to recur; the profit and loss on disposals of businesses or other significant assets; and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the year-on-year performance of the Group's operations.

As adjusted results include the benefits of the items detailed above, but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the income statement under total results. The exclusion of these items may result in adjusted operating profit being materially higher or lower than total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, adjusted operating profit will be higher than total operating profit.

#### Separately Disclosed Items

The Separately Disclosed Items are described in the table below:

	2022 £m	2021 £m
<b>Operating costs:</b>		
Amortisation of acquisition intangibles	(a) (34.8)	(29.3)
Acquisition and integration costs	(b) (5.5)	(11.4)
Restructuring costs	(c) (27.4)	-
<b>Total operating costs</b>	<b>(67.7)</b>	<b>(40.7)</b>
Net financing (cost)/income	(d) (0.7)	8.6
<b>Total before income tax</b>	<b>(68.4)</b>	<b>(32.1)</b>
Income tax credit on Separately Disclosed Items	15.4	11.3
<b>Total</b>	<b>(53.0)</b>	<b>(20.8)</b>

- Of the amortisation of acquisition intangibles in the current year, £0.8m relates to the customer relationships, trade names and technology acquired with the purchase of Clean Energy Associates, LLC ('CEA') in 2022.
- Acquisition and integration costs comprise £1.8m (2021: £11.3m) for transaction and integration costs in respect of successful, active and aborted acquisitions in the current year, and £3.7m in respect of prior-years' acquisitions (2021: £0.1m).
- During 2022, the Group initiated the first year of a cost reduction programme. In 2022, costs of £27.4m (2021: £nil) included consolidating sites and offices, streamlining headcount, Group-wide technology upgrades and related asset write-offs.
- Net financing cost of £0.7m (2021: £8.6m income). In relation to acquisitions from prior periods, the 2022 cost is the unwinding of discount and changes in fair value of contingent consideration. The 2021 income was the release of contingent consideration due to terms not being met in relation to acquisitions from prior periods.

## Notes to the financial statements Continued

### 4 Expenses and auditors' remuneration

An analysis of operating costs by nature is outlined below:

	2022 £m	2021 £m
Employee costs	1,394.7	1,242.6
Depreciation and software amortisation (notes 8 and 9)	180.5	169.3
Other expenses	1,165.3	941.2
<b>Total</b>	<b>2,740.5</b>	<b>2,353.1</b>

Certain expenses are outlined below, including fees paid to the auditors of the Group:

	2022 £m	2021 £m
<b>Included in profit for the year are the following expenses:</b>		
Property rentals	7.3	7.1
Lease and hire charges – fixtures, fittings and equipment	12.4	9.5
Government grants related to employee costs	(9.7)	(15.6)
(Profit)/loss on disposal of property, plant, equipment and software	(0.4)	0.8
<b>Auditors' remuneration:</b>		
Audit of these financial statements	1.2	0.9
<b>Amounts receivable by the auditors and their associates in respect of:</b>		
Audit of financial statements of subsidiaries pursuant to legislation	4.7	3.8
<b>Total audit fees payable pursuant to legislation</b>	<b>5.9</b>	<b>4.7</b>
Audit-related services	0.2	0.1
<b>Total</b>	<b>6.1</b>	<b>4.8</b>

### 5 Employees

Total employee costs are shown below:

Employee costs	2022 £m	2021 £m
Wages and salaries	1,182.8	1,050.9
Equity-settled transactions	17.5	18.6
Social security costs	132.9	119.3
Pension costs (note 16)	61.5	53.8
<b>Total employee costs</b>	<b>1,394.7</b>	<b>1,242.6</b>

Details of pension arrangements and equity-settled transactions are set out in notes 16 and 17 respectively.

Average number of employees by division	2022	2021
Products	24,171	23,378
Trade	9,699	9,970
Resources	7,893	8,315
Central	2,022	1,917
<b>Total average number for the year ended 31 December</b>	<b>43,785</b>	<b>43,580</b>
<b>Total actual number at 31 December</b>	<b>43,597</b>	<b>44,063</b>

The total remuneration of the Directors is shown below:

Directors' emoluments	2022 £m	2021 £m
Directors' remuneration	3.5	5.4
Amounts charged under the long-term incentive scheme	1.2	2.2
<b>Total Directors' emoluments</b>	<b>4.7</b>	<b>7.6</b>

### 6 Taxation

#### Accounting policy

Income tax for the year comprises current and deferred tax. Income tax is recognised in the same primary statement as the accounting transaction to which it relates.

#### Current tax

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

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax liability. Measurement is dependent on management's expectation of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience. Where the outcome of discussions with tax authorities is different from the amount initially recorded, this difference will impact the tax expense in the period in which the determination is made.

#### Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- recognition of consolidated goodwill;
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries, branches, associates and interest in joint ventures, the reversal of which is under the control of the Group and where it is probable that the difference will not reverse in the foreseeable future.

## Notes to the financial statements Continued

### 6 Taxation Continued

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date, for the periods when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that there are taxable temporary differences relating to the same taxation authority, the same taxable company or different taxable companies part of the same tax group, which are expected to reverse in the same period, or to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 deferred tax asset to be utilised. In calculating future taxable profits, the future forecasts considered were consistent with those used for the purposes of the Group's going concern and viability assessments.

The Group does not currently expect the climate related risks discussed in Book one, pages 49 to 57 to have an impact on the availability to recover the deferred tax assets identified below. Any additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

#### Tax expense

The Group operates across many different tax jurisdictions. Income and profits are earned and taxed in the individual countries in which they occur.

The statutory tax charge, including the impact of SDIs, of £113.0m (2021: £106.7m), equates to an effective rate of 26.9% (2021: 25.8%) and the cash tax on adjusted results is 21.9% (2021: 22.9%). The income tax expense for the adjusted profit before tax for the 12 months ended 31 December 2022 is £128.4m (2021: £118.0m). The Group's adjusted consolidated effective tax rate for the 12 months ended 31 December 2022 is 26.3% (2021: 26.5%).

Differences between the consolidated effective tax rate of 26.3% and notional statutory UK rate of 19.0% include but are not limited to: the mix of profits; the effect of tax rates in foreign jurisdictions; non-deductible expenses; the effect of movement in unrecognised deferred tax asset; movements in the provision for uncertain tax positions; withholding tax on intra-group dividends; tax exempt income; and under/over provisions in previous periods.

The Group receives tax incentives in certain jurisdictions, resulting in a lower tax charge to the income statement. These tax incentives mainly relate to China's High and New Technology Enterprise and Technology Advanced Service Enterprise incentives. Without these incentives the adjusted effective tax rate would be 28.3% (2021: 29.0%). The tax on SDI's primarily relate to intangibles, impairment of fixed assets, restructuring and integration. During 2021, the OECD published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. HM Treasury has published draft legislation to implement these 'Pillar Two' rules for accounting periods starting on or after 31 December 2023. The Group is reviewing these draft rules, which have not been substantively enacted, to understand any potential impacts.

#### Tax charge

The total income tax charge, comprising the current tax charge and the movement in deferred tax, recognised in the income statement is analysed as follows:

	2022 £m	2021 £m
Current tax charge for the period	114.4	110.4
Adjustments relating to prior year liabilities	(3.7)	3.6
<b>Current tax</b>	<b>110.7</b>	114.0
Deferred tax movement related to current year	0.8	(2.1)
Deferred tax movement related to prior year	1.5	(5.2)
<b>Deferred tax movement</b>	<b>2.3</b>	(7.3)
<b>Total tax in income statement</b>	<b>113.0</b>	106.7
Tax on adjusted result	128.4	118.0
Tax on Separately Disclosed Items	(15.4)	(11.3)
<b>Total tax in income statement</b>	<b>113.0</b>	106.7

#### Reconciliation of effective tax rate

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective tax rate of the Group on profit before taxation.

	2022 £m	2021 £m
<b>Profit before taxation</b>	<b>419.8</b>	413.4
Notional tax charge at UK standard rate 19.0% (2021: 19.0%)	79.8	78.5
Differences in overseas tax rates	7.6	13.2
Withholding tax on intercompany dividends	8.5	10.0
Non-deductible expenses	20.7	13.5
Tax exempt income	(5.1)	(7.0)
Change in tax rate impact	(1.6)	(0.1)
Movement in unrecognised deferred tax	3.0	1.3
Adjustments in respect of prior years <sup>1</sup>	(2.2)	(1.6)
Other <sup>2</sup>	2.3	(1.1)
<b>Total tax in income statement</b>	<b>113.0</b>	106.7

- Adjustments in respect of prior years include a £0.6m charge relating to a tax settlement in Ghana and a £0.8m credit in the UK relating to higher double tax relief for overseas taxes.
- The Other category contains R&D tax credits and super deductions of £2.6m (2021: £2.6m) and a net provision charge of £2.7m (2021: £0.6m) following the review of uncertain tax provisions across multiple territories. The remainder represents other local taxes.

The main rate of UK corporation tax is 19.0% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.0% from 1 April 2023. The consequential effect on the Group's future tax charge was disclosed in the prior year financial statements.



## Notes to the financial statements Continued

### 6 Taxation Continued

#### Income tax recognised in other comprehensive income ('OCI')

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge.

The income tax recognised on items recorded in other comprehensive income is shown below:

	Before tax 2022 £m	Tax charge 2022 £m	Net of tax 2022 £m	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m
Foreign exchange translation differences of foreign operations	181.5	(4.9)	176.6	(24.7)	-	(24.7)
Net exchange gain/(loss) on hedges of net investments in foreign operations	(120.0)	-	(120.0)	4.0	-	4.0
Gain on fair value of cash flow hedges	-	4.1	4.1	-	1.7	1.7
Remeasurements on defined benefit pension schemes	17.4	(3.5)	13.9	11.5	(2.2)	9.3
Tax on other items that will never be reclassified to profit or loss	-	-	-	-	-	-
<b>Total other comprehensive (expense)/income for the year</b>	<b>78.9</b>	<b>(4.3)</b>	<b>74.6</b>	<b>(9.2)</b>	<b>(0.5)</b>	<b>(9.7)</b>

#### Income tax recognised directly in equity

As noted in the accounting policy, tax is recognised in the same place as the relevant accounting charge.

The income tax on items recognised in equity is shown below:

	Before tax 2022 £m	Tax charge 2022 £m	Net of tax 2022 £m	Before tax 2021 £m	Tax charge 2021 £m	Net of tax 2021 £m
<b>Equity-settled transactions</b>	<b>17.5</b>	<b>(1.3)</b>	<b>16.2</b>	18.6	(0.3)	18.3

### Deferred tax

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m	Net 2022 £m	Net 2021 £m
Intangible assets	0.2	0.3	(94.0)	(90.9)	(93.8)	(90.6)
Property, plant and equipment	4.2	6.6	(17.3)	(3.4)	(13.1)	3.2
Pensions	0.7	1.2	(4.8)	(1.4)	(4.1)	(0.2)
Equity-settled transactions	5.3	7.7	-	-	5.3	7.7
Provisions and other temporary differences	60.7	62.9	(22.9)	(22.0)	37.8	40.9
Tax value of losses	13.7	10.9	-	-	13.7	10.9
<b>Total</b>	<b>84.8</b>	<b>89.6</b>	<b>(139.0)</b>	<b>(117.7)</b>	<b>(54.2)</b>	<b>(28.1)</b>
As shown on balance sheet:						
Deferred tax assets*					45.0	39.3
Deferred tax liabilities*					(99.2)	(67.4)
<b>Total</b>					<b>(54.2)</b>	<b>(28.1)</b>

\* The deferred tax by category shown above is not netted off within companies or jurisdictions. The balance sheet shows the net position within companies or jurisdictions. The difference between the two asset and liability totals is £39.8m, but the net liability of £54.2m is the same in both cases. Deferred tax assets totalling £6.3m have been recognised primarily in respect of Argentina, Brazil and Saudi Arabia that have taxable losses either in the current or prior period. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including approved budgets and forecasts. These forecasts are consistent with those used internally by management when considering the Group's going concern and viability assessments. Following this evaluation, it is considered more likely than not that there will be sufficient future taxable profits to realise these deferred tax assets, the majority of which can be carried forward indefinitely excluding £1.6m losses which are due to expire within five years and £0.2m losses which are due to expire after five years. Of the £84.1m of deferred tax assets displayed above, £25.8m are expected to be recovered within 12 months of the date of this Annual Report & Accounts.



## Notes to the financial statements Continued

### 6 Taxation Continued

#### Movements in deferred tax temporary differences during the year

The movement in the year in deferred tax assets and liabilities is shown below:

	1 January 2022 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2022 £m
Intangible assets	(90.6)	(12.2)	(8.0)	17.0	-	(93.8)
Property, fixtures, fittings and equipment	3.2	0.1	-	(16.4)	-	(13.1)
Pensions	(0.2)	-	-	(0.4)	(3.5)	(4.1)
Equity-settled transactions	7.7	-	-	(1.1)	(1.3)	5.3
Provisions and other temporary differences	40.9	0.8	(3.1)	(0.8)	-	37.8
Tax value of losses	10.9	0.6	2.8	(0.6)	-	13.7
<b>Total</b>	<b>(28.1)</b>	<b>(10.7)</b>	<b>(8.3)</b>	<b>(2.3)</b>	<b>(4.8)</b>	<b>(54.2)</b>

	1 January 2021 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity and OCI £m	31 December 2021 £m
Intangible assets	(72.1)	2.1	(29.7)	9.1	-	(90.6)
Property, fixtures, fittings and equipment	3.2	0.6	0.1	(0.7)	-	3.2
Pensions	1.8	-	0.1	0.1	(2.2)	(0.2)
Equity-settled transactions	8.3	-	-	(0.1)	(0.5)	7.7
Provisions and other temporary differences	38.7	(1.6)	2.2	1.6	-	40.9
Tax value of losses	9.0	(0.2)	4.8	(2.7)	-	10.9
<b>Total</b>	<b>(11.1)</b>	<b>0.9</b>	<b>(22.5)</b>	<b>7.3</b>	<b>(2.7)</b>	<b>(28.1)</b>

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the items shown below. The numbers shown are the gross temporary differences, and to calculate the potential deferred tax asset it is necessary to multiply these by the tax rates in each case:

	2022 £m	2021 £m
Intangibles	32.3	29.3
Pensions	1.5	1.5
Provisions and other temporary differences	1.0	-
Tax losses	176.0	161.9
Foreign tax credits <sup>1</sup>	13.5	12.0
Property, fixtures, fittings and equipment	-	0.5
<b>Total</b>	<b>224.3</b>	<b>205.2</b>

1. The total unrecognised foreign tax credits is £3.6m, the grossed-up equivalent amount of which is £13.5m as stated above.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available in certain jurisdictions against which the Group can utilise the benefits from them.

Of the unrecognised tax losses above, £110.8m (2021: £110.8m) of these relate to US state tax losses due to insufficient taxable profits expected in the relevant states. In addition, £8.2m (2021: £8.2m) of these unrecognised losses relate to a dormant company resident in Hong Kong with no probable future profits. A further £14.8m (2021: £8.4m) of these unrecognised losses relate to entities based in the UK, however these relate to (i) non trade deficits in entities where there is no probable prospect of future non trade profits and (ii) capital losses where there is uncertainty on their utilisation in future periods.

There is a temporary difference of £285.1m (2021: £284.4m) which relates to unremitted post-acquisition overseas earnings. No deferred tax is provided on this amount as the distribution of these retained earnings is under the control of the Group and there is no intention to either repatriate from, or sell, the associated subsidiaries in the foreseeable future.

## Notes to the financial statements Continued

### 6 Taxation Continued

#### Expiry of unrecognised deferred tax assets – tax losses and tax credits

	2022 £m	2021 £m
Tax losses expiring:		
Within 10 years	51.2	55.2
More than 10 years	73.0	60.2
Available indefinitely	51.8	44.0
<b>Total</b>	<b>176.0</b>	159.4
Tax credits expiring:		
Within 10 years	13.5	12.0
More than 10 years	-	-
Available indefinitely	-	-
<b>Total</b>	<b>13.5</b>	12.0

In addition to the above, no specified time expiry is anticipated in respect of the other unrecognised deferred tax assets.

### 7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

In addition to the earnings per share required by IAS 33 *Earnings Per Share*, an adjusted earnings per share has also been calculated and is based on earnings excluding the effect of amortisation of acquisition intangibles, goodwill impairment and other Separately Disclosed Items. It has been calculated to allow shareholders a better understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below:

	2022 £m	2021 £m
Profit attributable to ordinary shareholders	288.8	288.1
Separately Disclosed Items after tax (note 3)	53.0	20.8
<b>Adjusted earnings</b>	<b>341.8</b>	308.9
<b>Number of shares (millions)</b>		
Basic weighted average number of ordinary shares	161.2	161.2
Potentially dilutive share awards	0.7	0.7
<b>Diluted weighted average number of shares</b>	<b>161.9</b>	161.9
<b>Basic earnings per share</b>	<b>179.2p</b>	178.7p
Potentially dilutive share awards	(0.8)p	(0.8)p
<b>Diluted earnings per share</b>	<b>178.4p</b>	177.9p
<b>Adjusted basic earnings per share</b>	<b>212.0p</b>	191.6p
Potentially dilutive share awards	(0.9)p	(0.8)p
<b>Adjusted diluted earnings per share</b>	<b>211.1p</b>	190.8p

## Notes to the financial statements Continued

### 8 Property, plant and equipment

#### Accounting policy

#### Property, plant and equipment

##### Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

##### Leased assets

All leases where the Group is the lessee (with the exception of short-term and low-value leases) are recognised in the statement of financial position. A lease liability is recognised based on the present value of the future lease payments, and a corresponding right-of-use asset is recognised. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Lease payments are apportioned between finance charges and a reduction of the lease liability.

Low-value items, usually below £4,000, and short-term leases with a term of 12 months or less are not required to be recognised on the balance sheet and payments made in relation to these leases are recognised on a straight-line basis in the income statement. The Group leases various properties, principally offices and testing laboratories, which have varying terms and renewal rights that are typical to the territory in which they are located. Non-property includes all other leases, such as cars and printers. Normally the lease term is the contractual start to end date, except when a break or extension option are reasonably certain to be taken, which are considered on a lease-by-lease basis.

##### Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Leased assets are depreciated over the shorter of the expected lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings	50 years
Leasehold buildings	Term of lease
Fixtures, fittings, plant and equipment	3 to 10 years

Depreciation methods, residual values and the useful lives of assets are reassessed at each reporting date.

##### Impairment

##### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the level of any impairment.

### Property, plant and equipment

The property, plant and equipment employed by the business is analysed below:

	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
<b>Cost</b>			
At 1 January 2021	513.6	1,176.2	1,689.8
Exchange adjustments	(9.3)	(31.3)	(40.6)
Additions	127.1	93.7	220.8
Disposals	(58.0)	(65.9)	(123.9)
Businesses acquired (note 10)	3.8	2.3	6.1
<b>At 31 December 2021</b>	<b>577.2</b>	<b>1,175.0</b>	<b>1,752.2</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	269.4	834.6	1,104.0
Exchange adjustments	(2.1)	(25.8)	(27.9)
Charge for the year	61.4	89.2	150.6
Disposals	(51.8)	(64.5)	(116.3)
<b>At 31 December 2021</b>	<b>276.9</b>	<b>833.5</b>	<b>1,110.4</b>
<b>Net book value at 31 December 2021</b>	<b>300.3</b>	<b>341.5</b>	<b>641.8</b>
	Land and buildings £m	Fixtures, fittings, plant and equipment £m	Total £m
<b>Cost</b>			
At 1 January 2022	577.2	1,175.0	1,752.2
Exchange adjustments	38.0	67.9	105.9
Additions	87.5	110.4	197.9
Disposals	(57.4)	(54.2)	(111.6)
Businesses acquired (note 10)	-	0.1	0.1
<b>At 31 December 2022</b>	<b>645.3</b>	<b>1,299.2</b>	<b>1,944.5</b>
<b>Accumulated depreciation</b>			
At 1 January 2022	276.9	833.5	1,110.4
Exchange adjustments	20.2	56.7	76.9
Charge for the year	66.4	93.8	160.2
Impairments	-	2.4	2.4
Disposals	(47.7)	(52.1)	(99.8)
<b>At 31 December 2022</b>	<b>315.8</b>	<b>934.3</b>	<b>1,250.1</b>
<b>Net book value at 31 December 2022</b>	<b>329.5</b>	<b>364.9</b>	<b>694.4</b>

## Notes to the financial statements Continued

### 8 Property, plant and equipment Continued

Fixtures, fittings, plant and equipment include assets in the course of construction of £33.6m at 31 December 2022 (2021: £27.0m), mainly comprising laboratories under construction. These assets will not be depreciated until they are available for use.

The net book value of land and buildings comprised:

	2022 £m	2021 £m
Freehold	56.6	57.1
Leasehold	272.9	243.2
<b>Total</b>	<b>329.5</b>	<b>300.3</b>

Contracts for capital expenditure which are not provided in the financial statements amounted to £74m (2021: £10.3m).

We have specifically reviewed our portfolio of freehold properties (total 2022 net book value of £56.6m (2021: £57.1m)) to consider whether there are indications of material impairment arising from the potential physical risks arising from climate change. We have not impaired any assets this year as a result of this exercise.

As a result of the Group's cost reduction programme initiated in 2022, there were individual fixtures, fittings, plant and equipment assets no longer in use which resulted in an impairment of £2.4m (2021: £nil) with the cost recognised in SDI as a restructuring cost (see note 3).

The net book value of the right-of-use asset for leases comprised:

	Land and buildings £m	Other £m	Total £m
At 1 January 2022	240.3	26.5	266.8
Cost movement in year	63.1	4.9	68.0
Depreciation movement in year	(33.9)	(3.3)	(37.2)
<b>Net book value at 31 December 2022</b>	<b>269.5</b>	<b>28.1</b>	<b>297.6</b>

For lease liabilities, interest expenses on lease liabilities and cash outflows for leases, refer to note 14; for expense relating to short-term leases and leases of low-value assets, refer to note 4.

Other leases include motor vehicles, office equipment and fixtures and fittings.

### 9 Goodwill and other intangible assets

#### Accounting policy

##### Goodwill

Goodwill arises on the acquisition of businesses. Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units ('CGUs') and is not amortised but is tested annually for impairment.

##### Acquisitions on or after 1 January 2010

From 1 January 2010, the Group has prospectively applied IFRS 3 *Business Combinations* (revised 2008). Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained.

The Group measures goodwill as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Costs relating to acquisitions are shown in note 3.

Any contingent consideration payable is recognised at fair value at the acquisition date with subsequent changes recognised in profit or loss.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

##### Acquisitions between 1 January 2004 and 31 December 2009

For acquisitions between 1 January 2004 and 31 December 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

The Group has taken advantage of the exemption permitted by IFRS 1 *First-Time Adoption of International Financial Reporting Standards* and has not restated goodwill on acquisitions prior to 1 January 2004, the date of transition to IFRS. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

##### Other intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If, based on management's judgement, such an asset is identified, then it is valued by discounting the probable future cash flows expected to be generated by the asset, over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation.

## Notes to the financial statements Continued

### 9 Goodwill and other intangible assets Continued

Intangible assets arising on acquisitions and computer software are stated at cost less accumulated amortisation and accumulated impairment losses. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable, and which have finite useful lives.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Computer software	Up to 7 years
Customer relationships	Up to 20 years
Technology and know-how	Up to 15 years
Trade names	Up to 18 years
Licences	Contractual life
Covenants not to compete	Contractual life

#### Impairment

Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired. Goodwill is also tested for impairment in the year of any acquisition.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position may be less than its recoverable amount.

Any impairment is recognised in the income statement within operating costs. Impairment is determined for goodwill by assessing the recoverable amount of each asset or group of assets, i.e. CGU, to which the goodwill relates. A CGU represents an asset grouping at the lowest level for which there are separately identifiable cash flows.

The recoverable amount of an asset or a CGU is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimation process is complex due to the inherent risks and uncertainties and if different estimates were used this could materially change the projected value of the cash flows. An impairment loss in respect of goodwill is not reversed.

### Intangibles

The intangibles employed by the business are analysed below:

	Goodwill £m	Other intangible assets				Total other intangible assets £m
		Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	
<b>Cost</b>						
At 1 January 2021	1,360.1	433.8	59.9	29.4	227.3	750.4
Exchange adjustments	(9.5)	(2.5)	(0.1)	(0.4)	(0.9)	(3.9)
Additions	-	-	-	-	19.4	19.4
Disposal	-	-	-	-	(5.8)	(5.8)
Businesses acquired (note 10)	413.3	65.0	37.6	0.2	5.7	108.5
<b>At 31 December 2021</b>	<b>1,763.9</b>	<b>496.3</b>	<b>97.4</b>	<b>29.2</b>	<b>245.7</b>	<b>868.6</b>
<b>Accumulated amortisation</b>						
At 1 January 2021	524.2	311.7	15.4	25.1	118.5	470.7
Exchange adjustments	(1.7)	(1.7)	0.2	(0.5)	(0.8)	(2.8)
Charge for the year	-	17.7	10.3	1.3	18.7	48.0
Disposal	-	-	-	-	(5.8)	(5.8)
<b>At 31 December 2021</b>	<b>522.5</b>	<b>327.7</b>	<b>25.9</b>	<b>25.9</b>	<b>130.6</b>	<b>510.1</b>
<b>Net book value at 31 December 2021</b>	<b>1,241.4</b>	<b>168.6</b>	<b>71.5</b>	<b>3.3</b>	<b>115.1</b>	<b>358.5</b>

## Notes to the financial statements Continued

## 9 Goodwill and other intangible assets Continued

	Goodwill £m	Other intangible assets				Total other intangible assets £m
		Customer relationships £m	Technology/ Know-how and trade names £m	Other acquisition intangibles £m	Computer software £m	
<b>Cost</b>						
At 1 January 2022	1,763.9	496.3	97.4	29.2	245.7	868.6
Exchange adjustments	139.2	38.8	8.7	2.0	21.7	71.2
Additions	-	-	-	-	20.4	20.4
Transfers	5.8	-	2.9	-	-	2.9
Disposal	-	-	-	-	(5.3)	(5.3)
Businesses acquired (note 10)	66.6	12.1	3.2	-	-	15.3
<b>At 31 December 2022</b>	<b>1,975.5</b>	547.2	112.2	31.2	282.5	<b>973.1</b>
<b>Accumulated amortisation</b>						
At 1 January 2022	522.5	327.7	25.9	25.9	130.6	510.1
Exchange adjustments	34.6	23.0	2.7	1.7	10.0	37.4
Charge for the year	-	22.2	11.3	1.3	20.3	55.1
Disposal	-	-	-	-	(5.3)	(5.3)
Impairment	-	-	-	-	12.9	12.9
<b>At 31 December 2022</b>	<b>557.1</b>	372.9	39.9	28.9	168.5	<b>610.2</b>
<b>Net book value at 31 December 2022</b>	<b>1,418.4</b>	174.3	72.3	2.3	114.0	<b>362.9</b>

## Other intangible assets

Computer software additions of £20.4m (2021: £19.4m) relates to separately acquired computer software of £6.9m (2021: £7.8m) and internally developed intangible assets of £13.5m (2021: £11.6m).

The other acquisition intangibles net book value of £2.3m (2021: £3.3m) consists of guaranteed income, order backlog, licences and non-compete covenants.

The average remaining amortisation period for customer relationships is seven years (2021: eight years).

As a result of the Group's cost reduction programme initiated in 2022, there were two individual technology assets no longer in use which resulted in an impairment of £12.9m (2021: £nil) with the cost recognised in SDI as a restructuring cost (see note 3).

Computer software net book value of £114.0m (2021: £115.1m) includes software in construction of £42.8m (2021: £59.3m). Research and development expenditure of £37.6m (2021: £27.1m) was recognised as an expense in the year.

## Goodwill

Goodwill arising from acquisitions in the current and prior year has been allocated to reportable segments as follows:

	2022 £m	2021 £m
Products	-	412.9
Trade	-	0.4
Resources	66.6	-
<b>At 31 December</b>	<b>66.6</b>	<b>413.3</b>

The total carrying amount of goodwill by CGU is as follows, which is also used for the assessment of the Group's impairment review:

	2022 pre-tax discount rate	2022 £m	2021 £m
Industry Services	9.0%	83.4	14.4
Business Assurance	9.3%	715.6	663.3
Food & AgriWorld	9.3%	44.0	39.0
Caleb Brett	9.9%	58.1	53.7
Government & Trade Services	9.3%	0.8	0.8
Minerals	10.2%	38.8	37.0
Softlines	9.2%	6.1	6.1
Hardlines	9.1%	8.8	7.8
Electrical & Connected World	9.2%	93.4	85.7
Transportation Technologies	9.2%	46.9	42.4
Building & Construction	9.4%	238.2	212.2
Chemicals & Pharma	10.2%	84.3	79.0
<b>Net book value at 31 December*</b>		<b>1,418.4</b>	<b>1,241.4</b>

\* All goodwill is recorded in local currency. Additions during the year are converted at the exchange rate on the date of the transaction and the goodwill at the end of the year is stated at closing exchange rates.

## Impairment review

In order to determine whether impairments are required, the Group estimates the recoverable amount of each CGU. The calculation is based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. The long-term growth rate is used in the perpetuity calculations. A discount factor is applied to obtain a value in use which is the recoverable amount. Goodwill arising in year from acquisitions is assessed for impairment separately from the above CGUs and on an acquisition-by-acquisition basis. There was no impairment of goodwill for Clean Energy Associates, LLC ('CEA') from the date of acquisition to 31 December 2022. There would be no impact on the impairment review through the inclusion of CEA within the CGU review. No impairments were required on goodwill arising in 2022 (2021: No impairments).

## Notes to the financial statements Continued

### 9 Goodwill and other intangible assets Continued

The calculation of the value in use includes assessment of long-term growth rates and discount rates. Long-term growth rates predict growth beyond the Group's planning cycle, and range from 1.7% to 2.6% (2021: 1.7% to 2.6%). The discount rate for each CGU is based on the Group's weighted average cost of capital adjusted for the risks specific to the CGU. Pre-tax discount rates ranged from 9.0% to 10.2% (2021: 8.1% to 10.4%). The underlying cashflows include consideration of the potential impact of inflation.

#### Key assumptions

The key assumptions include the rate of revenue and profit growth within each of the territories and business lines in which the Group operates. These are based on the Group's approved budget and five-year strategic plan. Finally, the discount rate used to bring the cash flow back to a present value varies depending on the location of the operation and the nature of the operations. The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### Sensitivity analysis

None of the reasonable downside sensitivity scenarios on key assumptions would cause the carrying amount of each CGU to exceed its recoverable amount. The sensitivities modelled by management include:

- (i) Assuming revenues decline each year by 1% in 2023 to 2027 from the 2023 budgeted revenues, with margins increasing with base assumptions.
- (ii) Assuming zero growth in operating profit margins in 2023 to 2027 with revenues increasing per base assumptions.
- (iii) Assuming an increase in the discount rates used by 1%.

Management considers that the likelihood of any or all of the above scenarios occurring is low.

## 10 Acquisitions

### Acquisitions in 2022

On 1 August 2022 the Group acquired Clean Energy Associates, LLC ('CEA') a market-leading independent provider of Quality Assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors with a headquarters in the USA and an operation based in China, for a purchase price of US\$112.4m (£92.2m). Purchase consideration net of cash acquired was US\$96.1m (£78.8m). The purchase price includes cash consideration of £79.3m and a further contingent consideration payable of £12.9m. Goodwill of £66.6m was generated in this purchase.

The acquisition of CEA is in line with our 5x5 strategy, which aims to further strengthen our TQA value proposition and expand our presence in attractive markets with long-term growth opportunities. CEA will strengthen Intertek's assurance offering by creating a truly end-to-end value proposition in the solar energy value chain for customers globally.

Provisional details of the net assets acquired and fair value adjustments are set out in the following tables. These analyses are provisional and amendments may be made to these figures in the 12 months following the date of acquisition.

	2022
	Provisional fair value to Group on acquisition £m
<b>Clean Energy Associates LLC</b>	
<b>Total</b>	
Property, plant and equipment	0.1
Goodwill	66.6
Other intangible assets	15.3
Trade and other receivables	5.9
Trade and other payables	(5.5)
Provisions for liabilities and charges	-
Deferred tax liabilities	(3.6)
<b>Net assets acquired (net of cash acquired)</b>	<b>78.8</b>

#### Goodwill and intangible assets

The total goodwill arising on acquisitions made during 2022 was £66.6m, of which £nil is expected to be deductible for tax purposes. The goodwill arising represents the value of the assembled workforce and the benefits the Group expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate. The intangible assets of £15.3m primarily represent the value of customer relationships, trade names and technology. The final values will be calculated within 12 months following the date of acquisition. The deferred tax thereon was £3.6m.

#### Consideration paid

The total cash consideration for the acquisitions in the year was £79.3m (2021: £496.7m), with further contingent consideration payable of £12.9m (2021: £0.1m), which is recognised in note 13. Cash consideration includes cash acquired of £13.4m (2021: £15.8m). The estimated purchase price net of cash was £65.9m (2021: £480.9m), of which £2.7m has been paid in January 2023.

#### Contribution of acquisitions to revenue and profits

In total, acquisitions made during 2022 contributed revenues of £11.9m (2021: £44.2m) and a statutory net profit after tax of £2.1m (2021: £2.4m) from the date of acquisition to year-end. The Group revenue and statutory profit after tax for the year ended 31 December 2022 would have been £3,209.5m and £307.4m respectively if the acquisitions were assumed to have been made on 1 January 2022.

#### Acquisition-related costs

Acquisition-related costs of £1.3m are included in operating costs in the consolidated income statement as an SDI (see note 3) and in operating cash flows in the consolidated statement of cash flows.

## Notes to the financial statements Continued

### 10 Acquisitions Continued

#### Acquisitions in 2021

On 7 September 2021 the Group acquired 100% of SAI Global Assurance ('SAI'), a leading provider of assurance services based predominantly in Australia, for a purchase price of AU\$868.9m (£450.1m net of cash acquired) generating goodwill of £388.4m. The Assurance division provides audit, inspection and certification services and is similar to our existing Business Assurance line. The Standards division aggregates and distributes standards via its online platform. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our TQA value proposition and expand our presence in attractive markets with long-term growth opportunities.

On 1 July 2021 the Group acquired the trade and assets of Apras Sicea France ('ASF'), a specialist in inspection and testing of petroleum, petrochemical and related products, for a purchase price of EURO.6m (£0.5m net of cash acquired) generating goodwill of £0.4m.

On 19 July 2021 the Group acquired 100% of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA'), a market-leading independent provider of Food, Agri and Environmental testing solutions, for a purchase price of BRL218.3m (£30.4m net of cash acquired) generating goodwill of £24.5m.

The net assets acquired and fair value adjustments are set out in the following tables.

	2021
<b>SAI Global Standards and Assurance Total</b>	<b>Fair value to Group on acquisition £m</b>
Property, plant and equipment	3.7
Goodwill	388.4
Other intangible assets	99.6
Trade and other receivables	54.6
Trade and other payables	(74.9)
Provisions for liabilities and charges	(0.1)
Deferred tax liabilities	(19.5)
Minority Interest acquired	(1.7)
<b>Net assets acquired</b>	<b>450.1</b>

	2021
<b>Others Total</b>	<b>Fair value to Group on acquisition £m</b>
Property, plant and equipment	2.4
Goodwill	24.9
Other intangible assets	8.9
Inventories	0.1
Trade and other receivables	0.7
Trade and other payables	(3.1)
Deferred tax liabilities	(3.0)
<b>Net assets acquired</b>	<b>30.9</b>

The provisional fair values disclosed in 2021 have been updated for SAI, resulting in an increase in goodwill of £5.8m and movements in property, plant and equipment, trade and other receivables, trade and other payables and deferred tax liabilities. These fair value adjustments were made in the 12 months following the acquisitions and are now final.

#### Key assumptions

The key assumptions in deriving the contingent consideration to be recognised include the weighted probability of making a payout and the discount rate used to bring the cash flow back to present values. The discount rates used for the calculation are aligned with the discount rates used for impairment purposes as set out in note 9.

#### Sensitivity analysis

It is estimated that an increase of 1% in the discount rate used to calculate the contingent consideration would have decreased the financial liability by £0.2m, and a 1% decrease in the discount rate would have increased the financial liability by £0.2m. It has also been estimated that an increase of 10% in the probability used to calculate the contingent consideration would have increased the financial liability by £1.3m, whilst a decrease of 10% in the probability used would have decreased the financial liability by £1.3m.

## 11 Trade and other receivables

#### Accounting policy

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. The Group applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables, including contract assets. The provision calculations are based on historic credit losses and forward-looking data, namely specific country-risk classifications with higher default rates applied to older balances. This approach is followed for all receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables and contract assets until such time as the Group believes the amount to be irrecoverable, after which the trade receivable or contract assets balance is written off.



## Notes to the financial statements Continued

### 11 Trade and other receivables Continued

#### Trade and other receivables

Trade and other receivables are analysed below:

	Current 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Trade receivables	519.2	450.5	13.1	-
Contract assets	100.4	108.5	-	-
Other receivables	59.4	57.9	8.4	-
Prepayments	47.4	45.0	-	-
<b>Total trade and other receivables</b>	<b>726.4</b>	<b>661.9</b>	<b>21.5</b>	<b>-</b>

Trade receivables and contract assets are shown net of allowance for impairment losses of £13.9m (2021: £13.8m) and £1.7m (2021: £1.6m) respectively. Net impairment on trade receivables and contract assets charged as part of operating costs was £9.4m (2021: £4.5m credit) and £0.1m (2021: £nil) respectively.

There is no material difference between the above amounts for trade and other receivables and their fair value, due to their short-term duration. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are internationally dispersed. Non-current receivables are discounted to the present value using an appropriate discount rate.

The ageing of trade receivables and contract assets at the reporting date was as follows:

	2022 £m	2021 £m
Under 3 months	514.9	457.6
Between 3 and 6 months	85.4	46.6
Between 6 and 12 months	27.9	20.8
Over 12 months	20.1	49.4
<b>Gross trade receivables and contract assets</b>	<b>648.3</b>	<b>574.4</b>
Allowance for impairment	(15.6)	(15.4)
<b>Trade receivables and contract assets, net of allowance</b>	<b>632.7</b>	<b>559.0</b>

Included in trade receivables under three months of £418.4m (2021: £384.6m) are trade receivables of £365.2m (2021: £340.7m) that are not yet due for payment.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2022 £m	2021 £m
<b>Impairment allowance for doubtful trade receivables and contract assets</b>		
At 1 January	15.4	24.2
Exchange differences	1.9	(0.6)
Acquisitions	0.2	2.1
Net impairment loss/(gain) recognised	9.5	(4.5)
Receivables written off	(11.4)	(5.8)
<b>At 31 December</b>	<b>15.6</b>	<b>15.4</b>

#### Sensitivity analysis

Trade receivables and contract assets are assessed for impairment using a calculated credit loss assumption. A 0.25% variance in the assumed credit risk factor would impact impairment by £2.2m. There were no material individual impairments of trade receivables or contract assets.

## Notes to the financial statements Continued

### 12 Trade and other payables

#### Accounting policy

##### Trade payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered approximate to fair value.

##### Trade and other payables

Trade and other payables are analysed below:

	Current 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Trade payables	172.1	153.4	0.7	0.9
Other payables	85.9	83.4	19.5	15.5
Accruals	308.4	296.2	7.8	9.4
Contract liabilities	156.8	134.8	6.6	6.1
<b>Total trade and other payables</b>	<b>723.2</b>	<b>667.8</b>	<b>34.6</b>	<b>31.9</b>

The Group's exposure to liquidity risk related to trade payables is disclosed in note 14. £113.3m of contract liabilities at the end of 2021 was recognised in revenue in 2022 (2021: £80.5m).

Other payables include revenue taxes, interest payable and retirement liabilities.

Contract liabilities consist of consideration received in advance of the Group transferring the related good or service to the client.

In one part of the Group an arrangement is available that allows payment terms to suppliers to be extended by up to 60 days. At 31 December 2022, this arrangement was applicable to trade payables totalling £1.6m (2021: £2.8m).

### 13 Provisions

#### Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### Provisions

	Contingent consideration £m	Claims £m	Other £m	Total £m
At 1 January 2022	0.3	3.7	9.7	13.7
Exchange adjustments	0.3	0.3	0.1	0.7
Provided in the year:	-	5.5	18.2	23.7
in respect of current year acquisitions	16.1	-	-	16.1
in respect of prior year acquisitions	0.6	-	-	0.6
Released during the year	-	(0.9)	(3.1)	(4.0)
Utilised during the year	(0.1)	(3.6)	(16.7)	(20.4)
<b>At 31 December 2022</b>	<b>17.2</b>	<b>5.0</b>	<b>8.2</b>	<b>30.4</b>
Included in:				
Current liabilities	2.7	5.0	8.1	15.8
Non-current liabilities	14.5	-	0.1	14.6
<b>At 31 December 2022</b>	<b>17.2</b>	<b>5.0</b>	<b>8.2</b>	<b>30.4</b>

The maximum contingent consideration, on a discounted basis, that could be paid in relation to acquisitions is £141.6m. Further detail on the timing of the cash flow can be found in note 14. The contingent consideration is a financial liability discounted to the present value of the redemption amount held at fair value through profit and loss with the measurement basis disclosed in note 14. The £2.7m current liability is the closing statement payment for the CEA acquisition which has been paid in January 2023.

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business. The outcome of such litigation and the timing of any potential liability cannot be readily foreseen, as it is often subject to legal proceedings. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

The provision for claims of £5.0m (2021: £3.7m) represents an estimate of the amounts payable in connection with identified claims from customers, former employees and other plaintiffs and associated legal costs. The timing of the cash outflow relating to the provisions is uncertain but is likely to be within one year. Details of contingent liabilities in respect of claims are set out in note 22.

The other provision of £8.2m (2021: £9.7m) includes restructuring provisions. The timing of the cash outflow is uncertain, but is likely to be within one year.

## Notes to the financial statements Continued

### 14 Borrowings and financial instruments

#### Accounting policy

##### Net financing costs

Net financing costs comprise interest expense on borrowings; interest expense on tax balances; facility fees; interest receivable on funds invested; interest income and expense relating to pension assets and liabilities and lease interest expense under IFRS 16; net foreign exchange gains or losses on financial assets or liabilities; unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration; and gains and losses on hedging instruments that are recognised in the income statement. Interest income and interest expense are recognised as they accrue using the effective interest rate method. As permitted by IAS 7, interest paid is classified within operating cash flows and interest received is classified within investing cash flows.

##### Trade and other receivables

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

##### Cash and cash equivalents and net debt

Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts. Net financial debt comprises borrowings less cash and cash equivalents and total net debt is net financial debt plus the IFRS 16 lease liability.

##### Non-derivative financial liabilities

Trade and other payables 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 income statement over the period of the borrowings on an effective interest basis.

Put options held by non-controlling interests that arise on acquisition are recognised initially at the present value of the redemption amount. They are subsequently measured at amortised cost using the effective interest method. The discount is unwound through SDIs as a finance charge.

##### Derivative financial instruments

The Group uses derivative financial instruments, including foreign currency forwards, to hedge economically its exposure to foreign exchange risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised initially and subsequently at fair value; attributable transaction costs are recognised in profit or loss when incurred. The gain or loss on remeasurement to fair value at each period end is recognised immediately in the income statement except where derivatives qualify for hedge accounting.

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.

#### Hedging

##### *Hedge of monetary assets and liabilities*

Where a derivative financial instrument is used economically to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement in the same caption as the foreign exchange on the related item.

##### *Hedge of net investment in foreign operations*

The Group is exposed to foreign exchange risk exposure arising from its net investment in foreign currency operations and net assets. To the extent that we have debt, we hold it in currencies that hedge the foreign exchange risks from our net investments.

The portion of the gain or loss on an instrument designated as a hedge of a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The value in relation to the hedge instrument that is held within the cumulative foreign currency translation reserve is recycled through the income statement when the hedged subsidiary is disposed of. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

##### *Cash flow hedges*

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk and foreign exchange risk to which the cash flows of certain assets and liabilities are exposed. The Group is exposed to the variability in cash flows arising from the foreign exchange risk exposures.

The effective portion of changes in the fair value of a derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The value in relation to the hedge instrument that is held within the cumulative cash flow hedge reserve (disclosed within other reserves) is recycled through the income statement when the hedged item impacts the income statement. If the instrument is no longer deemed effective, then future movements in fair value are posted to the income statement.

##### *Interest Rate Benchmark Reform*

LIBOR was discontinued as a published benchmark rate for some currencies as of 1 January 2022. The Group has reviewed and renegotiated significant borrowing and commercial 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 30 June 2023.

## Notes to the financial statements Continued

### 14 Borrowings and financial instruments Continued

#### Impairment

A financial asset is assessed for impairment at each reporting date by application of an expected loss model in line with IFRS 9 requirements.

#### Net financing costs

Net financing costs are shown below:

Recognised in income statement	2022 £m	2021 £m
<b>Finance income</b>		
Interest on bank balances	2.2	1.5
<b>Total finance income</b>	<b>2.2</b>	<b>1.5</b>
<b>Finance expense</b>		
Interest on borrowings	(29.6)	(17.7)
Net pension interest income/(cost) (note 16)	0.1	(0.1)
Foreign exchange differences on revaluation of net monetary assets and liabilities	8.6	2.3
Leases - IFRS 16	(10.2)	(9.0)
Facility fees and other*	(3.7)	3.2
<b>Total finance expense*</b>	<b>(34.8)</b>	<b>(21.3)</b>
<b>Net financing costs*</b>	<b>(32.6)</b>	<b>(19.8)</b>

\* Includes £0.7m cost (2021: £8.6m income) relating to SDIs.

#### Analysis of net debt

	2022 £m	2021 £m
Cash and cash equivalents per the statement of financial position	321.6	265.9
Overdrafts	(0.9)	(1.9)
Cash per the statement of cash flows	320.7	264.0

The components of net debt are outlined below:

	1 January 2022 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2022 £m
<b>Cash</b>	<b>264.0</b>	<b>51.7</b>	<b>-</b>	<b>5.0</b>	<b>320.7</b>
<b>Borrowings:</b>					
Revolving credit facility US\$850m 2027	(65.9)	71.9	-	(6.0)	-
Senior notes US\$140m 2022	(103.8)	103.0	-	0.8	-
Acquisition facility 'B' AU\$264.1m 2022	(141.9)	143.7	-	(1.8)	-
Acquisition facility 'B' US\$290.7m 2022	(215.5)	218.2	-	(2.7)	-
Senior notes US\$160m 2023	(118.6)	(0.1)	-	(14.4)	(133.1)
Acquisition facility 'A' AU\$88.0m 2023	(47.3)	-	-	(2.1)	(49.4)
Acquisition facility 'A' US\$96.9m 2023	(72.0)	0.2	-	(8.8)	(80.6)
Senior notes US\$125m 2024	(92.7)	-	-	(11.3)	(104.0)
Senior notes US\$120m 2025	(88.8)	(0.2)	-	(10.8)	(99.8)
Senior notes US\$75m 2026	(55.5)	(0.1)	-	(6.8)	(62.4)
Senior notes US\$150m 2027	-	(109.4)	-	(15.4)	(124.8)
Senior notes US\$165m 2028	-	(123.8)	-	(13.5)	(137.3)
Senior notes US\$165m 2029	-	(123.8)	-	(13.5)	(137.3)
Senior notes US\$160m 2030	-	(120.0)	-	(13.1)	(133.1)
Other*	4.7	-	(1.5)	-	3.2
<b>Total borrowings</b>	<b>(997.3)</b>	<b>59.6</b>	<b>(1.5)</b>	<b>(119.4)</b>	<b>(1,058.6)</b>
<b>Total net financial debt</b>	<b>(733.3)</b>	<b>111.3</b>	<b>(1.5)</b>	<b>(114.4)</b>	<b>(737.9)</b>
Lease liabilities	(292.3)	81.4	(92.4)	(18.9)	(322.2)
<b>Total net debt</b>	<b>(1,025.6)</b>	<b>192.7</b>	<b>(93.9)</b>	<b>(133.3)</b>	<b>(1,060.1)</b>

\* Includes other uncommitted borrowings of £0.8m (2021: £0.8m) and facility fees of £4.0m (2021: £5.5m).

## Notes to the financial statements Continued

## 14 Borrowings and financial instruments Continued

	1 January 2021 £m	Cash flow £m	Non-cash movements £m	Exchange adjustments £m	31 December 2021 £m
<b>Cash</b>	183.4	86.6	-	(6.0)	264.0
<b>Borrowings:</b>					
Revolving credit facility US\$850m 2027	(135.5)	61.5	-	8.1	(65.9)
Senior notes US\$15m 2021	(11.1)	10.9	-	0.2	-
Senior notes US\$140m 2022	(103.7)	-	-	(0.1)	(103.8)
Acquisition facility 'B' AU\$264.1m 2022	-	(142.0)	-	0.1	(141.9)
Acquisition facility 'B' US\$290.7m 2022	-	(210.9)	-	(4.6)	(215.5)
Senior notes US\$160m 2023	(118.5)	-	-	(0.1)	(118.6)
Acquisition facility 'A' AU\$88.0m 2023	-	(47.3)	-	-	(47.3)
Acquisition facility 'A' US\$96.9m 2023	-	(70.3)	-	(1.7)	(72.0)
Senior notes US\$125m 2024	(92.6)	-	-	(0.1)	(92.7)
Senior notes US\$120m 2025	(88.8)	-	-	-	(88.8)
Senior notes US\$75m 2026	(55.5)	-	-	-	(55.5)
Other*	2.4	(0.8)	3.1	-	4.7
<b>Total borrowings</b>	(603.3)	(398.9)	3.1	1.8	(997.3)
<b>Total net financial debt</b>	(419.9)	(312.3)	3.1	(4.2)	(733.3)
Lease liabilities	(224.2)	70.4	(142.4)	3.9	(292.3)
<b>Total net debt</b>	(644.1)	(241.9)	(139.3)	(0.3)	(1,025.6)

## Borrowings

Borrowings are split into current and non-current as outlined below:

	Current 2022 £m	Current 2021 £m	Non-current 2022 £m	Non-current 2021 £m
Senior term loans and notes	263.1	461.2	798.7	540.8
Other borrowings	(1.6)	(1.1)	(1.6)	(3.6)
<b>Total borrowings</b>	<b>261.5</b>	460.1	<b>797.1</b>	537.2
<b>Analysis of debt</b>			2022 £m	2021 £m
Debt falling due:				
In one year or less			261.5	460.1
Between one and two years			103.0	236.4
Between two and five years			286.0	235.3
Over five years			408.1	65.5
<b>Total borrowings</b>			<b>1,058.6</b>	997.3

## 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 Group has a US\$850m multi-currency revolving credit facility, which is the Group's principal facility and in December 2021 was extended from 2026-2027. 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).

## US\$692m acquisition facility

In May 2021 the Group agreed a US\$692m multi-currency acquisition facility to finance the acquisition of SAI Global with £357.4m 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 £130.0m (2021: £476.7m).

## Notes to the financial statements Continued

### 14 Borrowings and financial instruments Continued

#### Private placement bonds

In October 2011 the Group 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 Group issued US\$80m of senior notes. These notes were issued in two tranches with US\$40m repaid 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 Group 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 Group 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 Group issued US\$640m of senior notes. These notes were 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%.

#### Lease liabilities

Undiscounted lease liabilities are split into current and non-current as outlined below:

	2022 £m	2021 £m
Analysis of lease liabilities falling due:		
Current:		
Repayable in less than 1 year	80.5	71.8
<b>Non-current:</b>		
Repayable in 1-2 years	61.2	56.6
Repayable in 2-5 years	106.5	98.2
Repayable in more than 5 years	161.0	150.5
<b>Total lease liabilities</b>	<b>409.2</b>	<b>377.1</b>

#### Financial risks

Details of the Group's treasury controls, exposures and the policies and processes for managing capital and credit, liquidity, interest rate and currency risk are set out below and in the Financial review in Book one, pages 28 to 33.

#### Credit risk

##### Exposure to credit risk

Credit risks arise mainly from the possibility that customers may not be able to settle their obligations as agreed. The Group monitors the creditworthiness of customers on an ongoing basis. The Group's credit risk is diversified due to the large number of entities, industries and regions that make up the Group's customer base.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date this was as follows:

	2022 £m	2021 £m
Trade receivables, net of allowance (note 11)	532.3	450.5
Cash and cash equivalents	320.7	264.0
<b>Total</b>	<b>853.0</b>	<b>714.5</b>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	2022 £m	2021 £m
Asia Pacific	141.4	130.2
Americas	205.9	175.9
Europe, Middle East and Africa	185.0	144.4
<b>Total</b>	<b>532.3</b>	<b>450.5</b>

#### Counterparty risk

Cash and cash equivalents 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 Group. The Group also enters into transactions with counterparties in relation to derivative financial instruments. If the counterparty was not able to meet its obligations, the Group may be exposed to additional foreign currency or interest rate risk. Counterparty credit risk inherent in all hedge relationships is monitored throughout the period of the hedge but this risk is not expected to be significant.

The Group, wherever possible, enters into arrangements with counterparties who have a robust credit standing, which the Group defines as a financial institution with a credit rating of at least investment grade. The Group has existing relationships with a number of 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 Group. It is also Group policy to remit any excess funds from local entities back to Intertek Group Treasury 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.

## Notes to the financial statements Continued

### 14 Borrowings and financial instruments Continued

#### Liquidity risk

Liquidity risk is the risk that the Group 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 are the undiscounted contractual cash flows of financial liabilities/(assets) including interest (for floating rate instruments, interest payments are based on the interest rate at 31 December):

2022	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
<b>Non-derivative financial liabilities/(assets)</b>							
Senior term loans and notes	1,061.8	1,170.4	47.4	244.1	123.4	337.1	418.4
Other loans	(3.2)	0.8	-	-	-	0.2	0.6
Trade payables (note 12)	172.8	172.8	164.2	7.9	0.7	-	-
Lease liabilities	322.2	409.2	41.4	39.1	61.2	106.5	161.0
Contingent consideration (note 13)	17.2	17.2	2.8	-	0.8	13.6	-
	<b>1,570.8</b>	<b>1,770.4</b>	<b>255.8</b>	<b>291.1</b>	<b>186.1</b>	<b>457.4</b>	<b>580.0</b>
<b>Derivative financial liabilities/(assets)</b>							
Foreign currency forwards							
Outflow	2.8	1,069.7	1,069.7	-	-	-	-
Inflow	(1.1)	(1,068.0)	(1,068.0)	-	-	-	-
	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,572.5</b>	<b>1,772.1</b>	<b>257.5</b>	<b>291.1</b>	<b>186.1</b>	<b>457.4</b>	<b>580.0</b>

2021	Carrying amount £m	Contractual cash flows £m	Six months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than five years £m
<b>Non-derivative financial liabilities/(assets)</b>							
Senior term loans and notes	1,002.0	1,035.3	112.5	366.2	243.5	247.4	65.7
Other loans	(4.7)	0.8	-	0.8	-	-	-
Trade payables (note 12)	154.3	154.3	149.5	3.9	0.7	0.2	-
Lease liabilities	292.3	377.1	37.6	34.2	56.6	98.2	150.5
Contingent consideration (note 13)	0.3	0.3	-	0.1	-	0.2	-
	<b>1,444.2</b>	<b>1,567.8</b>	<b>299.6</b>	<b>405.2</b>	<b>300.8</b>	<b>346.0</b>	<b>216.2</b>
<b>Derivative financial liabilities/(assets)</b>							
Foreign currency forwards							
Outflow	-	928.3	928.3	-	-	-	-
Inflow	(0.8)	(929.1)	(929.1)	-	-	-	-
	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,443.4</b>	<b>1,567.0</b>	<b>298.8</b>	<b>405.2</b>	<b>300.8</b>	<b>346.0</b>	<b>216.2</b>

#### Interest rate risk

The Group'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.

#### Sensitivity

At 31 December 2022, it is estimated that the impact on variable rate net debt of a general increase of 3% in interest rates would be a decrease in the Group's profit before tax of approximately £11.6m (2021: £9.6m). This analysis assumes all other variables remain constant.

**Notes to the financial statements** Continued**14 Borrowings and financial instruments** Continued**Foreign currency risk**

The Group's objective in managing foreign currency risk is to safeguard the Group's financial assets from economic loss due to fluctuations in foreign currencies, and to protect margins on cross currency contracts and operations. To achieve this, the Group's policy is to hedge its foreign currency exposures where appropriate.

The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds, and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Due to the high proportion of international activity, the Group's profit is exposed to exchange rate fluctuations. Two types of risk arise as a result: (i) translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign currency operations and foreign assets and liabilities into sterling; and (ii) transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of the Group's commercial cash flows in various currencies.

The foreign currency profiles of cash, trade receivables and payables subject to translation risk and transaction risk, at the reporting date, were as follows:

	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
<b>2022</b>						
Cash	320.7	72.9	85.5	42.3	0.7	119.3
Trade receivables (note 11)	532.3	37.7	216.5	39.5	6.5	232.1
Trade payables (note 12)	172.8	25.6	55.7	20.1	2.7	68.7
	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Other currencies £m
<b>2021</b>						
Cash	264.0	10.7	79.3	54.9	(0.8)	119.9
Trade receivables (note 11)	450.5	34.4	209.5	40.1	6.9	159.6
Trade payables (note 12)	154.3	15.9	55.4	16.7	2.0	64.3

**Recognised assets and liabilities**

Changes in the fair value of foreign currency forwards that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement.

**Cash flow hedge**

At 31 December 2021, the Group had AU\$264.1m drawn against the US\$692m Acquisition Facility, which was repaid in March 2022.

A proportion of the Australian dollar debt was hedged using a 264m AUD/GBP currency forward contract, that matured in March 2022, to eliminate changes in the cash flows of the Australian dollar principal repayment related to changes in foreign exchange rates.

In 2022, a £1.9m gain relating to the Australian dollar hedge was allocated to the income statement.

**Hedge of net investment in foreign operations**

The Group's foreign currency denominated loans are designated as a hedge to protect the same amount of net investment in the Group's foreign currency operations and net assets, against adverse changes in exchange rates. The nominal amount of these loans as at 31 December 2022 was £1,061.8m (2021: £845.1m).

189.6m USD/GBP foreign currency forwards were designated as a hedge to protect the same amount of net investment in the Group's USD operations and net assets, against adverse changes in exchange rates. The hedges remained outstanding as at 31 December 2021 and were settled during March 2022.



## Notes to the financial statements Continued

## 14 Borrowings and financial instruments Continued

A foreign exchange loss of £120.0m (2021: £4.0m foreign exchange gain) was recognised in the translation reserve in equity, reflecting the translation of the Group's foreign currency denominated loans to sterling and the impact of changes in fair value of the foreign currency forwards. The Group has the following hedging instruments:

2022	Other comprehensive income						
	Nominal amounts in local currency	Carrying value £m	1 January 2022 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2022 £m
<b>Cash flow hedges - foreign exchange and interest rate risk</b>							
Foreign currency forward - continuing	-	-	-	1.9	(1.9)	-	-
<b>Hedges of net investment in a foreign operation - foreign exchange risk</b>							
Foreign currency forward - continuing	-	-	3.0	(1.8)	-	(1.2)	-
Forward currency forward - discontinued	-	-	-	-	-	1.2	1.2
Cross currency interest rate swaps - discontinued	-	-	(19.0)	-	-	-	(19.0)
Foreign currency borrowings - continuing	£1,061.8m	1,061.8	(46.5)	(118.2)	-	19.2	(145.5)
Foreign currency borrowings - discontinued	-	-	(176.1)	-	-	(19.2)	(195.3)
		1,061.8	(238.6)	(118.1)	(1.9)	-	(358.6)

The Group entered into AU\$264m of foreign currency forwards which paid USD and received AUD; matured in March 2022. The foreign currency forwards were bifurcated into two relationships: 1) A cash flow hedge of AU\$264m versus GBP foreign currency risk in AUD denominated borrowings; and 2) A net investment hedge of USD versus GBP foreign currency risk in USD denominated net assets of the Group.

The weighted average exchange rates of the forwards were GBP/USD 1.3209 and GBP/AUD 1.8388.

2021	Other comprehensive income						
	Nominal amounts in local currency	Carrying value £m	1 January 2021 £m	Fair value gain/(loss) deferred to OCI £m	FX (gain)/ loss recycled to the income statement £m	Hedges closed in year £m	31 December 2021 £m
<b>Cash flow hedges - foreign exchange and interest rate risk</b>							
Foreign currency forward - continuing	AU\$264m	(1.8)	-	(1.8)	1.8	-	-
<b>Hedges of net investment in a foreign operation - foreign exchange risk</b>							
Foreign currency forward - continuing	US\$189.6m	3.0	-	3.0	-	-	3.0
Cross currency interest rate swaps - discontinued	-	-	(19.0)	-	-	-	(19.0)
Foreign currency borrowings - continuing	£845.1m	845.1	(50.4)	1.0	-	2.9	(46.5)
Foreign currency borrowings - discontinued	-	-	(173.2)	-	-	(2.9)	(176.1)
		846.3	(242.6)	2.2	1.8	-	(238.6)

The foreign currency forwards previously designated in discontinued hedge relationships were disclosed within other receivables in the statement of financial position.

Foreign currency denominated loans and their corresponding hedged items are matched and the Group expects highly effective hedging relationships. Net ineffectiveness on the net investment hedges recognised in the income statement was nil.

Hedge ineffectiveness may occur if there are insufficient net assets in foreign currency to match hedging instruments in the relevant currency.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

The carrying values of the hedging instruments; US\$1,120.0m senior notes, AUD88.0m and US\$96.9m acquisition facilities are included within borrowings within the statement of financial position.

Fair value gains and losses on the hedging instruments designated in the cash flow and net investment hedges have been presented as 'fair value on cash flow hedges' and 'net exchange on hedges of net investments in foreign operations' respectively within the statement of other comprehensive income.

## Notes to the financial statements Continued

### 14 Borrowings and financial instruments Continued

Foreign exchange gain of £1.9m recycled from the cash flow hedge reserve are presented in interest on borrowings within finance expenses in the income statement.

#### Sensitivity

It is estimated that an increase of 10% in the value of sterling against the US dollar and Chinese renminbi (the main currencies impacting the Group) would have decreased the Group's profit before tax for 2022 by approximately £20.4m (2021: £24.7m). This analysis assumes all other variables remain constant.

It is estimated that an increase of 10% in the value of sterling against the currencies of the hedging instruments would have increased OCI by approximately £96.5m (2021: £89.7m) which would be offset by the retranslation of the Group's investment in foreign operations in the same currencies. This analysis assumes all other variables remain constant.

#### Fair values

The table below provides a comparison of book values and corresponding fair values of all the Group's financial instruments by class.

	Book value 2022 £m	Fair value 2022 £m	Book value 2021 £m	Fair value 2021 £m
<b>Financial assets</b>				
Cash and cash equivalents	320.7	320.7	264.0	264.0
Trade receivables (note 11)	532.3	532.3	450.5	450.5
Foreign currency forwards*	1.1	1.1	0.8	0.8
<b>Total financial assets</b>	<b>854.1</b>	<b>854.1</b>	715.3	715.3
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings	1,058.6	936.8	997.3	1,003.3
Trade payables (note 12)	172.8	172.8	154.3	154.3
Foreign currency forwards*	2.8	2.8	-	-
Contingent consideration**	17.2	17.2	0.3	0.3
<b>Total financial liabilities</b>	<b>1,251.4</b>	<b>1,129.6</b>	1,151.9	1,157.9

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

\*\* Contingent consideration is categorised as Level 3 under which the fair value is measured using unobservable inputs - being the EBITDA performance of the acquired companies.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

### 15 Capital and reserves

#### Accounting policy

##### Dividends

Interim dividends are recognised as a movement in equity when they are paid. Final dividends are reported as a movement in equity in the year in which they are approved by the shareholders.

##### Own shares held by the Employee Share Ownership Trust ('ESOT')

Transactions of the Group-sponsored ESOT are included in the Group financial statements. In particular, the Trust's purchases of shares in the Company are debited directly in equity to retained earnings.

#### Share capital

Group and Company	2022 number	2022 £m	2021 £m
Allotted, called up and fully paid:			
Ordinary shares of 1p each at start of year	161,393,127	1.6	1.6
Share awards	-	-	-
<b>Ordinary shares of 1p each at end of year</b>	<b>161,393,127</b>	<b>1.6</b>	1.6
<b>Shares classified in shareholders' funds</b>		<b>1.6</b>	1.6

The holders of ordinary shares are entitled to receive dividends and are entitled to vote at general meetings of the Company.

During the year, the Company issued nil (2021: nil) ordinary shares in respect of all share plans.

#### Purchase of own shares for trust

During the year ended 31 December 2022, the Company financed the purchase of 45,000 (2021: 216,310) of its own shares with an aggregate nominal value of £450 (2021: £2,163) for £2.3m (2021: £11.4m) which was charged to retained earnings in equity and was held by the ESOT. This trust is managed by an independent offshore trustee. During the year, 187,139 shares were utilised to satisfy the vesting of share awards (note 17). At 31 December 2022, the ESOT held 132,407 shares (2021: 274,546 shares) with an aggregate nominal value of £1,324 (2021: £2,745). The associated cash outflow of £2.3m (2021: £11.4m) has been presented as a financing cash flow.

## Notes to the financial statements Continued

### 15 Capital and reserves Continued

	2022 £m	2022 Pence per share	2021 £m	2021 Pence per share
<b>Dividends</b>				
Amounts recognised as distributions to equity holders:				
Final dividend for the year ended 31 December 2020	-	-	115.5	71.6
Interim dividend for the year ended 31 December 2021	-	-	55.1	34.2
Final dividend for the year ended 31 December 2021	<b>115.5</b>	<b>71.6</b>	-	-
Interim dividend for the year ended 31 December 2022	<b>55.1</b>	<b>34.2</b>	-	-
<b>Dividends paid</b>	<b>170.6</b>	<b>105.8</b>	170.6	105.8

After the reporting date, the Directors proposed a final dividend of 71.6p per share in respect of the year ended 31 December 2022, which is expected to amount to £115.5m. This dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with IAS 10 *Events After the Reporting Date*, it has not been included as a liability in these financial statements. If approved, the final dividend will be paid to shareholders on 15 June 2023.

#### Reserves

##### Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations.

##### Other

This reserve includes a merger difference that arose in 2002 on the conversion of share warrants into share capital, as well as the cash flow hedge reserve.

### 16 Employee benefits

#### Accounting policy

##### Pension schemes

###### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement as incurred.

###### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of material defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

In calculating the defined benefit surplus or deficit, the discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

The increase in the present value of the liabilities expected to arise from the employees' services in the accounting period is charged to the operating profit in the income statement. The expected return on the schemes' assets and the interest on the present value of the schemes' liabilities, during the accounting period, are shown as finance income and finance expense, respectively.

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and Switzerland. The United Kingdom Scheme is funded, with assets held in separate trustee-administered funds and the Switzerland Scheme is an insured scheme. The scheme in the United Kingdom was closed to new entrants in 2002. Other funded defined benefit schemes are not considered to be material and are therefore accounted for as if they were defined contribution schemes.

In line with IAS 19 and IFRIC 14, if a scheme has a surplus this is recognised on the statement of financial position if the economic benefit is available to the Group as a result of the surplus. Economic benefit is defined as when an entity has an unconditional right to a refund from the scheme whilst the scheme is ongoing; or assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme/died; or assuming the full settlement of the scheme's liabilities in a single event. In the event of a surplus, the relevant scheme rules will be reviewed in line with IFRIC 14 and a legal opinion obtained to identify if the surplus can be recognised by the Group.

The Group recognises all actuarial remeasurements in each year in equity through the consolidated statement of comprehensive income.

#### Total pension cost

The total pension cost included in operating profit for the Group was:

	2022 £m	2021 £m
Defined contribution schemes	<b>(59.6)</b>	(51.4)
Defined benefit schemes – current service cost and administration expenses	<b>(1.9)</b>	(2.4)
<b>Pension cost included in operating profit (note 5)</b>	<b>(61.5)</b>	(53.8)

The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom ('United Kingdom Scheme') was carried out as at 31 March 2022, and for IAS 19 accounting purposes has been updated to 31 December 2022. The Switzerland Scheme was valued for IAS 19 purposes as at 31 December 2022. The average duration of the schemes' liabilities are 13 years for both the United Kingdom and Switzerland schemes.

## Notes to the financial statements Continued

### 16 Employee benefits Continued

#### Defined benefit schemes

##### The cost of defined benefit schemes

The amounts recognised in the income statement were as follows:

	2022 £m	2021 £m
Current service cost	(1.5)	(2.0)
Scheme administration expenses	(0.4)	(0.4)
Net pension interest cost (note 14)	0.1	(0.1)
<b>Total charge</b>	<b>(1.8)</b>	<b>(2.5)</b>

The current service cost and scheme administration expenses are included in operating costs in the income statement and pension interest cost and interest income are included in net financing costs.

Included in other comprehensive income:

	2022 £m	2021 £m
Remeasurements arising from:		
Demographic assumptions	(0.6)	(1.4)
Financial assumptions	52.3	8.1
Experience adjustment	(5.3)	(2.1)
Asset valuation	(29.8)	7.5
Other	0.8	(0.6)
<b>Total</b>	<b>17.4</b>	<b>11.5</b>

#### Company contributions

The Company assessed the triennial actuarial valuation for the United Kingdom Scheme and its impact on the scheme funding plan in 2022 and future years. In 2023 the Group expects to make normal contributions of £0.6m (2022: £0.6m) and a special contribution of £nil (2022: £2.0m). The next triennial valuation is due to take place as at 31 March 2025 and will include a review of the Company's future contribution requirements.

#### Pension asset/liability for defined benefit schemes

The amounts recognised in the statement of financial position for defined benefit schemes were as follows:

	United Kingdom Scheme £m	Switzerland Scheme £m	Total £m
<b>31 December 2022</b>			
Fair value of scheme assets	108.2	12.9	121.1
Present value of funded defined benefit obligations	(86.9)	(15.1)	(102.0)
<b>Surplus/(Deficit) in schemes</b>	<b>21.3</b>	<b>(2.2)</b>	<b>19.1</b>

The fair value changes in the scheme assets are shown below:

	2022 £m	2021 £m
Fair value of scheme assets at 1 January	155.4	150.4
Interest income	2.7	1.8
Normal contributions by the employer	1.3	1.3
Special contributions by the employer	2.0	2.0
Contributions by scheme participants	0.6	0.6
Benefits paid	(4.2)	(7.2)
Effect of exchange rate changes on overseas schemes	1.5	(0.6)
Remeasurements	(29.8)	7.5
Scheme administration expenses	(0.4)	(0.4)
Settlements*	(8.0)	-
<b>Fair value of scheme assets at 31 December</b>	<b>121.1</b>	<b>155.4</b>

\* Settlements represent transfer to the reinsurer of assets and legal obligations related to the benefits provided to inactive members of part of the Switzerland Scheme.

#### Asset allocation

Investment statements were provided by the investment managers which showed that, as at 31 December 2022, the invested assets of the United Kingdom Scheme totalled £108.2m (2021: £137.0m), broken down as follows.

	United Kingdom Scheme	
Asset class	2022 £m	2021 £m
Equities	44.2	72.1
Property	4.5	5.2
Liability-Driven Investment*	11.8	16.8
Corporate debt instruments	37.9	38.0
Cash	9.8	4.9
<b>Total</b>	<b>108.2</b>	<b>137.0</b>

\* Investments are included at fair value. The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Pooled investment vehicles (including the LDI Fund) which are not traded on active markets, but where the investment manager has provided a monthly trading price, are valued using the last single price, provided by the investment manager at or before the year-end. The LDI Fund provides the hedge against adverse movements in inflation and interest rates. It seeks to match the sensitivity of the Scheme's liability cash flow to changes in interest rates and inflation; it is invested in gilts, swaps, futures, repo contracts and money market instruments.

## Notes to the financial statements Continued

### 16 Employee benefits Continued

The United Kingdom Scheme had bank account assets of £9.6m as at 31 December 2022 (2021: £1.2m).

The United Kingdom Scheme invested assets comprising both quoted and unquoted assets. The value of quoted assets in 2022 was £11.7m (2021: £17.3m), included within equities in the above table, with the remaining assets being unquoted. The invested assets of the Switzerland Scheme comprise cash in savings and contribution accounts. The Switzerland Scheme is fully insured.

Changes in the present value of the defined benefit obligations were as follows:

	2022 £m	2021 £m
Defined benefit obligations at 1 January	154.0	162.5
Current service cost	1.5	2.0
Interest cost	2.6	1.9
Contributions by scheme participants	0.7	0.2
Benefits paid	(4.2)	(7.2)
Effect of exchange rate changes on overseas schemes	1.8	(0.7)
Remeasurements	(46.4)	(4.7)
Settlements	(8.0)	-
<b>Defined benefit obligations at 31 December</b>	<b>102.0</b>	<b>154.0</b>

Principal actuarial assumptions:

	United Kingdom Scheme		Switzerland Scheme	
	2022 %	2021 %	2022 %	2021 %
Discount rate	4.85	1.9	2.3	0.35
Inflation rate (based on CPI)	2.1	2.25	n/a	n/a
Rate of salary increases	-	-	1.75	1.0
Rate of pension increases:				
CPI subject to a maximum of 5% p.a.	2.15	2.25	n/a	n/a
Increases subject to a maximum of 2.5% p.a.	1.7	1.8	n/a	n/a

The Switzerland Scheme is an insured plan.

Life expectancy assumptions at year-end for:

	United Kingdom Scheme		Switzerland Scheme	
	2022	2021	2022	2021
Male aged 40	48.4	47.8	49.4	49.1
Male aged 65	21.7	21.8	22.0	22.6
Female aged 40	50.6	50.1	51.0	50.9
Female aged 65	23.8	23.9	23.7	24.4

The table above shows, for the United Kingdom Scheme, the number of years a male or female is expected to live, assuming they were aged either 40 (and lives to 65) or 65 at 31 December. The mortality tables adopted in 2022 for the United Kingdom Scheme are S3PA tables, based on the CMI 2021 mortality projection model with a 1.25% long-term annual rate for future improvements. In 2021 the S3PA tables were used, based on the CMI 2019 mortality projection model with a 1.00% long-term annual rate for future improvement. For the Switzerland Scheme, the mortality table adopted in 2022 and 2021 is the BVG2020, an industry standard in Switzerland which is based on statistical evidence of major Switzerland pension funds.

### Sensitivity analysis

The table below sets out the sensitivity on the United Kingdom pension assets and liabilities as at 31 December 2022 of the two main assumptions:

Change in assumptions	UK Scheme	
	Liabilities £m	Increase/ (decrease) in surplus/ deficit £m
No change	86.9	-
0.25% rise in discount rate	84.1	(2.7)
0.25% fall in discount rate	89.8	2.9
0.25% rise in inflation	88.3	1.4
0.25% fall in inflation	85.4	(1.5)

The United Kingdom Scheme is also subject to the mortality assumption. If the mortality tables used are rated up/down one year, the value placed on the liabilities increases by £3.1m and decreases by £3.1m, respectively.

### Funding arrangements

#### United Kingdom Scheme

The Trustees use the Projected Unit Credit Method with a three-year control period. Currently the scheme members pay contributions at the rate of 8.5% of salary. The employer pays contributions of 18.5% of salary, plus £0.2m per year to fund scheme expenses and has made an additional contribution of £2.0m in 2022 to reduce the deficit disclosed by the 2019 valuation.

## Notes to the financial statements Continued

### 16 Employee benefits Continued

#### Funding risks

The main risks for the schemes are:

Investment return risk:	If the assets underperform the returns assumed in setting the funding targets then additional contributions may be required at subsequent valuations.
Investment matching risk:	The schemes invest significantly in equities, whereas the funding targets are closely related to the returns on bonds. If equities fall in value relative to the matching asset of bonds, additional contributions may be required.
Longevity risk:	If future improvements in longevity exceed the assumptions made for scheme funding then additional contributions may be required.

#### Role of third parties

The United Kingdom Scheme is managed by Trustees on behalf of its members. The Trustees take advice from appropriate third parties including investment advisers, actuaries and lawyers as necessary.

### 17 Share schemes

#### Accounting policy

##### Share-based payment transactions

The share-based compensation plans operated by the Group allow employees to acquire shares of the Company. The fair value of the employee services, received in exchange for the grant of shares, is measured at the grant date and is recognised as an expense with a corresponding increase in equity. The charge is calculated using the Black-Scholes method and expensed to the income statement over the vesting period of the relevant award. The charge for the Deferred Share Awards is adjusted to reflect expected and actual levels of vesting for service conditions. The expense of the LTIP Share Awards is calculated using the Monte Carlo method and the fair value adjusted for the probability of performance conditions being achieved.

#### Share plans

##### 2011 Long Term Incentive Plan

The Deferred Bonus Plan 2005 was replaced in 2011 with the Intertek 2011 Long Term Incentive Plan ('LTIP'). Deferred Share Awards (previously Share Awards) and LTIP Share Awards (previously Performance Awards) have been granted under this plan. The first awards were granted on 7 April 2006. The awards under these plans vest three years after grant date, subject to fulfilment of the performance conditions. The weighted average remaining contractual life of share options outstanding at the end of the period is four months.

##### 2021 Long Term Incentive Plan

The Intertek 2021 Long Term Incentive Plan ('2021 Plan') was approved at the 2020 Annual General Meeting as the Intertek 2011 Long Term Incentive Plan was approaching the end of its ten-year life cycle. The 2021 Plan is broadly similar to the previous Long Term Incentive Plan, but with amendments to take account of developments in market practice. The awards made in 2022 were made under the 2021 Plan on 11 March 2022. The awards under these plans vest three years after grant date, subject to fulfilment of the non-market based performance conditions.

Outstanding awards	2022			2021		
	Deferred Share Awards	LTIP Share Awards	Total awards	Deferred Share Awards	LTIP Share Awards	Total awards
At beginning of year	662,706	791,842	1,454,548	784,932	889,937	1,674,869
Granted*	323,181	359,589	682,770	200,550	325,562	526,112
Vested**	(251,311)	-	(251,311)	(246,474)	(103,321)	(349,795)
Forfeited	(60,383)	(341,015)	(401,398)	(76,302)	(320,336)	(396,638)
<b>At end of year</b>	<b>674,193</b>	<b>810,416</b>	<b>1,484,609</b>	<b>662,706</b>	<b>791,842</b>	<b>1,454,548</b>

\* Includes 15,388 Deferred Share Awards (2021: 11,298) and 21,150 LTIP Share Awards (2021: 16,232) granted in respect of dividend accruals.

\*\* Of the 251,311 awards vested in 2022, nil were satisfied by the issue of shares and 170,968 by the transfer of shares from the ESOT (see note 15). The balance of 80,343 awards represented a tax liability of £4.1m (2021: £6.3m) which was settled in cash on behalf of employees by the Group, of which £3.6m was settled by the Company.

#### Buyout Awards

On 1 April 2021, Jonathan Timmis was granted conditional rights to acquire 39,000 shares under a one-off arrangement as a condition of his recruitment as CFO of the Company, granted under the Long Term Incentive Plan 2021. The award comprised three parts of 13,000 shares, vesting on 1 April 2022, 1 April 2023 and 1 April 2024. Further details are shown in the Remuneration report in Book two, pages 78 to 103.

#### Deferred Share Plan

Awards may be granted under the Deferred Share Plan ('DSP') to employees of the Group (other than the Executive Directors of the Company) selected by the Remuneration Committee over existing, issued ordinary shares of the Company only. The DSP was adopted primarily to allow for the deferral of a proportion of selected employees' annual bonus into shares in the Company but may also be used for the grant of other awards (such as incentive awards and buyout awards for key employees) in circumstances that the Remuneration Committee deems appropriate. Awards will normally have a three-year vesting period. Awards may be made subject to performance conditions and are subject to normal good and bad leaver provisions and malus and clawback.

Outstanding awards	2022		2021	
	Deferred Share Awards	Total awards	Deferred Share Awards	Total awards
At beginning of year	37,368	37,368	45,881	45,881
Granted*	22,420	22,420	33,641	33,641
Vested**	(21,984)	(21,984)	(31,308)	(31,308)
Forfeited	-	-	(10,846)	(10,846)
<b>At end of year</b>	<b>37,804</b>	<b>37,804</b>	<b>37,368</b>	<b>37,368</b>

\* Includes 1,119 Deferred Share Awards (2021: 1,180) granted in respect of dividend accruals.

\*\* Of the 21,984 awards vested in 2022, 16,171 were satisfied by the transfer of shares from the ESOT (see note 15). The balance of 5,813 awards represented a tax liability of £0.3m which was settled in cash on behalf of employees by the Group, of which £0.3m was settled by the Company.

## Notes to the financial statements Continued

### 17 Share schemes Continued

#### Equity-settled transactions

During the year ended 31 December 2022, the Group recognised an expense of £17.5m (2021: £18.6m). The fair values and the assumptions used in their calculations are set out below:

	2022 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	4,636	4,845	4,180
Share price (pence)	4,636	4,845	4,180
Time to maturity (years)	1-3	3	3

	2021 Awards		
	Deferred Share Awards	Share Awards	LTIP Share Awards
Fair value at measurement date (pence)	5,345	4,791	4,855
Share price (pence)	5,345	4,791	4,855
Time to maturity (years)	1-3	3	3

The weighted-average exercise prices of all share awards in the year are £nil (2021: £nil).

All Share Awards are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date. From 2020 the LTIP Share Awards were granted under performance-related non-market conditions only.

### 18 Subsequent events

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.

### 19 Capital management

The Directors determine the appropriate capital structure of Intertek; specifically how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities. These activities include ongoing operations as well as acquisitions as described in note 10.

The Group's policy is to maintain a robust capital base (including cash and debt) to ensure the market and key stakeholders retain confidence in the capital profile. Debt capital is monitored by Group Treasury assessing the liquidity buffer on a short- and longer-term basis as discussed in note 14. Financial net debt has increased from £733.3m at 31 December 2021 to £737.9m at 31 December 2022. The Group has a strong balance sheet with financial net debt to EBITDA of 1.1.

During 2022, the Group has continued the working capital focus and through disciplined performance management, working capital has reduced by £4.5m to negative £47.8m. Working capital is defined on page 3.

The Group uses key performance indicators, including return on invested capital ('ROIC') and adjusted diluted earnings per share to monitor the capital position of the Group to ensure it is being utilised effectively. The rate of ROIC, defined as adjusted operating profit less adjusted taxes divided by invested capital, measures how effectively the Group generates profit from its invested capital. This is a key measure to assess the efficiency of investment decisions and is also an important criterion in the decision-making process. ROIC in 2022 was 18.0% (2021: 18.2%). Adjusted diluted earnings per share is a key measure of value creation for the Board and for shareholders and in 2022 was 211.1p (2021: 190.8p).

The dividend policy also forms part of the Board's capital management policy, and the Board ensures there is appropriate earnings cover for the dividend proposed at both the interim and year-end. Our dividend policy aims to deliver sustainable dividend growth over time, based on a target dividend payout ratio of c.50%. Reflecting the Group's strong cash generation in 2022 and reduced leverage, the recommended final dividend is 71.6p bringing the full-year dividend to 105.8p, which is in line with 2021, and the dividend payout ratio to 50%.

**Notes to the financial statements** Continued**20 Non-controlling interest****Accounting policy**

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

**Non-controlling interest**

An analysis of the movement in non-controlling interest is shown below:

	2022 £m	2021 £m
At 1 January	32.3	28.0
Exchange adjustments	0.3	1.0
Share of profit for the year	18.0	18.6
Adjustment arising from changes in non-controlling interest	-	1.7
Dividends paid to non-controlling interest	(16.6)	(17.0)
<b>At 31 December</b>	<b>34.0</b>	<b>32.3</b>

**21 Related parties****Identity of related parties**

The Group has a related party relationship with its key management. Balances and transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

**Transactions with key management personnel**

Key management personnel compensation, including the Group's Directors, is shown in the table below:

	2022 £m	2021 £m
Short-term benefits	9.8	9.7
Post-employment benefits	0.7	0.8
Equity-settled transactions	3.6	7.7
<b>Total</b>	<b>14.1</b>	<b>18.2</b>

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements and other long-term incentive plans is shown in the audited parts of the Remuneration report in Book two, pages 92 to 101. Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

**22 Contingent liabilities**

	2022 £m	2021 £m
<b>Guarantees, letters of credit and performance bonds</b>	<b>40.0</b>	<b>28.7</b>

**Litigation**

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing, and disputes with employees and former employees. The Group is not currently party to any legal proceedings other than ordinary litigation incidental to the conduct of business. These claims are not currently expected to result in meaningful costs and liabilities to the Group. The Group maintains appropriate insurance cover to provide protection from the small number of significant claims it is subject to from time to time.

**Tax**

The Group operates in more than 100 countries and with complex tax laws and regulations. At any point in time it is normal for there to be a number of open years which may be subject to enquiry by local authorities. In some jurisdictions the Group receives tax incentives (see note 6) which are subject to renewal and review and reduce the amount of tax payable. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve.



## Notes to the financial statements Continued

### 23 Principal Group companies

The principal subsidiaries whose results or financial position, in the opinion of the Directors, principally affect the figures of the Group have been shown below. All the subsidiaries shown were consolidated with Intertek Group plc as at 31 December 2022. Unless otherwise stated, these entities are wholly owned subsidiaries and the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom.

Company name	Country of Incorporation and principal place of operation	Activity
Intertek Australia Holdings Pty Limited <sup>(i)</sup>	Australia	Holding
Intertek Finance plc	England	Finance
Intertek Holdings Limited <sup>(ii)</sup>	England	Holding
Intertek Technical Services, Inc. <sup>(iii)</sup>	USA	Trading
Intertek Testing Services Holdings Limited <sup>(ii)</sup>	England	Holding
Intertek Testing Services Hong Kong Limited <sup>(iv)</sup>	Hong Kong	Trading
Intertek Testing Services Limited Shanghai <sup>(v)</sup>	China	Trading
Intertek Testing Services NA, Inc. <sup>(vi)</sup>	USA	Trading
Intertek Testing Services Shenzhen Limited <sup>(vii)</sup>	China	Trading
Intertek USA, Inc. <sup>(viii)</sup>	USA	Trading
Intertek USD Finance Limited	England	Finance
Labtest Hong Kong Limited <sup>(ix)</sup>	Hong Kong	Trading
RCG-Moody International Limited	England	Holding
Testing Holdings USA, Inc. <sup>(vi)</sup>	USA	Holding

(i) Registered office address: 544 Bickley Road, Maddington WA 6109, Australia.

(ii) Directly owned by Intertek Group plc.

(iii) Registered office address is: 25025 I-45, Suite 300, Spring, TX 77380, United States.

(iv) Registered office address is: 2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

(v) Equity shareholding 85%, company controlled by the Group based on management's assessment; Registered office address is: 2nd Floor, West District, Free Trade Test Zone, Zhangyang Road, Shanghai, China.

(vi) Registered office address is: 3933 US Route 11, Cortland, NY 13045, United States.

(vii) Registered office address is: 3-5/F of Bldg. 1, 1-5/F of Bldg. 3, No. 4012, Wuhe Ave. North, Bantian Street, Yuanzheng Science and Technology Industrial Park, Shenzhen, Guangdong, China.

(viii) Registered office address is: 200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States.

(ix) Registered office address is: 2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong.

#### Group companies

In accordance with section 409 of the Companies Act 2006, all related undertakings are set out in the following list. Related undertakings comprise subsidiaries, partnerships, associates, joint ventures and joint arrangements. The principal subsidiaries listed above have not been duplicated in the following list.

Where no address is listed, the address of the registered office is Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ, United Kingdom. Unless otherwise stated, the share capital for all related undertakings included in this note comprises ordinary or common stock shares which are indirectly held by Intertek Group plc as at 31 December 2022. The percentage held by class of share is stated where this is less than 100%. No subsidiary undertakings have been excluded from the consolidation.

#### Fully owned subsidiaries

##### 0949491 B.C. Limited

1200-925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada

##### 4th Strand, LLC <sup>(i)(xv)</sup>

1950 Evergreen Boulevard, Suite 100, Duluth, GA 30096, United States

##### Acucert Labs, LLP <sup>(xv)</sup>

82/2, Shreyas, 25th Road, Sion West, Mumbai, 400022, India

##### Acumen Security, LLC

2400 Research Blvd, Suite 395, Rockville, MD 20850, United States

##### Adelaide Inspection Services Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

##### Admon Labs Servicios Corporativos y Administrativos, S.A. de C.V.

Boulevard Adolfo Lopez Mateos #2259, Atlamaya, Alvaro Obregon, Ciudad de Mexico, C.P. 01760, Mexico

##### Advancing Food Safety Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

##### Ageus Solutions Inc.

255 Michael Cowpland Dr., Suite 200, Ottawa, Ontario, K2M 0M5, Canada

##### Alchemy Investment Holdings, Inc.

5300 Riata Park Court, Austin, TX 78727, United States

##### Alchemy Systems, L.P. <sup>(xv)</sup>

5301 Riata Park Court, Austin, TX 78727, United States

##### Alchemy Systems Training, Inc.

5300 Riata Park Court, Austin, TX 78727, United States

##### Alchemy Systems Training Limited

##### Alchemy Training Technologies, Inc.

1 Germain Street, Suite 1500, Saint John, NB E2L 4V1, Canada

##### Alta Analytical Laboratory, Inc. <sup>(i)</sup>

200 Westlake Park Blvd., Westlake Building 4, Suite 400, Houston, TX 77079, United States

##### Angus Management, LLC <sup>(xv)</sup>

5300 Riata Park Court, Austin, TX 78727, United States

##### Anstat Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

##### Architectural Testing, Inc.

130, Derry Court, York, PA 17406, United States

##### Architectural Testing Holdings, Inc.

130 Derry Court, York, PA 17406, United States

##### Bellini & Sandrini Holding LTDA

Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

##### Bigart Ecosystems, LLC <sup>(xv)</sup>

212 S. Wallace Avenue Bozeman, MT 59715, United States

## Notes to the financial statements Continued

### 23 Principal Group companies Continued

#### Caleb Brett Ecuador S.A.

Centro Commercial Mall del Sol, Av. Joaquín Orrantía González y Juan Tanca Marengo, Torre B, Piso 5, Oficina 505, Guayaquil, Ecuador

#### Cantox U.S. Inc. <sup>(vi)</sup>

100 Davidson Avenue, Suite #102, Somerset, NJ 08873, United States

#### Catalyst Awareness, Inc.

43 Carolinian Lane, Cambridge, ON N1S 5B5, Canada

#### Center for the Evaluation of Clean Energy Technology, Inc.

3933 US Route 11, Cortland, NY 13045, United States

#### Check Safety First Limited

#### Checkpoint Solutions Ltd

#### Cistera Limited <sup>(i)</sup>

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

#### Cristal Middle East SAE

22 El-Imam Ali, Almazah, Heliopolis, Cairo Governorate, Egypt

#### Cristal North Africa CNA

Immeuble, SOGIT Faisant angle de la rue, lac victoria, et rue du des lacs de mazurie, les berges du lac, 1053 Tunis Le bureau, B5 situé, au 2ème étage, Tunis, Tunisia

#### Electronic Warfare Associates-Canada, Ltd

1223 Michael Street North, Suite 200, Ottawa, ON K1J 7T2, Canada

#### Enertech Australia Pty. Limited

544 Bickley Road, Maddington WA 6109, Australia

#### Entela-Taiwan, Inc

4700 Broadmoor Avenue SE, Suite 200, Kentwood, MI 49512, United States

#### Esperanza Guernsey Holdings Limited

PO Box 472, St Julian's Court, St Julian's Avenue, St Peter Port, GY1 6AX, Guernsey

#### Esperanza International Services (Southern Africa) (Pty.) Limited

Charter House, 13 Brand Road, Glenwood, Durban, South Africa

#### Excel Partnership, Inc.

250 S. Wacker Drive, Suite 1800, Chicago, IL 60606, United States

#### Fivetix Professional Services Private Limited

F-Wing, 1 Floor, Tex Centre, 26-A Chandiwali Farm Road, Andheri (East) Mumbai Mumbai City MH 400072, India

#### Four Front Research (India) Pvt Limited <sup>(ii)</sup>

Plot# 847, 5th Floor, Near Electricity Substation, Ayyappa Society Road, Madhapur, Hyderabad, Telangana, 500081, India

#### Frameworks Inc.

1595 Sixteenth Avenue, Suite 301, Richmond Hill, ON L4B 3N9, Canada

#### Gamatek, S.A. de C.V.

Alanis Valdez #2308, Industrial, Monterrey, Nuevo Leon, Mexico

#### GCA Calidad y Analisis de Mexico, S.A. de C.V.

Jacarandas #19, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

#### Gellatly Hankey Marine Services (M) Sdn. Bhd.

Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

#### Genalysis Laboratory Services Pty Limited <sup>(vi)</sup>

544 Bickley Road, Maddington WA 6109, Australia

#### Geotechnical Services Pty Limited

544 Bickley Road, Maddington WA 6109, Australia

#### Global Trust Certification (UK) Limited

#### Global X-Ray & Testing Corporation

112 East Service Road, Morgan City, LA 70380, United States

#### Global X-Ray Holdings, Inc. <sup>(ix)</sup>

112 East Service Road, Morgan City, LA 70380, United States

#### H.P. White Laboratory Inc.

3114 Scarboro Road, Street, MD 21154, United States

#### Hawks Acquisition Holding, Inc.

545 E. Algonquin Road, Arlington Heights, Illinois 60005, United States

#### Hi-Tech Holdings, Inc.

CT Corporation System, 1200 S.Pine Island Road, Plantation, FL 33324, United States

#### Hi-Tech Testing Service, Inc.

CT Corporation System, 1999 Bryan Street Suite 900, Dallas, TX 75201, United States

#### ILI Infodisk, Incorporated.

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

#### ILI Limited

#### Inspection Services (US), LLC <sup>(xv)</sup>

237 Stuart Road, Amelia, LA 70340, United States

#### International Cargo Services, Inc. <sup>(i)</sup>

c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge, LA 70809, United States

#### International Inspection Services Limited

33/37 Athol Street, Douglas, IM1 1LB, Isle of Man

#### Intertek (Mauritius) Limited

2 Palmerston Road, Phoenix, Mauritius

#### Intertek (Schweiz) AG

TechCenter, Kaegenstrasse 18, 4153 Reinach, Switzerland

#### Intertek Algeria Ltd EURL

Zone urbaine Garidi 1, N°C7/C8, Bâtiment F1, 1er étage Local N°1, 16051, Kouba, Wilaya d'Alger, Algeria

#### Intertek Argentina Certificaciones S.A. <sup>(iii)</sup>

Cerrito 1136 3rd floor CF, Ciudad Autónoma de Buenos Aires, C1010AAX, Argentina

## Notes to the financial statements Continued

### 23 Principal Group companies Continued

#### Intertek Aruba N.V.

Lago Heights Straat 28A, San Nicolas, Aruba

#### Intertek Asset Integrity Management, Inc.

25025 I-45, Suite 300, Spring, TX 77380, United States

#### Intertek ATI SRL

266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

#### Intertek Azeri Limited

2236 Mirza Davud Str., Xatai District, Baku, AZ 1026, Azerbaijan

#### Intertek BA EOOD

24A Akad. Metodi Popov Str., Floor 5, Sofia, 1113, Bulgaria

#### Intertek Bangladesh Limited

Phoenix Tower, Plot-407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

#### Intertek Belgium NV

Kruisschansweg 11, 2040 Antwerp, Belgium

#### Intertek Burkina Faso Ltd Sarl <sup>(i)</sup>

Ouagadougou, Secteur 13, Parcelle 21, Lot 11 Section E0 Arrondissement de Nongr'Masson, Ouagadougou, 11 GP 1429, Burkina Faso

#### Intertek C&T Australia Holdings PTY Ltd <sup>(i)</sup>

544 Bickley Road, Maddington, WA 6109, Australia

#### Intertek C&T Australia Pty Ltd <sup>(i)</sup>

Level 3, 235 St Georges Terrace, Perth WA 6000, Australia

#### Intertek Caleb Brett (Uruguay) S.A. <sup>(xiv)</sup>

Cerrito 507, 4th Floor, Of. 46 and 47, Montevideo, 11000, Uruguay

#### Intertek Caleb Brett Chile S.A.

Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

#### Intertek Caleb Brett El Salvador S.A. de C.V.

Recinto Industrial de RASA zona industrial de Acajutla, Sonsonate, El Salvador

#### Intertek Caleb Brett Germany GmbH

Georgswerder Bogen 3, D-21109 Hamburg, Germany

#### Intertek Caleb Brett Panama, Inc.

Zona Procesadora para la Exportacion de Albrook, Building 6, Ancon Panama, Panama

#### Intertek Caleb Brett Venezuela C.A.

Av. Mohedano, Centro Gerencial Mohedano, piso 4, oficina 4-C, La Castellana, Municipio Chacao, Venezuela

#### Intertek Canada Newco Limited

1829-32nd Avenue, Lachine, QC H8T 3J1, Canada

#### Intertek Capacitacion Chile Spa

Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

#### Intertek Capital Resources Limited

#### Intertek Certification AB

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

#### Intertek Certification AS

Leif Weldings vei 8, 3208 Sandefjord, Norway

#### Intertek Certification GmbH

Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

#### Intertek Certification Japan Limited

Nihonbashi North Square, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

#### Intertek Certification Limited

#### Intertek Colombia S.A.

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

#### Intertek Commodities Mozambique Lda <sup>(xvi)</sup>

Rua 1233, NR 72 R/C, Distrito Urbano 1, Maputo, Mozambique

#### Intertek Consulting & Training (UK) Limited <sup>(ii)</sup>

Northpoint Aberdeen Science & Energy Park, Exploration Drive, Bridge of Don, Aberdeen, AB23 8HZ, United Kingdom

#### Intertek Consulting & Training (USA), Inc. <sup>(i)</sup>

25025 I-45, Suite 300, Spring, TX 77380, United States

#### Intertek Consulting & Training Colombia Limitada

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

#### Intertek Consulting & Training Egypt <sup>(ii)</sup>

46 B Street #7, Maadi, Cairo, Egypt

#### Intertek Consumer Goods GmbH

Würzburger Strasse 152, 90766 Fürth, Germany

#### Intertek Curacao N.V.

Barendsplaan #3, Rio Canario Willemstad, Curacao, Netherlands Antilles

#### Intertek de Guatemala SA

46 Calle 21-53 Zona 12, Expobodega 46, Edificio 10, Guatemala Ciudad, Guatemala

#### Intertek de Nicaragua S.A.

Zona Franca Astro KM 47, Carretera Tipitapa Masaya, Nave 20, Managua, Nicaragua

#### Intertek Denmark A/S

Dokhavnsvej 3, 4400 Kalundborg, Denmark

#### Intertek Deutschland GmbH

Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

#### Intertek DIC A/S

Buen 12, 2, 6000 Kolding, Denmark

#### Intertek do Brasil Inspecoes Ltda

Av Eng. Augusto Barata s/n, Alamoia, Santos, SP, CEP11095-650, Brazil

#### Intertek Egypt for Testing Services

2nd Floor, Block 13001, Piece 15, Street 13, First Industrial Zone, (Beside Abou Ghali Motors), Elobour City, Cairo, Egypt

## Notes to the financial statements Continued

### 23 Principal Group companies Continued

#### Intertek Evaluate AB

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

#### Intertek Finance No. 2 Ltd <sup>(x)</sup>

#### Intertek Finland OY

Teknoblevardi 3-5, FI-01530 Vantaa, Finland

#### Intertek Food Services GmbH

Olof-Palme-Strasse 8, 28719 Bremen, Germany

#### Intertek France SAS

ZAC Ecopark 2, 27400, Heudebouville, France

#### Intertek Fujairah FZC

P.O. Box 1307, Fujairah, United Arab Emirates

#### Intertek Genalysis (Zambia) Limited

Plot No 25/26 Nkwazi House, Nkwazi and Cha Cha Roads, PO Box 31014, Lusaka, Zambia

#### Intertek Genalysis Madagascar SA

Saint Denis Terrain II, Parcel 2 Ambatofotsy, Ampandrianomby, Madagascar

#### Intertek Genalysis South Africa Pty Ltd

544 Bickley Road, Maddington WA 6109, Australia

#### Intertek Ghana Limited

1st Floor Gian, Towers Office, Number 2 Community, Gian Towers Tema, Accra, Accra Metropolitan, P.O. BOX GP 199, Ghana

#### Intertek Global (Iraq) Limited

#### Intertek Global Limited

1st Floor, Liberation House, Castle Street, St Helier, JE1 1GL, Jersey

#### Intertek Health Sciences Inc. <sup>(y)</sup>

2233 Argentia Road, Suite # 201, Mississauga, ON L5N 2X7, Canada

#### Intertek Holding Deutschland GmbH

Stangenstrasse 1, 70771 Leinfelden-Echterdingen, Germany

#### Intertek Holdings France SAS

ZAC Ecopark 2, 27400 Heudebouville, France

#### Intertek Holdings Italia SRL <sup>(xvii)</sup>

Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

#### Intertek Holdings Nederland B.V.

Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

#### Intertek Holdings Norge AS

Oljevegen 2, Tananger, 4056, Norway

#### Intertek Ibérica Spain, S.L.

Alameda Recalde, 27-5., 48009, Bilbao, Vizcaya, Spain

#### Intertek India Private Limited

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

#### Intertek Industrial Services GmbH

Marie-Bernays-Ring 19a, 41199 Monchengladbach, Germany

#### Intertek Industry and Certification Services (Thailand) Limited

539/2 Gypsum Metropolitan Tower, 11C Fl., Sri-Ayudhaya Road, Tanon - Phayathai Subdistrict, Khet Ratchathewi, Bangkok, 10400, Thailand

#### Intertek Industry Ghana Ltd

House Number 1, North Industrial Area, Klan, Anoma Ntuu Link, Accra, PO BOX 533, Ghana

#### Intertek Industry Holdings (Pty) Ltd

53 Phillip Engelbrecht Drive, Woodhill Office Park Building 2, 1st Floor Unit 8B Meyersdal, Gauteng, 1448, South Africa

#### Intertek Industry Holdings Mozambique Limitada

Cidade de Maputo, Distrito Kampfumo, Baiiro Sommerchild, Avenida 1301 n°97, Mozambique

#### Intertek Industry Services (S) Pte Ltd

2 International Business Park, #10-09/10, The Strategy, 609930, Singapore

#### Intertek Industry Services Brasil Ltda

Alameda Rio Negro, 161, room 702 - 7th floor, Alphaville, Barueri-SP, 06454-000-SP, Brazil

#### Intertek Industry Services de Argentina S.A.

Cerrito 1136, 2nd floor CF, Ciudad Autonoma de Buenos Aires, C1010AAX, Argentina

#### Intertek Industry Services Japan Limited

Nihonbashi North Square, 1-4-2, Nihonbashi - Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

#### Intertek Industry Services Romania Srl

266-268 Calea Rahovei Street, Building 61, 1st Floor, Sector 5, Bucharest, Romania

#### Intertek Industry WLL

Office # 24, Building 400, Road 3207, Mahooz, Block 332, Manama, Bahrain

#### Intertek Inspection Services Ltd

2561 Avenue Georges V, Montreal-Est, QC H1L 6S4, Canada

#### Intertek Inspection Services Scandinavia AS

Leif Weldings vei 8, 3208 Sandefjord, Norway

#### Intertek Inspection Services UK Limited

#### Intertek International Gabon SARL

Quartier Montagne Sainte - Immeuble Dumez, 2ème étage, Libreville, B.P: 13312, Gabon

#### Intertek International Guinee S.A.R.L. <sup>(i)</sup>

Conakry Republique de Guinee, Compte Bancaire: 52481.369.10 0 (SGBG), Conakry Guinea

#### Intertek International Inc.

8600 NW 17th Street, Suite 100, Miami, FL 33126, United States

#### Intertek International Kazakhstan, LLC

Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

#### Intertek International Limited

#### Intertek International Ltd Egypt

69, Road 161, Intersection with Road 104, Ground Floor, Maadi, Cairo, Egypt

**Notes to the financial statements** Continued**23 Principal Group companies** Continued**Intertek International Nederland BV**

Leerlooierstraat 135, 3194AB Hoogvliet, Rotterdam, The Netherlands

**Intertek International Niger SARL**

BP 2769, 2nd Floor Lot 792 Block Q, Independence Boulevard, Rue GM-20, Niger

**Intertek International Suriname N.V.**

Prins Hendrikstraat 49, Paramaribo, Suriname

**Intertek International Tanzania Limited**

Minazini Street, Kilwa Road 5, Dar es Salaam, United Republic of Tanzania

**Intertek Italia SpA**

Via Guido Miglioli 2/A, Cernusco sul Naviglio, 20063, Milano, Italy

**Intertek Japan K.K.**

Pier City Shibaura Building, 4F, 3-18-1, Kaigan, Minato-ku, Tokyo, 108-0022, Japan

**Intertek Kalite Servisleri Limited Sirketi**

Cevizli Mah. Tansel Cad. No: 12-18, Maltepe, Istanbul, Turkey

**Intertek Korea Industry Service Ltd**

Yeouido Dept Bldg #916, 36-2, Yeouido-Dong, Youngdeungpo-Gu, Seoul, 150-749, South Korea

**Intertek Labtest S.A.R.L**

7 Boulevard La Resistance IMM La Comanav Etage 7, Casablanca, Morocco

**Intertek Malta Limited**

24A Level 2, Flagstone Wharf, Marsa MRS 1932, Malta

**Intertek Management Services (Australia) Pty Ltd**

544 Bickley Road, Maddington WA 6109, Australia

**Intertek Med SARL AU**

Zone Franche Logistique Tanger Med, Plateau Bureaux 4, Lot 130, Tanger, Morocco

**Intertek Medical Notified Body AB**

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

**Intertek Medical Notified Body UK Ltd****Intertek Minerals Limited**

Osu Badu Street, Airport Residential Area, Accra, Greater Accra, CP8196, Ghana

**Intertek Myanmar Limited <sup>(i)</sup>**

Classic Strand Cono, No.693/701, Room (4-A), (4th Floor), Merchant Road, Pabedan Township, Yangon, Myanmar

**Intertek Nederland B.V.**

Leerlooierstraat 135, 3194 AB Hoogvliet, Rotterdam, The Netherlands

**Intertek Nominees Limited****Intertek OCA France SARL**

Route Industrielle – Centre Routier, 76600, Gonfreville L'Orcher, France

**Intertek Overseas Holdings Limited****Intertek Overseas Holdings, Eritrea Limited <sup>(i)</sup>**

3rd Floor, Warsay Avenue, P.O. Box 4588, Asmara, Eritrea

**Intertek Pakistan (Private) Limited**

Intertek House, Plot No.1-5/11-A, Sector-5, Korangi Industrial Area, Karachi, Pakistan

**Intertek Poland sp.z.o.o.**

Cyprysowa 23 B, 02-265, Warsaw, Poland

**Intertek Polychemlab B.V.**

Koolwaterstofstraat 1, 6161 RA, Geleen, The Netherlands

**Intertek Portugal, Unipessoal Lda <sup>(xvi)</sup>**

Rua Antero de Quental, 221-Sala 102, 4455-586, Perafita-Matosinhos, Portugal

**Intertek Quality Services Ltd <sup>(i)</sup>****Intertek Resource Solutions (Trinidad) Limited <sup>(i)</sup>**

#91-92 Union Road, Marabella, Trinidad, Trinidad and Tobago

**Intertek Resource Solutions, Inc.**

25025 I-45, Suite 300, Spring, TX 77380, United States

**Intertek Rus JSC**

2 floor, Building 2, Electrozavodskaya street, d.27, building 2, 107023, Moscow, Russian Federation

**Intertek S.R.O**

Sokolovská 131/86, Karlín, Praha 8, 186 00, Czech Republic

**Intertek Saudi Arabia Limited**

Southern Olaya Center, Office No. 213, Makkah Al-Mukaramah Street, P.O. Box 2526, Al-Khobar, 31952, Saudi Arabia

**Intertek ScanBi Diagnostics AB**

Box 166, Alnarp, SE-230 53, Sweden

**Intertek Secretaries Limited <sup>(i)</sup>****Intertek Semko AB**

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

**Intertek Services (Pty) Ltd**

151 Monument Road, Aston Manor, 1619, South Africa

**Intertek Servicios C.A. <sup>(i)</sup>**

Res. San Ignacio, Calle San Ignacio de Loyola con Avenue Francisco de Miranda, Local 3, Chacao, Caracas, Venezuela

**Intertek Statius N.V.**

Man 'O' War #B3, Oranjestad, St. Eustatius, Netherlands Antilles

**Intertek Surveying Services (USA), LLC <sup>(xv)</sup>**

16441 Space Center Boulevard, Suite D-100, Houston, TX 77058, United States

**Intertek Surveying Services UK Limited**

Averon House 3 Dail Nan Rocas, Teanich Industrial Estate, Alness, IV17 0PH, United Kingdom

**Intertek Technical Inspections Canada Inc. <sup>(iv)</sup>**

1829-32nd Avenue, Lachine, Quebec, H8T 3J1, Canada

**Notes to the financial statements** Continued**23 Principal Group companies** Continued**Intertek Technical Services PTY Limited**

544 Bickley Road, Maddington WA 6109, Australia

**Intertek Technical Testing and Analysis Private Limited Company <sup>(i)</sup>**

Bole Sub City Woreda 04, House Number 064/A/, Abune Yosef, Addis Ababa, 4260, Ethiopia

**Intertek Testing & Certification Limited****Intertek Testing and Inspection Services UK Limited****Intertek Testing Management Ltd****Intertek Testing Services (Australia) Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**Intertek Testing Services (Cambodia) Company Limited**

13AC, Street 337, Sangkat Boeung Kak I, Khan Tuol Kork, Phnom Penh, Cambodia

**Intertek Testing Services (East Africa) (Pty) Limited**

5th Floor Charter House, 13 Brand Road Glenwood, Kwa-Zulu Natal, 4001, South Africa

**Intertek Testing Services (Fiji) Pte Limited**

c/o BDO, Level 10, FNPF Place, 343 Victoria Parade, Suva, Fiji

**Intertek Testing Services (Guangzhou) Ltd**

No.3-1, Road 1, Xinhaixin Street, Huangge, Nansha District, Guangzhou, Guangdong, China

**Intertek Testing Services (ITS) Canada Ltd**

105-9000 Bill Fox Way, Burnaby BC V5J 5J3, Canada

**Intertek Testing Services (Japan) K. K.**

Nihonbashi North Square, 1-4-2, Nihonbashi – Horidomecho, Chuo-ku, Tokyo, 103-0012, Japan

**Intertek Testing Services (NZ) Limited**

3 Kepa Road, Ruakaka, Northland, 0171, New Zealand

**Intertek Testing Services (Shanghai FTZ) Co., Ltd**

1/F, Building No.4 Shanghai, 801 Yi Shan Road, Shanghai, 200233, China

**Intertek Testing Services (Singapore) Pte Ltd.**

3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore

**Intertek Testing Services (Thailand) Limited**

1285/5 Prachachuen Road, Wong-Sawang Sub-District, Bangsue District, Bangkok, 10800, Thailand

**Intertek Testing Services Argentina S.A.**

Cerrito 1136, piso 3ro, Frente. Ciudad Autonoma de Buenos Aires, (C1010AAX), Argentina

**Intertek Testing Services Bolivia S.A.**

Calle Chichapi # 2125, Santa Cruz, de la Sierra, Bolivia

**Intertek Testing Services Caleb Brett Egypt Limited****Intertek Testing Services Chongqing Co., Limited**

1F/6F Building 3 No.5, East Gangcheng Loop Road, Chongqing China

**Intertek Testing Services de Honduras, S.A.**

Edificio la Pradera, locales 5 y 6. 1-2 Ave, 1 calle, Puerto Cortes, Barrio el Centro, Honduras

**Intertek Testing Services De Mexico, S.A. De C.V. <sup>(iii)</sup>**

Poniente 134, No 660 Industrial Vallejo, Mexico DF CP, 02300, Mexico

**Intertek Testing Services Environmental Laboratories Inc. <sup>(i)</sup>**

Lexis Document Services, 15 East North Street, Dover, DE 19901, United States

**Intertek Testing Services NA Limited**

1829-32nd Avenue, Lachine QC H8T 3J1, Canada

**Intertek Testing Services NA Sweden AB <sup>(i)</sup>**

c/o Intertek Semko AB, Box 1103, Kista, 16422, Sweden

**Intertek Testing Services Namibia (Proprietary) Limited**

15th Floor, Frans Indongo Gardens, Dr Frans Indongo Street, Windhoek, Namibia

**Intertek Testing Services Pacific Limited**

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

**Intertek Testing Services Peru S.A.**

Jr. Mariscal Jose de la Mar No. 200 Urb., Res. El Pino, San Luis, Lima, Peru

**Intertek Testing Services Philippines, Inc.**

Intertek Building, 2307 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

**Intertek Testing Services Taiwan Limited**

8F No. 423 Ruiguang Rd, Neihu District, Taipei, 11492, Taiwan

**Intertek Testing Services Tianjin Limited**

1-6/F, Block B, No. 7 Guiyuan Road, Hi-Tech Park, Tianjin, China

**Intertek Testing Services Zhejiang Ltd**

Building No.2, Juanhu Science and Technology Innovation Park, No. 500 East Shuiyueting Road, Haining City, Zhejiang Province, China

**Intertek Timor, S.A.**

Hotel Timor, Colmera, Vera Cruz, Dili, Timor-Leste

**Intertek Training Malaysia Sdn. Bhd.**

6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 &amp; 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

**Intertek Trinidad Limited**

#91-92 Union Road, Marabella, Trinidad and Tobago

**Intertek UK Holdings Limited****Intertek Ukraine <sup>(xvii)</sup>**

Chernomorskogo Kazachestva, 115, Office 507, Odessa, 65003, Ukraine

**Intertek USA Finance LLC**

c/o CSC Services of Nevada, Inc., 2215-B Renaissance Dr, Las Vegas NV 89919, United States

**Intertek Vietnam Limited**

3rd &amp; 4th floor, Au Viet Building, No. 01 Le Duc Tho Str., Mai Dich Ward, Cau Giay District, Hanoi City, Vietnam

**Intertek West Africa SARL**

Rue du Canal de Vridi Face Appontement, SIAP, Abidjan, 15 BP 882, Côte d'Ivoire

**Intertek West Lab AS**

Oljevegen 2, 4056 Tananger, Norway



## Notes to the financial statements Continued

### 23 Principal Group companies Continued

#### Intertek Genalysis SI Limited

c/o Baoro & Associates, Top Floor, Y. Sato Building, Point Cruz, Honiara, Solomon Islands

#### ITS (PNG) Limited

Section 27 Allotment 27, Voco Point, Lae, Morobe Province, Papua New Guinea

#### ITS (Subic Bay), Inc.

Area 8 – 10, Lots 11/12 Boton Wharf, Argonaut Highway, Subic Bay, Freeport Zone, Olongapo City, Philippines

#### ITS Guinea SARLU

Resident Almamy 103 Community De Kaloum, Conakry, Guinea

#### ITS Hong Kong NA, Limited <sup>(i)</sup>

2/F Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

#### ITS Labtest Bangladesh Limited

Phoenix Tower, Plot – 407 (3rd Floor), Tejgaon I/A, Dhaka, Bangladesh

#### ITS Testing Holdings Canada Limited

9000 Bill Fox Way, Suite 105, Burnaby, British Columbia, V5J 5J3, Canada

#### ITS Testing Services (UK) Limited

#### ITS Testing Services Co. LLC

Ras Tanura KSA, PO Box 216, 31941, Saudi Arabia

#### JLA Brasil Laboratório de Análises de Alimentos S.A.

Rua Carlos Tosin, 860, sala 1, Distrito Industrial, Distrito Industrial, Estado de São Paulo, Brazil

#### KJ Tech Services GmbH <sup>(xii)</sup>

Kirschberg 20, 64347, Griesheim, Germany

#### Laboratorio Fermi S.A. de C.V.

Jacarandes #15, San Clemente, Alvaro Obregon, Ciudad de Mexico, C.P. 01740, Mexico

#### Laboratorios ABC Química, Investigación y Análisis, S.A. de C.V. <sup>(xiii)</sup>

Jacarandas #19, San Clemente, Alvaro Obregón, Ciudad de Mexico, C.P. 01740, Mexico

#### Laboratory Services International Rotterdam B.V.

Pittsburghstraat 9, 3047 BL, Rotterdam, The Netherlands

#### Labtest International Inc.

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

#### Lintec Testing Services Limited

#### Louisiana Grain Services, Inc. <sup>(i)</sup>

c/o CT Corp, 8550 United Plaza Blvd, Baton Rouge LA 70809, United States

#### Mace Land Company, Inc.

3114 Scarboro Road, Street, MD 21154, United States

#### Management & Industrial Consultancy <sup>(i)</sup>

59 Road No.104, Second Floor, Maadi, Cairo, Egypt

#### Management Systems International Limited <sup>(i)</sup>

#### Materials Testing Lab, Inc.

145 Sherwood Avenue, Farmingdale NY 11735, United States

#### McPhar Geoservices (Philippines) Inc. <sup>(i)</sup>

Building 7 & 8 Philcrest 1 Compound, Km23 West Service Road, Bo. Cupang, Muntinlupa City, Philippines

#### Melbourn Scientific Limited

Melbourn Scientific, Saxon Way, Melbourn, Hertfordshire, Royston, SG8 6DN, United Kingdom

#### Metoc Limited <sup>(iii)</sup>

#### Midwest Engineering Services, Inc.

CT Corporation System, 8020 Excelsior Dr., Suite 200, Madison WI 53717, United States

#### Moody (Shanghai) Consulting Co., Ltd

Room 403, No.5-6, Lane 1218, Wanrong Road, Jing 'an District, Shanghai, China

#### Moody International (Holdings) Limited <sup>(viii)</sup>

#### Moody International (India) Private Limited

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

#### Moody International (Russia) Limited <sup>(i)</sup>

#### Moody International Certification India Limited

E-20, Block B1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi, 110044, India

#### Moody International Holdings LLC <sup>(xv)</sup>

237 Stuart Road, Amelia, LA 70340, United States

#### Moody United Certification Limited <sup>(i)</sup>

2F, No. 5 Building, 912 Bibo Road, Zhangjiang Hi-Tech Park, Pudong, Shanghai 201203, China

#### MT Group LLC

145 Sherwood Avenue, Farmingdale NY 11735, United States

#### MT Operating of New Jersey, LLC <sup>(xv)</sup>

145 Sherwood Avenue, Farmingdale NY 11735, United States

#### MT Operating of New York, LLC <sup>(xv)</sup>

145 Sherwood Avenue, Farmingdale NY 11735, United States

#### N T A Monitor Limited

#### NDT Services Limited

#### Northern Territory Environmental Laboratories Pty Ltd <sup>(i)</sup>

544 Bickley Road, Maddington WA 6109, Australia

#### NTA Monitor (M) Sdn Bhd

No. 18-B, Jalan Kancil off Jalan Pudu, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia

#### Paulsen & Bayes-Davy Ltd

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

#### Petroleum Services of Union Lab Sdn. Bhd.

Suite C7-10 (B), Level 9, Block C, UE3 Corporate Offices, Menara Uncang Emas, No 85 Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Malaysia

#### Pittsburgh Testing Laboratory Inc.

PSI, 850 Poplar Street, Pittsburgh PA 15220, United States

#### Profesionales Contables en Asesoría Empresarial y de Ingeniería S.A.S.

Calle 120, No. 45A – 32, Bogota, Colombia

**Notes to the financial statements** Continued**23 Principal Group companies** Continued**Professional Service Industries (Canada) Inc.** <sup>(i)</sup>

200 Bay Street, Suite 3800, Royal Bank Plaza, South Tower, Toronto ON M5J 2J7, Canada

**Professional Service Industries, Inc.**

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

**Professional Service Industries Holdings, Inc.**

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

**PSI Acquisitions, Inc.**

545 E. Algonquin Road, Arlington Heights, IL 60005, United States

**PT. Moody Technical Services**

Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

**PT. RCG Moody** <sup>(i)</sup>

Graha STR 3rd floor, Suite#302, Jl. Ampera Raya No. 11, Jakarta, 12550, Indonesia

**PT. SAI Global Indonesia**

Graha Iskandarsyah Lantai 4, Jalan Iskandarsyah Raya Nomor 66-C, Kebayoran Baru, Jakarta, 12160, Indonesia

**QMI-SAI Canada Limited**

20 Carlson Court, Suite 200, Toronto ON M9W 7K6, Canada

**RCG Moody International Uruguay S.A.**

Cerrito 507, 4th Floor, Off. 46, 47, Montevideo 11000, Uruguay

**SAI Global Assurance Learning Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global Assurance Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global Assurance Services sp. z o.o.** <sup>(i)</sup>

Oszczepników 4, 02-633 Warszawa, Poland

**SAI Global Australia (China) Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global Australia Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global Certification Services Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global CIS UK Limited****SAI Global Czech s.r.o.** <sup>(i)</sup>

Vodnická 325/1, Újezd, Prague 4, 149 00, Czech Republic

**SAI Global GmbH** <sup>(i)</sup>

Friedrich-Ebert-Anlage 36, 60325 Frankfurt am Main, Germany

**SAI Global GP** <sup>(xv)</sup>

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

**SAI Global, Inc.**

615 South DuPont Highway, Dover, DE 19901, United States

**SAI Global Italia S.R.L.**

Corso Tazzoli 235/3, CAP 10137, Turin, Italy

**SAI Global Korea Co., Ltd**

(Dangjeong-dong, Intertek Building) 3, Gongdan-ro 160beon-gil, Gunpo-si, Gyeonggi-do, Seoul, South Korea

**SAI Global Mexico, S. de R.L. de C.V.** <sup>(xvi)</sup>

Monte Everest #615, Lomas de Chapultepec, Ciuda de Mexico, Distrito Federal, 11000, Mexico

**SAI Global Pty Limited**

544 Bickley Road, Maddington WA 6109, Australia

**SAI Global SARL**

29 Rue du Pont, 92200 Neuilly-sur-Seine, France

**SAI Global UK Holdings Limited****SAI Global US Holdings, Inc.**

205 W. Wacker Dr, Suite 1800, Chicago, IL 60606, United States

**Schindler & Associates (L.C.)** <sup>(i) (xv)</sup>

24900 Pitkin Road, Suite 200, The Woodlands TX 77386, United States

**Shanghai Orient Intertek Testing Services Company Limited**

3F, No 15-16, Lane 1988 Changzhong Road, Shanghai, China

**Shanghai Tianxiao Investment Consultancy Company Limited**

Room 502, No.5-6, 1218 WanRong Road, Shanghai 200070, China

**Technical Company for Testing and Conformity Services & Systems LLC**

Gates No. 1/2/6, Building 73/ Area 903, Karadah, Al Rusafa, Baghdad, Iraq

**Testing Holdings Sweden AB**

Torshamnsgatan 43, Box 1103, Kista, S-164 22, Sweden

**Tradegood.com International Limited** <sup>(i)</sup>

2/F, Garment Centre, 576 Castle Peak Road, Kowloon, Hong Kong

**Van Sluys & Bayet NV**

Kruisschansweg 11, 2040 Antwerp, Belgium

**White Land Company, Inc.**

3114 Scarboro Road, Street, MD 21154, United States

**Wilson Inspection X-Ray Services, Inc.**

Michael E Wilson, 6010 Edgewater Dr., Corpus Christi TX 78412, United States

**Wisco SE Asia PTE Limited** <sup>(i)</sup>

3 Irving Road #05-01 to 05, Tai Seng Centre, 369522, Singapore

**Youngever Holdings Ltd**

Ritter House, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands



## Notes to the financial statements Continued

### 23 Principal Group companies Continued

#### Related undertakings where the effective interest is less than 100%

##### Caleb Brett Abu Dhabi LLC <sup>(xviii)</sup> <sup>(xix)</sup> (49.0%)

CB UAE (Private) Ltd, c/o Al Nahiya Group, PO Box 3728, Abu Dhabi, United Arab Emirates

##### Clean Energy Associates, LLC <sup>(xv)</sup> (85.0%)

16192 Coastal Highway, Lewes, DE, 19958, United States

##### Clean Energy Associates Limited (85.0%)

302-308 Hennessy Road, Room 2003, Wanchai, Hong Kong

##### Clean Energy Associates (China) Limited (85.0%)

Room 159, Building 4<sup>th</sup>, No. 2118 Guanghua Road, Minhang District, Shanghai, China

##### CQC-SAI Management Technologies (Beijing) Co., Ltd (70%)

Level 21, Suite 2101-2103A, Beijing AVIC Building, No 10B, East 3rd Ring Road, Chaoyang District, Beijing 100022, China

##### Euro Mechanical Instrument Services LLC <sup>(xix)</sup> (49.0%)

PO Box 46153, Abu Dhabi, United Arab Emirates

##### International Inspection Services LLC <sup>(xviii)</sup> (70.0%)

PO Box 193, Al Hamriyah, Muscat, PC 131, Oman

##### Intertek (Qeshm Island) Limited (51.0%)

Unit 107, Goldis Building, Valiasr Boulevard, Qeshm Island, Islamic Republic of Iran

##### Intertek Angola LDA (99.0%)

282 Rua Amilcar Cabral no.147 2nd floor, Apartment Z, Luanda, Angola

##### Intertek Caleb Brett Tzn Limited (75%)

Plot number 5, Minizani str.-Opposite Roman Catholic Church, Kilwa Road, Kurasini Temeke, Dar Es Salaam, 15109, United Republic of Tanzania

##### Intertek Certification International Sdn. Bhd. <sup>(xix)</sup> (40%)

6-L12-01, Level 12, Tower 2, Menara PGRM, No. 6 & 8 Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia

##### Intertek Engineering Service Shanghai Limited (90%)

Room 301-6, No.14, Lane 1401, Jiangchang Road, Jing'an District, Shanghai, China

##### Intertek ETL SEMKO KOREA Limited (90.0%)

5F, Intertek building, Gongdan-ro, 160beon-gil 3, Gunpo-si, Gyeonggi-do, 15845, South Korea

##### Intertek Geronimo JV Limited <sup>(i)</sup> (70.0%)

1, North Industrial Area, Klan Street, Accra, Ghana

##### Intertek Global International LLC <sup>(xv)</sup> <sup>(xix)</sup> (49%)

Building 242, Office No.3, C-Ring Road, Doha, PO Box 47146, Qatar

##### Intertek GM Testing Service Zhuhai Co., Ltd (70.0%)

6F of Research and Development Building, Guangdong-Macau TCM Park Commercial Service Center, 2682 Huan Dao Bei Road, Hengqin New Area, Zhuhai, Guangdong China

##### Intertek Industry Services (PTY) LTD (69.9%)

3 EL Wak Street, Vereeniging, 1930, Gauteng, South Africa

##### Intertek Industry Services Colombia Limited (99.0%)

Calle 127A No. 53A-45, Oficina 1103, Bogotá, Colombia

##### Intertek Inspection (Malaysia) Sdn. Bhd. <sup>(xi)</sup> <sup>(xix)</sup> (40%)

D-28-3, Level 28, Menara Suezcap 1, No. 2 Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia

##### Intertek Kimsco Co., Ltd (50.0%)

9F, Hansan Building, 115, Seosomun-ro, Jung-gu, Seoul, 04515, South Korea

##### Intertek Lanka (Private) Limited (70.0%)

Intertek House, No: 282, Kaduwela Road, Battaramulla, Sri Lanka

##### Intertek Libya Technical Services and Consultations Company Spa (65.0%)

P.O Box 3788, Hay Alandalus, Gargaresh, Tripoli, Libya

##### Intertek Life Bridge (Shanghai) Testing Services Co., Ltd (80.0%)

4F, No.6 BLD, Lane 1218, Wanrong Road, Shanghai 200070, China

##### Intertek Ltd (99.9%)

Borco Administration Bldg, West Sunrise Highway, Freeport, Grand Bahama, The Bahamas

##### Intertek - QNP LLP <sup>(xvii)</sup> (51.0%)

Building 2A, Abay street, Atyrau City, 060002, Kazakhstan

##### Intertek Robotic Laboratories Pty Limited (50.0%)

544 Bickley Road, Maddington WA 6109, Australia

##### Intertek South Africa Holdings (Pty) Ltd (75.0%)

5th Floor, Charter House, 13 Brand Road, Glenwood, Kwazulu-Natal, South Africa

##### Intertek Test Hizmetleri Anonim Sirketi (85.0%)

Merkez Mahallesi, Sanayi Cad. No.23, Altindag Plaza, Yenibosna-34197, Istanbul, Turkey

##### Intertek Testing Services (South Africa) (Proprietary) Limited <sup>(xi)</sup> <sup>(xix)</sup> (49.5%)

5th Floor, Charter House, 13 Brand Road, Glenwood, Durban, South Africa

##### Intertek Testing Services Changzhou Ltd (85.0%)

Room 201, No 4 Floor, Changzhou Testing Industrial Park, Tanning District, Changzhou, China

##### Intertek Testing Services Korea Limited (50.0%)

1st Fl., Aju Digital Tower, 284-56, Seongsu-dong 2-ga, Seongdong-gu, Seoul 133-120, South Korea

##### Intertek Testing Services Nigeria Limited (60.0%)

73B Marine Road, Apapa GRA, Apapa, Lagos, 102272, Nigeria

##### Intertek Testing Services Sichuan Co., Ltd (90.0%)

No 1, Jiuxiang Blvd, Pharmacy Industry Park, Luzhou National High Technology District, Sichuan, China

##### Intertek Testing Services Wuxi Ltd (70.0%)

1/F, No.8 Fubei Road, Xishan Economic Development Zone, Wuxi, Jiangsu, 214101, China

##### ITS Caleb Brett Deniz Survey A S (50.0%)

Ulus Mah. Oz Topuz cad. no.32, Besiktas, Istanbul, 34340, Turkey

##### ITS Testing Services (M) Sdn Bhd (74.0%)

Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

##### ITS Testing Services Holdings (M) Sdn Bhd <sup>(xix)</sup> (49.0%)

Unit 30-01 Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

**Notes to the financial statements** Continued**23 Principal Group companies** Continued**Moody International Angola Ltda** <sup>(i)(xvi)</sup> (78.6%)

Rua de Macau, Edificio ex Edil Apto 1, Res de Chao Esq. C.P 215, Cabinda, Angola

**Moody International Bangladesh Limited** (99.9%)

House 6, Road 17/A, Block E, Ground Floor, Banani, Dhaka, 1213, Bangladesh

**Moody International Holdings Chile Ltda** (99.0%)

Avenida Las Condes N° 11287 Torre A, oficina 301 A Las Condes, Santiago, Chile

**Moody International Lanka (Private) Ltd** (99.9%)

No.5, St Albans Place, Colombo-4, Sri Lanka

**Moody International Philippines, Inc.** <sup>(i)</sup> (92.5%)

Intertek Building, 2310 Chino Roces Avenue Extension, Metro Manila, Makati City, 1231, Philippines

**PT Citrabuana Indoloka** (50.0%)

Jl. Raya Bogor KM 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

**PT. Global Assurance Services** <sup>(ii)</sup> (99.8%)

Graha Iskandarsyah Raya No.66-C, Jakarta, 12160, Indonesia

**PT. Intertek Utama Services** <sup>(xix)</sup> (49.0%)

Jl. Raya Bogor KM. 28, RT/RW. 04/07, Kel. Pekayon, Kec. Pasar Rebo, Jakarta Timur, 13710, Indonesia

**Qatar Calibration Services LLC** <sup>(xix)</sup> (49.0%)

Petrotec, PO Box 16069, 8th Floor, Toyota Tower, Doha, Qatar

**RCG Moody International de Venezuela S.A.** <sup>(i)</sup> (99.0%)

Res Morgana, p\_4, #04, Av. Andres Bello, Fco de Miranda, Los Polos Grandes, Caracas, Venezuela

**SAI Global (Cyprus) Holdings Limited** (60.0%)

1 Lampousas Street, 1095 Nicosia, Cyprus

**SAI Global Eurasia Limited** (60.0%)

19 Lit A, 7 Quarter River Wolves, 192102 St. Petersburg, Russian Federation

**SAI Global Japan Co. Ltd.** (68.0%)

MK Bldg. 8F, 2-28-22 Shiba, Minato-ku Tokyo, Japan

**Shanghai Moody Management & Technical Services Co. Ltd** <sup>(i)</sup> (90.0%)

Room 225, No. 14 at Lane No. 1700 Luo Shan Road, Shanghai, China

**Société SAI Global Tunisia SARL** (75.0%)

67, Avenue Alain Savary, Cite les Jardins 2 Bloc A, Tunis, Tunisia

**Société Tunisienne Intertek Caleb Brett SARL** (51.0%)

67 rue Ech-Chem, Tunis, 1002, Tunisia

**The Wine Warehouse (Chepstow) Management Company Limited** (75%)**Associates****Moody International Certification Ltd (40.0%)**

53, Nautic, Triq I-Ortolan, San Gwann, SGN 1943, Malta

**Moody Certification Maroc SARL(30.0%)**

28, Rue de Provins, 2 eme etage, Casablanca, Morocco

**Moody International SA (35.0%)**

4 Rue Des Brasseurs, Zone 3 Abidjan, Côte d'Ivoire

- (i) Dormant.
- (ii) In Liquidation/Strike off requested.
- (iii) Ownership held in class A and B common shares
- (iv) Ownership held in class A and E shares.
- (v) Ownership held in class A, B, C, D and E common shares.
- (vi) Ownership held in class A, B, C, D, E and F shares.
- (vii) Ownership held in ordinary and ordinary-A shares.
- (viii) Ownership held in ordinary, ordinary-A, ordinary-B and deferred shares.
- (ix) Ownership held in ordinary and preference shares.
- (x) Ownership held in ordinary and redeemable shares.
- (xi) Ownership held in ordinary and redeemable preference shares.
- (xii) Ownership held in No.1, No.2.1 and No.2.2 shares.
- (xiii) Ownership held in class I Series B shares and class II Series B shares.
- (xiv) Ownership held in ordinary bearer shares.
- (xv) Ownership held in membership units.
- (xvi) Ownership held in quota capital shares.
- (xvii) Ownership held in charter capital.
- (xviii) The Group obtains 99% of the economic benefit of the company.
- (xix) Intertek has de facto control of the company.

## Intertek Group plc - Company balance sheet

As at 31 December	Notes	2022 £m	2021 £m
<b>Fixed assets</b>			
Investments in subsidiary undertakings	(E)	354.3	347.3
<b>Current assets</b>			
Debtors due within one year	(F)	387.4	408.1
Cash at bank and in hand		387.4 0.2	408.1 1.1
<b>Creditors due within one year</b>			
Other creditors	(G)	(7.4)	(5.5)
		(7.4)	(5.5)
<b>Net current assets</b>		<b>380.2</b>	403.7
<b>Total assets less current liabilities</b>		<b>734.5</b>	751.0
<b>Net assets</b>		<b>734.5</b>	751.0
<b>Capital and reserves</b>			
Called up share capital	(H)	1.6	1.6
Share premium	(H)	257.8	257.8
Profit and loss reserves	(H)	475.1	491.6
<b>Total shareholders' funds</b>		<b>734.5</b>	751.0

The profit for the financial year was £142.9m (2021: £163.2m).

The financial statements on pages 49 to 53 were approved by the Board on 27 February 2023 and were signed on its behalf by:



**André Lacroix**  
Chief Executive Officer



**Jonathan Timmis**  
Chief Financial Officer

Company number: 04267576

## Intertek Group plc - Company statement of changes in equity

	Notes	Share capital £m	Share premium £m	Profit and loss reserves £m	Total equity £m
<b>At 1 January 2021</b>		1.6	257.8	497.6	757.0
<b>Total comprehensive income for the year</b>					
Profit	(B)	-	-	163.2	163.2
<b>Total comprehensive income for the year</b>		-	-	163.2	163.2
<b>Transactions with owners of the Company recognised directly in equity</b>					
<b>Contributions by and distributions to the owners of the Company</b>					
Dividends paid	(D)	-	-	(170.6)	(170.6)
Purchase of own shares		-	-	(11.4)	(11.4)
Tax paid on Share Awards vested		-	-	(5.8)	(5.8)
Equity-settled transactions	(E)	-	-	18.6	18.6
<b>Total contributions by and distributions to the owners of the Company</b>		-	-	(169.2)	(169.2)
<b>At 31 December 2021</b>		1.6	257.8	491.6	751.0
<b>At 1 January 2022</b>		<b>1.6</b>	<b>257.8</b>	<b>491.6</b>	<b>751.0</b>
<b>Total comprehensive income for the year</b>					
Profit	(B)	-	-	<b>142.9</b>	<b>142.9</b>
<b>Total comprehensive income for the year</b>		-	-	<b>142.9</b>	<b>142.9</b>
<b>Transactions with owners of the Company recognised directly in equity</b>					
<b>Contributions by and distributions to the owners of the Company</b>					
Dividends paid	(D)	-	-	<b>(170.6)</b>	<b>(170.6)</b>
Purchase of own shares		-	-	<b>(2.3)</b>	<b>(2.3)</b>
Tax paid on Share Awards vested		-	-	<b>(4.0)</b>	<b>(4.0)</b>
Equity-settled transactions	(E)	-	-	<b>17.5</b>	<b>17.5</b>
<b>Total contributions by and distributions to the owners of the Company</b>		-	-	<b>(159.4)</b>	<b>(159.4)</b>
<b>At 31 December 2022</b>		<b>1.6</b>	<b>257.8</b>	<b>475.1</b>	<b>734.5</b>

# Notes to the Company financial statements

## (A) Accounting policies – Company

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101') in conformity with the requirements of the Companies Act 2006.

These financial statements have been prepared on a historical cost basis. The Company continues to adopt the going concern basis of accounting in preparing these financial statements. Further detail on going concern can be found in note 1 to the Group financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in sterling, which is the functional currency of the Company. All information presented in sterling has been rounded to the nearest £0.1m.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new, but not yet effective, IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of the compensation of Key Management Personnel; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures* on the basis that the consolidated financial statements include the equivalent disclosures.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of IFRS 2 *Share-Based Payment* in respect of Group-settled share-based payments.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### Foreign currencies

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.

### Taxation

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

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

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

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

### 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.

### Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment.

### Intercompany financial guarantees

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies in the Group, the Company considers these to be insurance arrangements and accounts for them as such. 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.

### Share-based payments

Intertek Group plc runs a share ownership programme that allows Group employees to acquire shares in the Company. Details of the share schemes are given in note 17 of the Group financial statements.

**Notes to the Company financial statements** Continued

**(A) Accounting policies - Company** Continued

**Investments impairment review**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Estimates are used in determining the level of investment that will not, in the opinion of the Directors, be recoverable.

**Recoverability of receivables**

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 receivables that will not, in the opinion of the Directors be collected. The Company applies the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables. The provision calculations are based on a review of all receivables to see if there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision.

**Significant new accounting policies and standards**

No significant new accounting policies or standards were adopted in the year ending 2022.

**(B) Profit and loss account**

Amounts paid to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. The Company does not have any employees (2021: nil).

Details of the remuneration of the Directors are set out in the Remuneration report in Book two, pages 78 to 103.

**(C) Use of judgements and estimates**

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 assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no critical estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year.

**Key Estimations and Uncertainties**

There are no critical accounting judgements or estimates.

**(D) Dividends**

The aggregate amount of dividends comprises:

	2022 £m	2021 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	115.5	115.5
Interim dividends paid in respect of the current year	55.1	55.1
<b>Aggregate amount of dividends paid in the financial year</b>	<b>170.6</b>	170.6

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2022 is £nil (2021: £nil). The aggregate amount of dividends proposed and not recognised as liabilities as at 31 December 2022 is £115.5m (2021: £115.6m).

**(E) Investment in subsidiary undertakings**

	2022 £m	2021 £m
Cost and net book value		
At 1 January	347.3	342.2
Additions due to share-based payments	17.5	18.6
Recharges of share-based payments to subsidiaries	(10.5)	(13.5)
<b>At 31 December</b>	<b>354.3</b>	347.3

The Company has made Share Awards to the employees of its directly and indirectly owned subsidiaries, and as such, the Company recognises an increase in the cost of investment in subsidiaries of £17.5m (2021: £18.6m). Details of the principal operating subsidiaries are set out in note 23 to the Group financial statements.

The Company had two direct subsidiary undertakings at 31 December 2022: Intertek Testing Services Holdings Limited and Intertek Holdings Limited, both of which are holding companies, are incorporated in the United Kingdom and registered in England and Wales. All interests are in the ordinary share capital and all are wholly owned. In the opinion of the Directors, the value of the investments in subsidiary undertakings is not less than the amount at which the investments are stated in the balance sheet.

There is no impairment to the carrying value of these investments (2021: £nil).

## Notes to the Company financial statements Continued

### (F) Debtors due within one year

	2022 £m	2021 £m
Amounts owed by Group undertakings – due within one year	387.4	408.1
<b>Total debtors</b>	<b>387.4</b>	<b>408.1</b>

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

### (G) Creditors due within one year

	2022 £m	2021 £m
Trade and other creditors	3.7	2.1
Income tax payable	3.5	2.9
Amounts owed to Group undertakings	0.2	0.5
<b>Total creditors</b>	<b>7.4</b>	<b>5.5</b>

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

### (H) Statement of changes in equity

Details of share capital are set out in note 15 and details of share-based payments are set out in note 17 to the Group financial statements.

A profit and loss account for Intertek Group plc has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the financial year, before dividends paid to shareholders of £170.6m (2021: £170.6m), was £142.9m (2021: £163.2m) which was mainly in respect of dividend income in relation to 2022.

The Company has sufficient distributable reserves to pay the 2022 final dividend and the anticipated 2023 interim dividend. When required, the Company can receive additional dividends from its subsidiaries to further increase distributable reserves.

The Group settled in cash the tax element of the Share Awards vested in 2022 amounting to £4.4m (2021: £6.7m) of which the Company settled £4.0m (2021: £5.8m).

During the year ended 31 December 2022, the Company purchased, through its Employee Benefit Trust, 45,000 (2021: 216,310) of its own shares with an aggregate nominal value of £450 (2021: £2,163) for £2.3m (2021: £11.4m) which was charged to profit and loss reserves.

### (I) Related party transactions

Details of related party transactions are set out in note 21 of the Group financial statements.

### (J) Contingent liabilities

The Company is a member of a group of UK companies that are part of a composite banking cross-guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool, guaranteeing the total gross liability position of the pool which was £0.8m at 31 December 2022 (2021: £0.4m).

From time to time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of subsidiary undertakings.

### (K) Subsequent events

Details of post-balance sheet events relevant to the Company and the Group are given in note 18 of the Group financial statements.

# Independent Auditors' Report

## to the members of Intertek Group plc

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- Intertek Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the consolidated statement of financial position and company balance sheet as at 31 December 2022; the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and company 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.

Our opinion is consistent with our reporting to the Audit Committee.

#### 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 group 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee report within the Directors' report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

##### Audit scope

- We performed full scope audit procedures over 55 legal entities and performed specific audit procedures on a further two entities, covering 23 territories in total.
- Taken together, the entities over which audit work was performed accounted for 74% of the group's revenue and 78% of the group's statutory profit before tax.

##### Key audit matters

- Impairment of goodwill (group)
- Valuation of defined benefit pension scheme liabilities (group)
- Impairment of investments in subsidiary undertakings (parent)

##### Materiality

- Overall group materiality: £20,800,000 (2021: £20,650,000) based on 5% of profit before tax.
- Overall company materiality: £7,400,000 (2021: £7,500,000) based on 1% of total assets.
- Performance materiality: £15,000,000 (2021: £15,450,000) (group) and £5,500,000 (2021: £5,625,000) (company).

##### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

##### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

SAI Global Assurance acquisition accounting in relation to the valuation of intangible assets and Uncertain tax positions, which were key audit matters last year, are no longer included because of the fact that the SAI Global Assurance acquisition was a non-recurring transaction for the prior year and the risk and magnitude of the uncertain tax position has reduced since last year following the resolution of the individually largest uncertain tax position in 2021. Otherwise, the key audit matters below are consistent with last year.



## Independent Auditors' Report Continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of goodwill (group)</b> Refer to the Audit Committee report in Book two, page 77 and to note 9 in the financial statements.</p> <p>The group had £1,418.4 million of goodwill recognised on the balance sheet at 31 December 2022. The potential impairment of goodwill is dependent on future cash flows of the underlying Cash Generating Units ("CGUs") and there is a risk that, if these cash flows are not sufficient to support the carrying value, the assets may be impaired. Having considered the industry environments and business performance, we consider that the CGUs for Industry Services, Caleb Brett and Transportation Technologies represent an elevated risk of impairment, requiring greater audit effort.</p> <p>Accounting standards require management to perform an annual assessment of the carrying value of goodwill.</p> <p>As this assessment is based on the future value in use, and a significant amount of value is based on the value to perpetuity of the CGUs, future cash flows must be estimated, which can be highly judgemental and could significantly impact the carrying value of the assets.</p>	<p>We evaluated management's cash flow forecasts and understood the process by which they were determined and approved. This included confirming that the forecasts were consistent with the latest Board approved budgets and checking the methodology and mathematical accuracy of the underlying calculations, with no exceptions identified.</p> <p>We evaluated the inputs included in the value in use calculations and challenged the key assumptions for the higher risk CGUs – Industry Services, Caleb Brett and Transportation Technologies, by obtaining evidence including in respect of the following:</p> <ul style="list-style-type: none"> <li>the growth rates used in the cash flow forecasts by comparing them with historical results, external forecasts and our understanding of the business;</li> <li>using our internal valuation experts to evaluate the discount rate by comparing the cost of capital for the group with comparable organisations; and</li> <li>the long-term growth rates by comparing these with publicly available market data on projected growth rates in key territories such as the UK, USA and China.</li> </ul> <p>We performed sensitivity analyses around these assumptions. We also challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment assessment process.</p> <p>Having ascertained the extent of change in those assumptions that either individually or collectively would be required for an impairment to arise, we considered the likelihood of such a movement occurring.</p> <p>Our testing did not identify any impairment and confirmed that it would require significant downside changes before any impairment would be triggered.</p> <p>In addition, we assessed the appropriateness of the CGUs used in the impairment assessment and the related disclosures and concluded that these were appropriate.</p>	<p><b>Valuation of defined benefit pension scheme liabilities (group)</b> Refer to the Audit Committee report in Book two, page 77 and to note 16 in the financial statements.</p> <p>The group had two major pension schemes in the United Kingdom and Switzerland. The United Kingdom scheme has a net surplus of £21.3 million and the Switzerland scheme has a net deficit of £2.2 million. They were recognised on the balance sheet at 31 December 2022.</p> <p>The valuation of pension liabilities involves the exercise of judgement and technical expertise in choosing appropriate actuarial assumptions such as the discount rate, inflation level, mortality rates and salary increases.</p> <p>Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. The methodologies and assumptions utilised are judgemental and could significantly impact the magnitude of the liabilities recognised.</p> <p><b>Impairment of investments in subsidiary undertakings (parent)</b> Refer to note E in the financial statements.</p> <p>The parent company had £354.3 million of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. Management has performed an assessment of impairment indicators with none being identified.</p>	<p>We utilised our internal actuarial experts to evaluate whether the assumptions and methodology used in calculating the pension liabilities were reasonable, by:</p> <ul style="list-style-type: none"> <li>Assessing whether salary increases and mortality rate assumptions were reasonable based on the consideration of the specifics of each plan, pension plans of similar maturity to the group's and industry benchmarks;</li> <li>Evaluating the consistency of the discount and inflation rate assumptions with our internally developed benchmarks based on national data; and</li> <li>Reviewing the methodology and calculations prepared by external actuaries to assess their appropriateness and the consistency of the assumptions used.</li> </ul> <p>Based on our procedures, we concluded that the key assumptions utilised lay within acceptable ranges and that the methodology was appropriate. We assessed the related disclosures included in the group financial statements and concluded that these were appropriate.</p> <p>We evaluated management's assessment of impairment indicators and considered the consistency with other audit procedures performed. We concluded management's view that no impairment indicators exist was reasonable.</p>

## Independent Auditors' Report Continued

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is split into three reporting segments: Products, Trade and Resources and the operations are spread across over 100 territories and approximately 600 legal entities. The results are not consolidated at a territory or regional level, so we determined that the most appropriate level at which to scope our audit was the legal entity level.

When determining our scope, the key financial measure used was profit before tax. Due to the disaggregation of the group's results across the various entities, we identified two individually financially significant legal entities, one within China and one within the United States. As a result, we instructed our component teams to perform audits of the complete financial information of these entities.

We considered the territories in which PwC is appointed statutory auditor. Of these, 19 territories (including China) accounted for the majority of external profit, and we therefore focused our considerations on these territories. Within these territories, we then excluded any legal entities with no external balances, such as intermediate holding companies, and those entities with highly immaterial revenue. This left 45 legal entities (including the one financially significant legal entity in China) for which we instructed our local teams to perform audits of the complete financial information for the purpose of the group audit. In addition, we performed full scope audit procedures over two head office legal entities.

In certain territories, notably the United States and Canada, there is no statutory audit requirement and so we considered whether procedures needed to be performed to supplement our coverage. We selected eight of the largest entities in the United States and Canada for full scope audits (including the one financially significant legal entity in the United States), representing those with the largest contribution to group profit.

We identified a further two legal entities in Brazil and Saudi Arabia over which we instructed specific audit procedures to be performed over revenue and receivables to supplement coverage over these key financial statement line items.

In total we performed procedures relating to 57 legal entities in 23 territories, which together accounted for 74% of the group's revenue and 78% of the group's profit before tax.

This, together with additional procedures performed at the group level (including audit procedures over business acquisitions, impairment assessments, defined benefit pension schemes, tax and consolidation adjustments), gave us the evidence we needed for our opinion on the financial statements as a whole.

### The impact of climate risk on our audit

As part of our audit we have made enquiries of management to understand the process they adopted to assess the extent of the potential impact of climate risk on the financial statements and support the disclosures made in relation to climate risk within the Strategic report and Sustainability report.

In addition to enquiries with management, we also read the Carbon Disclosure Project public submission made by the group.

We assessed the completeness of management's climate risk assessment by:

- reading external reporting made by management including the Carbon Disclosure Project submissions and making management aware of any internal inconsistencies in their climate reporting; and
- challenging the consistency of management's climate impact assessment with internal board minutes, including whether the time horizons management have used take account of the relevant aspects of climate change such as transition risks.

The Board has made commitments to get to net zero carbon emissions by 2050.

Management has assessed that there is no material impact on the financial reporting judgement and estimates arising from their considerations, consistent with their assessment of no material impact of climate-related policies directly on the business.

Using our knowledge of the business, we evaluated management's risk assessment, its estimates as set out in note 1 of the financial statements and resulting disclosures where significant. In particular we have considered how climate risk would impact the assumptions made in the forecasts prepared by management used in their impairment analyses, as referenced in the key audit matter in relation to the impairment of goodwill above.

We also considered the consistency of the disclosures in relation to climate change within the Strategic report and the Sustainability report with the financial statements and our knowledge obtained from the audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters, for the year ended 31 December 2022.

## Independent Auditors' Report Continued

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£20,800,000 (2021: £20,650,000).	£7,400,000 (2021: £7,500,000).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders and users of the financial statements in assessing the performance of the Group. This is a generally accepted benchmark.	These are a single set of company accounts for an entity which has no external revenue and takes advantage of the exemption offered under S408 of Companies Act 2006 not to present its income statement in its financial statements, which are presented alongside the group financial statements within the Annual Report. As a result, the determination of materiality was based on the total assets of this non-trading holding company within the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.1 million and £7.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £15,000,000 (2021: £15,450,000) for the group financial statements and £5,500,000 (2021: £5,625,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (group audit) (2021: £1,100,000) and £1,000,000 (company audit) (2021: £1,100,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of management's base case and severe but plausible scenarios, challenging the key assumptions;
- Considering the group's available financing, including related covenants, and maturity profile to assess liquidity through the assessment period;
- Testing the mathematical integrity of the forecasts and the models and reconciled these to Board approved budgets; and
- Performing our own independent sensitivity analysis to assess appropriate downside scenarios.

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 group's and 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 group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

## Independent Auditors' Report Continued

### 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Independent Auditors' Report Continued

### 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

### 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 group 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 fraudulent journal entries to manipulate the financial performance and management bias in significant accounting estimates in order to achieve management incentive scheme targets. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors 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 and the risk of fraud in revenue recognition, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), testing accrued income, 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; and
- 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

## Independent Auditors' Report Continued

### 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 company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2016 to 31 December 2022.

#### Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

#### Graham Parsons

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 February 2023

## Glossary - Alternative performance measures

### Introduction

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ('APMs'). These measures are not defined by UK-adopted international accounting standards. As adjusted results and measures include the benefits of certain Separately Disclosed Items ('SDIs') (as detailed in note 3), but exclude significant costs related to those items, they should not be regarded as a complete picture of the Group's financial performance, which is presented on the face of the income statement under total results. The exclusion of these items may result in adjusted operating profit being materially higher or lower than total operating profit. In particular, where significant impairments, restructuring charges and legal costs are excluded in any year, adjusted operating profit will be higher than total operating profit.

### Purpose

The Directors believe that APMs assist the user of the Annual Report & Accounts in providing useful information around trends, performance and the position of the Group between reporting periods and across operating divisions by adjusting for non-recurring factors assessing the total results of the Group, as well as aiding users in understanding the Group's performance. APMs are commonly used by management for performance review, budget setting and forecasting across the Group.

Some of the metrics shown for the Group are translated at constant exchange rates. Constant rates compares both 2022 and 2021 figures at the average and year-end exchange rates for 2022, in order to remove the impact of currency translation from the Group's growth figures.

### Changes to APMs

There have been no significant changes to the definitions of existing APMs or the APMs used by the Group in the year.

### Reconciliations

Reconciliations between statutory and adjusted measures can be found in the Financial review in Book one, page 30.

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Like-for-like revenue ('LFL')	No direct equivalent	Acquisitions and business disposals	<p>Including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals/closures.</p> <p>Excluding acquisitions and disposals demonstrates the Group's performance for comparable operations year-on-year by removing any inflation of revenue in the current year or prior year contributed from new acquisitions or disposals.</p>
Adjusted free cash flow	Net cash flows from operating activities	<p>Includes cash flows from acquisition and sale of PPE, repayment of lease liabilities and interest received.</p> <p>Excludes the impact of cash flow SDIs.</p>	Free cash flow includes net cash flows from operating activities and certain cash flows from investing activities and the repayment of lease liabilities. The following items are excluded: all other cash flows from financing activities. This measure reflects the cash available to shareholders. This is a key performance metric for the incentive scheme.

**Glossary - Alternative performance measures** Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Adjusted operating profit*	Statutory operating profit*	Separately disclosed items (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	Adjusted operating profit is a key measure of the Group's performance and is based on operating profit before the impact of SDIs. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
Adjusted operating margin	Statutory operating margin	As per adjusted operating profit.	Adjusted operating profit divided by revenue, both before the impact of SDIs. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
Adjusted diluted earnings per share	Statutory diluted earnings per share	SDIs after tax (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric relates to profit after tax before SDIs divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive shares. This is a key performance metric for the incentive scheme.
Adjusted cash flow from operations	Cash flow from operations	Cash flows relating to separately disclosed items, as identified in the cash flow statement.	This excludes the impact of the cash flows relating to SDIs to reflect the cash flows available during recurring operations.
Adjusted net financing costs	Statutory net finance costs	Changes in fair value of contingent consideration.	Adjusted net financing costs exclude income or costs that, due to their nature or size, provide the readers with a clear and consistent view of the business performance of the Group on a year-on-year basis.



**Glossary - Alternative performance measures** Continued

APM	Closest equivalent statutory measure	Adjustments to reconcile adjusted to statutory	Definition and purpose
Adjusted profit after tax	Statutory profit after tax	As per adjusted profit and additionally any separately disclosed tax related items are excluded.	Adjusted profit after tax is based on profit after tax before the impact of SDIs. These items relate to income or costs that are excluded from adjusted operating profit due to their nature or size to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions on a year-on-year basis.
ROIC (based on adjusted profit)	No direct equivalent	Adjusted operating profit is the profit measure used in calculating ROIC.	Adjusted profit after tax (as defined above) divided by invested capital. This is a key performance metric for the incentive scheme.
Net financial debt	No direct equivalent	Total net debt less lease liabilities.	This measure shows the non-operational financial debt of the Group, excluding lease liabilities.
Adjusted EBITDA	Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation and excluding SDIs (see note 3) including amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant non-current assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.	This metric removes the impact of both SDIs and interest, tax, depreciation and amortisation to provide a clear and consistent view of the business performance of the Group year-on-year at a level before the impact of some non-cash items and financing costs.

\* Operating profit is presented on the Consolidated income statement. It is not defined per IFRS, however, is a generally accepted profit measure.

## Shareholders and corporate information

### Shareholders' enquiries

Any shareholders with enquiries relating to their shareholding should, in the first instance, contact our Registrar, EQ (Equiniti), using the telephone number or the address below.

### Electronic shareholders communications

Instead of receiving paper copies, shareholders can elect to receive communications by email each time the Company distributes documents. This can be done by registering for email communications at [www.shareview.co.uk](http://www.shareview.co.uk). In the event that you change your mind or require a paper version of any document in the future, please contact the Registrar.

Access to EQ Shareview allows shareholders to view details about their shareholdings, submit a proxy vote for shareholders meetings and notify a change of address. In addition to this, shareholders can complete dividend mandates online which facilitates the payment of dividends directly into a nominated bank account.

### ShareGift

If you have a small shareholding which is uneconomical to sell, you may want to consider donating it to ShareGift, a share donation charity. Details of the scheme are available from:

ShareGift at [www.sharegift.org](http://www.sharegift.org)  
T: +44 (0) 20 7930 3737

### Share price information

Information on the Company's share price is available at [www.intertek.com](http://www.intertek.com).

### Financial calendar

Financial year-end	31 December 2022
Full-year results announced	28 February 2023
Annual General Meeting and Trading Update	24 May 2023
Ex-dividend date for final dividend	25 May 2023
Record date for final dividend	26 May 2023
Final dividend payable	15 June 2023
Half-year results announced	28 July 2023
Ex-dividend date for interim dividend	14 September 2023
Record date for interim dividend	15 September 2023
Interim dividend payable	6 October 2023
Trading Update	23 November 2023

### Investor relations

E: [investor@intertek.com](mailto:investor@intertek.com)  
T: +44 (0) 20 7396 3400

### Registrars

#### EQ

Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH  
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\* Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding bank holidays in England and Wales. Please use the country code when calling from outside the UK.

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