

**Intertek Testing Services Caleb Brett  
Egypt Ltd.**

**Directors' report and financial statements**

31 December 2001  
Registered number 542087



# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Directors' report and financial statements**

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# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

## **Principal activities**

The principal activities of the Company are cargo Superintending and Inspection which are conducted through the company's Egyptian branch.

## **Business review**

The results for the year and the state of affairs of the Company are shown in the financial statements and notes on pages 6 to 14. The profit for the year after taxation was £ 142,000 (2000: £ 112,000.).

## **Proposed dividend**

The directors do not recommend the payment of a dividend (2000: £ Nil).

## **Directors and directors' interests**

The directors who held office during the year were as follows:

K. Wahid

M. B. U. N. Fernando (Resigned 13 July 2001)

J. Notman Watt

None of the directors has any interest in the share capital of the company. The directors who held office at the end of the financial year had the following share options over the ordinary C shares of the ultimate parent company according to the register of Directors interest:

	1 Jan 01	Number of Options during the year			31 Dec 01
		Granted	Exercised	Elapsed	
M.B.U.N. Fernando	5,903	-	-	5,903	0
John Notman-Watt	35,416	-	-	-	35,416
Kassim Wahid	5,903	-	-	-	5,903

## **Auditors**

KPMG has resigned as auditors and KPMG Audit Plc was appointed to fill the vacancy. In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc is to be proposed at the forthcoming Annual General Meeting.

  
By order of the board  
**Sarah Hale**  
Secretary

25, Savile Row  
London W1S 2ES

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Independent auditors' report to the members of Intertek Testing Services Caleb Brett Egypt Ltd.**

We have audited the financial statements on pages 6 to 14.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the director's report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

*29 October*      2002

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Profit and loss account** ***for the year ended 31 December 2001***

	<i>Notes</i>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>
Turnover		1,220	950
Operating costs		(560)	(470)
<b>Gross profit</b>		<b>660</b>	<b>480</b>
Administrative expenses		(343)	(292)
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>317</b>	<b>188</b>
Tax on profit on ordinary activities	<b>5</b>	(175)	(76)
<b>Profit for the financial year</b>		<b>142</b>	<b>112</b>

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All income and expenses come from continuing operations.

# Intertek Testing Services Caleb Brett Egypt Ltd

## Balance sheet

at 31 December 2001

	Notes	2001 £000	2000 £000
<b>Fixed assets</b>			
Tangible assets	6	161	153
		<hr/>	<hr/>
		161	153
<b>Current assets</b>			
Debtors	7	709	476
Cash at bank and in hand		110	64
		<hr/>	<hr/>
		819	540
<b>Creditors: amounts falling due within one year</b>	8	(545)	(183)
		<hr/>	<hr/>
<b>Net current assets</b>		274	357
<b>Total assets less current liabilities</b>		435	510
<b>Creditors: amounts falling due after more than one year</b>	9	-	(151)
		<hr/>	<hr/>
<b>Net assets</b>		435	359
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	435	359
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		435	359
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 October 2002 and were signed on its behalf by:

John Notman-Watt  
Director

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Notes to the financial statements**

### **1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. A summary of significant accounting policies, is set out below.

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

The financial statements are prepared in accordance with the historical cost convention.

#### ***Turnover***

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

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

Assets and liabilities in foreign currencies have been expressed in Sterling at the rates of exchange ruling at the close of business on 31 December 2001. Exchange differences arising on the re-translation of the company's net investment in its Egyptian branch have been taken directly to reserves.

The profit and loss account of the Egyptian branch has been translated at the cumulative average rate (CAR). The difference between the net profit expressed at CAR and year end rates has been transferred to reserves.

All other exchange differences have been charged to the profit and loss account.

#### ***Depreciation***

Fixed assets are depreciated on the straight line basis at rates calculated to provide for the cost of the assets over their anticipated useful lives which are as follows:

Equipment	-	4-10 years
Motor vehicles	-	5 years

#### ***Deferred taxation***

Deferred taxation is provided fully using the liability method at current taxation rates on certain timing differences. Deferred tax assets in respect of timing differences are only recognised to the extent that it is more likely than not that there will be suitable profits to offset future reversal of these timing differences.

#### ***Operating lease***

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.



# Intertek Testing Services Caleb Brett Egypt Ltd

## Notes to the financial statements (continued)

### 2 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated after charging / (crediting)</i>		
Auditors' remuneration:		
- audit	3	2
Depreciation and other amounts written off owned tangible fixed assets	28	33
Hire of other assets - operating leases	17	15
Exchange gains	-	-

### 3 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments	13	13

#### Number of directors 2001

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	-
Defined benefit schemes	-

The number of directors who exercised share options was -

The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was -

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Notes to the financial statements *(continued)***

### **4 Employees**

	<b>Number of employees</b>	
	<b>2001</b>	<b>2000</b>
The average number of persons employed by the company (including directors) during the year was:		
Inspection	<u>36</u>	<u>35</u>

The aggregate payroll costs of these persons were as follows:

	<b>2001 £000</b>	<b>2000 £000</b>
Wages and salaries	182	187
Social security costs	26	25
	<u>208</u>	<u>212</u>

### **5 Taxation**

	<b>2001 £000</b>	<b>2000 £000</b>
Overseas taxation	<u>175</u>	<u>76</u>

# Intertek Testing Services Caleb Brett Egypt Ltd

## Notes to the financial statements (continued)

### 6 Tangible fixed assets

	Equipment and motor vehicles £000
<b>Cost</b>	
At beginning of year	422
Additions	62
Exchange adjustments	(70)
	<hr/>
At end of year	414
	<hr/>
<b>Depreciation</b>	
At beginning of year	269
Charge for year	28
Exchange adjustments	(44)
	<hr/>
At end of year	253
	<hr/>
<b>Net book value</b>	
At 31 December 2001	161
	<hr/>
At 31 December 2000	153
	<hr/>

### 7 Debtors

	2001 £000	2000 £000
Trade debtors	280	245
Amounts owed by group undertakings	370	180
Other debtors	36	18
Prepayments and accrued income	23	33
	<hr/>	<hr/>
	709	476
	<hr/>	<hr/>

# Intertek Testing Services Caleb Brett Egypt Ltd

## Notes to the financial statements (continued)

### 8 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Amounts owed to group undertakings	156	6
Taxation and social security	240	148
Accruals and deferred income	149	29
	<u>545</u>	<u>183</u>

### 9 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Amounts owed to group undertakings	-	151
	<u>-</u>	<u>151</u>

### 10 Provisions for liabilities and charges

There is no deferred tax provided or unprovided at 31 December 2001 or 31 December 2000.

### 11 Called up share capital

	2001 £	2000 £
<b>Authorised</b>		
Equity:		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
Equity:		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

# ***Intertek Testing Services Caleb Brett Egypt Ltd***

## **Notes to the financial statements (continued)**

### **12 Profit and loss account**

	£000
At 1st January 2001	359
Retained profit for the year	142
Exchange adjustments	(66)
	<hr/>
At 31 December 2001	435
	<hr/>

### **13 Reconciliation of movements in equity shareholders' funds**

	£000
Opening shareholders' funds	359
Profit for the financial year	142
Exchange adjustments	(66)
	<hr/>
Closing shareholders' funds	435
	<hr/>

### **14 Cash flow statement**

The company is exempt from the requirements of Financial Reporting Standard No. 1(Revised), Cash Flow Statements. The company's ultimate parent undertaking prepares consolidated financial statements which include a consolidated cash flow statement for the group.

### **15 Ultimate parent company and ultimate controlling party**

On April 2002, Intertek Testing Services No. 1 Limited made an exchange offer for all the issued and to be issued share capital (including ordinary shares under outstanding options under the 1997 plan) of Intertek Testing Services Limited (ITS), the then ultimate holding company, for a consideration satisfied by the issue of new shares in Intertek Testing Services No.1 Limited of the same class and having equivalent rights for each corresponding share in ITS.

On 9 May 2002, ITS changed its name to Intertek Testing Services Holdings Limited and Intertek Testing Services No. 1 Limited changed its name to Intertek Testing Services Limited on the same day.

## ***Intertek Testing Services Caleb Brett Egypt Ltd***

On 24 May 2002, Intertek Testing Services changed its name to Intertek Testing Services Plc and listed on the London Stock Exchange on the same day.

Copies of the ultimate parent company's accounts as at 31 December 2001, can be obtained from The Secretary, 25 Savile Row, London W1S 2ES.

### **16      Related party transactions**

No disclosure has been made of transactions with group undertakings, as advantage has been taken of the exemption within Financial Reporting Standard No. 8, granted to subsidiary undertakings of which 90% or more of the voting rights are controlled within the group.

There are no other related party transactions required to be disclosed in these financial statements.

## Cash flow statement

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
<b>Cash flow statement</b>			
Net cash inflow from operating activities	19	244	878
Taxation		(123)	(349)
Capital expenditure			
Purchase of tangible fixed assets		(553)	(1,393)
Equity dividends paid		(110)	-
		<hr/>	<hr/>
Cash outflow before financing		(542)	(864)
Financing			
Issue of ordinary shares		-	800
Drawdown of intercompany loan		123	-
		<hr/>	<hr/>
		123	800
		<hr/>	<hr/>
Decrease in cash in the period		(419)	(64)
		<hr/>	<hr/>

## Reconciliation of net cash flow to movement in net debt

	Note	2001 £000	2000 £000
Decrease in cash in the period		(419)	(64)
Cash inflow from increase in debt		(123)	-
		<hr/>	<hr/>
Movement in net debt in the period		(542)	(64)
Net funds at the start of the period	21	116	180
		<hr/>	<hr/>
Net (debt)/funds at the end of the period	21	(426)	116
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has adopted Financial Reporting Standard 17: Retirement benefits. The adoption of this standard did not have a material impact on the financial statements, and prior years' figures have not been restated. Financial Reporting Standard 19: Deferred tax, has also been adopted. Under this standard, deferred tax is provided for on certain timing differences in full. The adoption of this standard did not have a material impact of the financial statements and prior years' figures have not been restated.

#### *Fixed assets and depreciation*

Fixed assets are stated at cost less depreciation, which is provided on a straight line basis over the estimated useful lives of the assets, at the following annual rates:

Leasehold buildings	-	Over the life of the lease
Plant and machinery	-	10% - 33.3%

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life as assessed on a case-by-case basis up to a maximum of 20 years.

#### *Foreign currency*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Turnover*

Turnover represents the total amounts receivable for services provided, excluding sales-related taxes. Turnover is recognised when the relevant service is completed.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension*

The company contributes to a group pension scheme which provides benefits based on final pensionable pay. The assets of the plan are held separately from those of the company. Actuarial gains and losses are recognised immediately in the financial statements together with a related asset or liability, other than where the company cannot identify its share of the underlying assets and liabilities of the scheme. If it is not possible to identify the share of underlying assets and liabilities, the company accounts for the scheme as if it was a defined contribution scheme, with amounts charged against profits representing contributions payable in respect of the accounting period.

The company provides no other post retirement benefits to its employees.

#### *Taxation*

Deferred taxation is provided fully using the liability method at current taxation rates on certain timing differences. Deferred tax assets in respect of timing differences are only recognised to the extent that it is more likely that not that there will be suitable taxable profits to offset the future reversal of these timing differences.

### 2 Segmental analysis

	2001 Turnover £000	2000 Turnover £000
<i>By geographical market</i>		
United Kingdom	3,593	3,802
Europe	617	549
Middle East and Asia	162	193
North America	234	268
Africa	5	3
Others	10	14
	<hr/> 4,621 <hr/>	<hr/> 4,829 <hr/>

### 3 Exceptional item

	2001 £000	2000 £000
Exceptional charge against operating profit:		
- impairment of fixed assets	595	-
	<hr/> 595 <hr/>	<hr/> - <hr/>

**Notes (continued)**

**4 Loss/profit on ordinary activities before taxation**

	2001 £000	2000 £000
<i>Loss/profit on ordinary activities before tax is stated after charging/(crediting):</i>		
Auditors' remuneration	5	5
Depreciation of owned fixed assets	527	409
Impairment of fixed assets	595	-
Amortisation of goodwill	82	82
Hire of plant and machinery - rentals payable under operating leases	63	62
Hire of other assets - operating leases	474	427
Exchange losses/(gains)	2	(30)
	<hr/>	<hr/>

**5 Remuneration of directors**

	2001 £000	2000 £000
Directors' emoluments	63	57
	<hr/>	<hr/>

The details of the directors' interests in shares of group companies are set out in the director's report.

	Number of directors	
	2001	2000
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	1
	<hr/>	<hr/>

**Notes (continued)**

**6 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Testing and inspection	71	73
Sales and administration	18	19
	<hr/>	<hr/>
	89	92
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	2,126	2,057
Social security costs	176	167
Pension costs	116	117
	<hr/>	<hr/>
	2,418	2,341
	<hr/>	<hr/>

**7 Taxation**

**(a) Tax on loss of ordinary activities**

	2001 £000	2000 £000
<i>Current assets:</i>		
UK Corporation tax at 30% (2000:30%) on loss of the year	100	123
<i>Deferred tax:</i>		
Deferred tax at 30% (2000:30%)	-	7
Adjustment in respect of previous periods	(7)	-
	<hr/>	<hr/>
	93	130
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation (continued)

#### (b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2001 £000	2000 £000
Profit/(loss) on ordinary activities before tax	(949)	348
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000:30%)	(285)	104
Effect of:		
Fixed asset timing differences	357	(10)
Expenses not deductible for tax purposes	28	28
Current tax charge for the period (note 7a)	100	123

### 8 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At 1 January 2001	1,647
Additions	-
At 31 December 2001	1,647
<i>Amortisation</i>	
At 1 January 2001	123
Charge for year	82
At 31 December 2001	205
<i>Net book value</i>	
At 31 December 2001	1,442
At 31 December 2000	1,524

**Notes (continued)**

**9 Tangible fixed assets**

	<b>Leasehold buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<i><b>Cost</b></i>			
At 1 January 2001	92	2,336	2,428
Additions	217	337	554
Disposals	(78)	(1)	(79)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	231	2,672	2,903
	<hr/>	<hr/>	<hr/>
<i><b>Depreciation</b></i>			
At 1 January 2001	21	685	706
Charge for year	21	506	527
Disposals	(31)	-	(31)
Impairment	-	595	595
	<hr/>	<hr/>	<hr/>
At 31 December 2001	11	1,786	1,797
	<hr/>	<hr/>	<hr/>
<i><b>Net book value</b></i>			
At 31 December 2001	<b>220</b>	<b>886</b>	<b>1,106</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2000	71	1,651	1,722
	<hr/>	<hr/>	<hr/>

**10 Debtors**

	<b>2001 £000</b>	<b>2000 £000</b>
Trade debtors	792	875
Amounts owed by group undertakings	209	160
Other debtors	22	-
Prepayments and accrued income	80	81
	<hr/>	<hr/>
	<b>1,103</b>	<b>1,116</b>
	<hr/>	<hr/>

**Notes (continued)**

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

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>100</b>	<b>503</b>
Amounts owed to group undertakings	<b>224</b>	<b>54</b>
Corporation tax	<b>100</b>	<b>123</b>
Other taxation and social security	<b>137</b>	<b>135</b>
Accruals and deferred income	<b>183</b>	<b>23</b>
Bank overdraft	<b>302</b>	<b>-</b>
	<b>1,046</b>	<b>838</b>

**12 Creditors: amounts falling due after more than one year**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>235</b>	<b>112</b>

**Notes (continued)**

**13 Provision for liabilities and charges**

	2001 £000	2000 £000
<i>Deferred tax</i>		
Provision at beginning of year	7	-
(Credit)/charge for the year	(7)	7
	<hr/>	<hr/>
Provision at end of year	-	7
	<hr/>	<hr/>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001		2000	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Accelerated capital allowances	-	499	7	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax (asset)/liability	-	499	7	-
	<hr/>	<hr/>	<hr/>	<hr/>
Provision at start of year	7			
Deferred tax credit in profit and loss account for year (note 7a)	(7)			
	<hr/>			
Provision at end of year	-			
	<hr/>			

A deferred tax asset of £499,000 has not been recognised on accelerated capital allowances. These assets can only be deducted against future suitable taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated to offset the future reversal of these timing differences and therefore no asset has been recognised.

## Notes (continued)

### 14 Contingent liabilities

The company is party to composite banking cross guarantees with other ITS group companies in the UK and contingent liabilities in respect of these guarantees at 31 December 2001 were £9,271,000 (2000:£11,207,000).

### 15 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2001 £000	2000 £000
Contracted	35	20

(b) Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	11	-
In the second to fifth years inclusive	19	47	19	57
Over five years	433	-	306	-
	<u>452</u>	<u>47</u>	<u>336</u>	<u>57</u>



**Notes (continued)**

**16 Called up share capital**

	2001 £	2000 £
<i>Authorised</i>		
Equity		
Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and unpaid</i>		
Equity		
Ordinary shares of £1 each	380	380
	<u>          </u>	<u>          </u>

**17 Profit and loss account**

	2001 £000	2000 £000
At beginning of year	833	615
Retained (loss)/profit for the year	(1,152)	218
	<u>          </u>	<u>          </u>
<b>At end of year</b>	<b>(319)</b>	<b>833</b>
	<u>          </u>	<u>          </u>

**18 Reconciliation of movements in equity shareholders' funds**

	Share capital £000	Share premium £000	Profit and loss account £000	2001 Total shareholders' funds £000	2000 Total shareholders' funds £000
At beginning of year	-	2,800	833	3,633	2,615
(Loss)/profit for the year	-	-	(1,152)	(1,152)	218
Shares issued	-	-	-	-	800
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At end of year</b>	<b>-</b>	<b>2,800</b>	<b>(319)</b>	<b>2,481</b>	<b>3,633</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 19 Reconciliation of operating loss/profit to operating cash flows

	2001 £000	2000 £000
Operating (loss)/profit	(902)	348
Depreciation charge	527	409
Amortisation of goodwill	82	82
Impairment of fixed assets	595	-
Decrease/(increase) in debtors	13	(179)
(Decrease)/increase in creditors	(71)	218
	<hr/>	<hr/>
Net cash inflow from operating activities	244	878
	<hr/>	<hr/>

### 20 Analysis of changes in net funds/(debt)

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	228	(117)	111
Bank overdraft	-	(302)	(302)
	<hr/>	<hr/>	<hr/>
	228	(419)	(191)
Loans from ultimate parent undertaking	(112)	(123)	(235)
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>116</b>	<b>(542)</b>	<b>(426)</b>
	<hr/>	<hr/>	<hr/>

### 21 ITS pension scheme

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17: Retirement benefits, the scheme has been accounted for by the company as if the scheme was a defined contribution scheme.

The net pension asset at 31 December 2001, as defined by FRS 17, was £0.1 million.

An actuarial valuation conducted by an independent qualified actuary as at 30 September 2001 was updated for FRS 17 purposes to 31 December 2001.

Further details of the group pension scheme are disclosed in the financial statements of Intertek Testing Services Holdings Limited (see note 23).

**Notes (continued)**

**22 Related party transactions**

During the year sales amounting to £375,000 (2000:£347,000) were made to group companies. No interest was paid on loans payable to group undertakings (2000:£nil).

**23 Ultimate parent company and ultimate controlling party**

At 31 December 2001, the company's ultimate parent undertaking and ultimate controlling party was Intertek Testing Services Holdings Limited (formerly known as Intertek Testing Services Limited). From 10 April 2002, following a re-organisation of the Intertek Testing Services group, the company's ultimate parent company and ultimate controlling party became Intertek Testing Services plc. Both of these companies are incorporated in Great Britain and copies of their financial statements may be obtained from The Secretary, 25 Savile Row, London W1X 1AA.