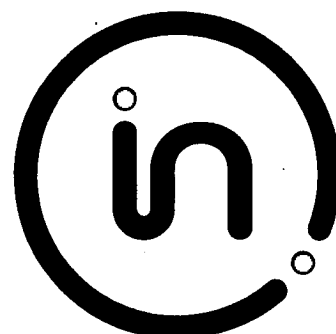
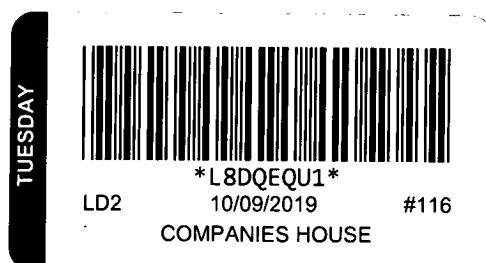


Company Registration No. 00542087 (England and Wales)

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

COMPANY INFORMATION

Directors	I Galloway S Harrington H El Hussein (Appointed 1 July 2019)
Secretary	Intertek Secretaries Limited
Company number	00542087
Registered office	Academy Place 1-9 Brook Street Brentwood Essex CM14 5NQ
Independent Auditor	PricewaterhouseCoopers LLP Cambridge

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

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INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of Intertek Testing Services Caleb Brett Egypt Limited (the "Company") present the Strategic Report and audited financial statements for the year ended 31 December 2018.

Review of the business

The principal activity of the Company continued to be that of cargo superintending and inspection services which are conducted through the Company's Egyptian branch.

Business review

The results for the year and the state of affairs of the Company at 31 December 2018 are shown in the financial statements on pages 8 to 25. The loss for the financial year was £330,000 (2017: Profit of £322,000). Revenue has decreased by £300,000 to £2,225,000 and gross profit has decreased by £93,000 to £547,000. The Company raises invoices to customers in US Dollar and accounts for these in the functional currency, the Egyptian Pound. The Company's presentational currency is Pounds Sterling (£). Increased administrative management charges and local Egyptian taxation charges have resulted in an overall loss of being made in the year.

As a result, the Company now has net current liabilities of £69,000 (2017: net current assets of £376,000).

Key performance indicators

The Company's management use certain financial Key Performance Indicators (KPIs) to assess how well the Company has performed during the year, which are shown below. The Company also currently uses non-financial KPIs to measure employee productivity and management are developing metrics specific to the Company to measure energy usage.

	2018	2017	Variance
	£'000	£'000	%
Revenue	2,225	2,525	(11.9%)
Operating profit/(loss)	(17)	489	(103.5%)
Operating margin	(0.8%)	19.4%	(20.1%)

Principal risks and uncertainties

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

Market risk

The trading activity of the Company and its financial position may be adversely impacted by downturns in general economic conditions or any future periods of economic recession.

Foreign exchange risk

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

Liquidity risk

The management of operational liquidity risk is aimed primarily at ensuring that the Company always has a liquidity buffer that is able, in the short term, to absorb both the net effects of transactions made and expected changes in liquidity under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Business outlook

The Directors expect that future performance will improve with the Company returning to profitability.

Going concern

On the basis of their assessment of the Company's financial position and of the enquires made of the Directors of Intertek Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to Note 1.2 for more details.

Employees

The company employed 61 people on average in 2018 (2017: 55).


Environment

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

Policy and practice on payments to suppliers

The Company does not follow a single standard on payment practice but has a variety of payment terms with its suppliers. The Company aims to develop relationships that are based upon mutual trust. The Company is aware of the importance of prompt payment, especially to small businesses, and it undertakes to pay suppliers on time and according to terms of trade. The Company has a wide range of suppliers and no individual supplier is of crucial importance.

On behalf of the Board



I Galloway

Director

Date: 05/09/2019

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

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

I Galloway

S Harrington

K Wahid Kassem

(Resigned 30 June 2019)

H El Husseiny

(Appointed 1 July 2019)

Directors' insurance

The Company maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Independent Auditor

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

Statement of Directors' responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Strategic report

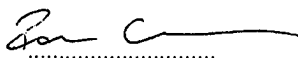
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect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

- principal risks and uncertainties
- financial key performance indicators

Statement of disclosure to independent auditor

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

On behalf of the Board



I Galloway

Director

Date: 05/09/2019

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

Opinion

In our opinion, Intertek Testing Services Caleb Brett Egypt Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position as at 31 December 2018, the Statement of Changes in Equity and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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.

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. This description forms part of our auditors' report.

Use of this report

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

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

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

We have no exceptions to report arising from this responsibility.



Andrew Hodgekins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

6/9/19

Chartered Accountants

Statutory Auditor

Cambridge

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Note	£'000	£'000
Revenue	4	2,225	2,525
Cost of sales		(1,678)	(1,885)
Gross profit		547	640
Administrative expenses		(564)	(152)
Other operating income		-	1
Operating (loss)/profit	5	(17)	489
Finance costs	7	(7)	(40)
(Loss)/profit before taxation		(24)	449
Tax on (loss)/profit	8	(306)	(127)
(Loss)/profit for the financial year		(330)	322

The income statement has been prepared on the basis that all operations are continuing operations.

The notes to the financial statements on pages 12 - 25 form an integral part of these financial statements.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£'000	£'000
(Loss)/profit for the financial year	(330)	322
	<u> </u>	<u> </u>
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Currency translation differences	16	(23)
	<u> </u>	<u> </u>
Total comprehensive (expense)/income for the financial year	(314)	299
	<u> </u>	<u> </u>

The notes to the financial statements on pages 12 - 25 form an integral part of these financial statements.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	9	334	203
Current assets			
Deferred tax asset	12	26	4
Trade and other receivables	10	885	932
Cash and cash equivalents		354	310
		1,265	1,246
Current liabilities			
Trade and other payables	11	(1,334)	(870)
Net current (liabilities)/assets		(69)	376
Total assets less current liabilities		265	579
Net assets		265	579
Equity			
Called up share capital	13	-	-
Retained earnings		265	579
Total equity		265	579

The notes to the financial statements on pages 12 - 25 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 05/09/2019 and are signed on its behalf by:



I Galloway
Director

Company Registration No. 00542087

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 January 2017	-	280	280
Year ended 31 December 2017:			
Profit for the financial year	-	322	322
Other comprehensive expense:			
Currency translation differences	-	(23)	(23)
Total comprehensive income for the financial year	-	299	299
Balance at 31 December 2017	-	579	579
Year ended 31 December 2018:			
Loss for the financial year	-	(330)	(330)
Other comprehensive income:			
Currency translation differences	-	16	16
Total comprehensive expense for the financial year	-	(314)	(314)
Balance at 31 December 2018	-	265	265

The notes to the financial statements on pages 12 - 25 form an integral part of these financial statements.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

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

1.1 Accounting convention

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

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are prepared in 'Pounds Sterling' (£), which is different to the Company's functional currency of the Egyptian Pound. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64 (p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Intertek Group plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member,
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets,
- the requirements of second sentence of paragraph 110 and from paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15; and
- the requirements in IFRS 9 to restate comparative information in the year of adoption.

Where required, equivalent disclosures are given in the group financial statements of Intertek Group plc. The group financial statements of Intertek Group plc are available to the public and can be obtained as set out in note 18.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on pages 1 - 2. The Company generated a loss of £330,000 (2017: Profit of £322,000) in the year and has net current liabilities of £69,000 (2017: net current assets of £376,000) as at 31 December 2018. The Company participates in the Intertek group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Company has appropriate financial resources together with contracts with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors, having assessed the response of the Directors of the Company's ultimate parent, Intertek Group plc, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue as part of Intertek Group plc's current banking arrangements. The Directors of Intertek Group plc have confirmed that the Company will be supported for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 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 generally considered to be those of less than two months' duration.

On long-term projects revenue is recognised using the five steps for revenue recognition. The majority of contracts are for less than one year. The Company records transactions as sales on the basis of value of work done, with the corresponding amount being included in trade receivables if the customer has been invoiced, or in contract assets (accrued income), if billing has yet to be completed. Performance obligations vary across business lines and regions, and on a contract-by-contract basis and there may be more than one performance obligation per 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 (deferred income) where services have not yet been rendered.

The Company does not expect to have any 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 Company does not adjust any of the transaction prices for the time value of money.

The Company 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.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	3-10 years
Motor vehicles	3-5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Fair value measurement

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

1.7 Cash and cash equivalents

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

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.8 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), which are measured at fair value.

Loans and receivables

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 Company 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 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 Company believes the amount to be irrecoverable, after which the trade receivable or contract assets balance is written off.

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

In 2017, under IAS 39, impairment losses only related to trade receivables and were calculated based on historical default rates. No impairment allowance was made for trade receivables less than six months outstanding and the Group provided for trade receivables over 12 months old that were considered irrecoverable, 25% of balances 6 to 12 months old and specific provisions for known doubtful debts regardless of age.

Derecognition of financial assets

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

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

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

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 9 *Financial Instruments* came into effect on 1 January 2018. The Directors have performed their review of the standard, and identified the following areas of note. The Company has applied the limited exemption in IFRS 9 and has elected not to restate comparative information in the year of adoption. As a result, the comparative information provided has been accounted for in accordance with Company's previous accounting policy.

- *Classification and measurement of financial assets* – the Company's financial assets comprise trade receivables, contract assets and cash and cash equivalents. The disclosures relating to both trade receivables, contract assets and cash and cash equivalents continue to be applicable and have not been affected by the adoption of IFRS 9. There are no changes to the measurement of financial assets.

- *Impairment of financial assets, by introducing a forward-looking expected loss impairment model* – the Company's primary types of financial assets subject to IFRS 9's new expected credit loss model are trade receivables and contract assets. For trade receivables and contract assets, the Company has applied the simplified approach permitted by IFRS 9, which requires the use of the lifetime expected loss provision for all receivables, whereas IAS 39 operated under an incurred loss model and would only recognise impairments when there was objective evidence.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards and changes in accounting policies

(Continued)

IFRS 15 *Revenue from contracts with customers* came into effect on 1 January 2018. During the year ended 31 December 2017 the Company carried out a detailed review of the recognition criteria for revenue applying the requirements of IFRS 15. The Directors assessed the potential impact of IFRS 15 by i) discussing the changes in accounting for revenue under the new standard with business lines; ii) reviewing a cross-section of different revenue contracts across the Company; and iii) considering the impact of IFRS 15 on both short-term and long-term contracts. Specifically, the Company's revenue streams are two-fold:

- 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.
- On long-term projects the Company records transactions as revenue 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. Long-term projects consist of two main types:
 - time incurred is billed at agreed rates on a periodic basis, such as monthly. The current recognition approach is based on timesheets evidencing work done, this is consistent with the "over time" recognition criteria under IFRS 15 using those timesheets as the input basis; or
 - staged payment invoicing occurs, requiring an assessment of percentage completion, based on services provided and revenue accrued accordingly. Assessment of percentage completion has continued in the same way, this is in line with the "over time" recognition under IFRS 15.

Whilst IAS 18 is based on deliverables and risks and rewards of transfer, IFRS 15 identifies performance obligations. There may be more than one performance obligation per contract, for example recognising revenue at a point in time for certain services and over time for other services delivered under the same contract. The application to the Company's long- and short-term contracts remains the same.

IFRS 15 has been implemented retrospectively, but the comparative figures have not been restated because, as above, the application of the new standard to the Company's long- and short-term contracts remains the same. The economic factors affecting revenue for both short-term and long-term contracts are consistent within each.

3 Critical accounting estimates and judgements

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

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

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

Key sources of estimation uncertainty

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 1.4 for the useful economic lives for each class of assets.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Critical accounting estimates and judgements

(Continued)

(b) Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 10 for the net carrying amount of the receivables.

(c) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

4 Revenue

	2018 £'000	2017 £'000
Revenue analysed by class of business		
Cargo superintending and inspection services	2,225	2,525
	<u>2,225</u>	<u>2,525</u>
	2018 £'000	2017 £'000
Revenue analysed by geographical market		
Africa	2,148	2,424
Other	77	101
	<u>2,225</u>	<u>2,525</u>

5 Operating (loss)/profit

	2018 £'000	2017 £'000
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the Company's independent auditor for the audit of the Company's financial statements	12	12
Depreciation of property, plant and equipment	35	30
	<u>47</u>	<u>42</u>

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2018 Number	2017 Number
Testing and inspection	54	48
Sales and administration	7	7
	<u>61</u>	<u>55</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	457	560
Social security costs	23	18
	<u>480</u>	<u>578</u>

7 Finance costs

	2018 £'000	2017 £'000
Other finance costs:		
Exchange differences	7	40
	<u>7</u>	<u>40</u>

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Tax on (loss)/profit

	2018 £'000	2017 £'000
Current tax		
Foreign taxes and reliefs	328	134
	<u>328</u>	<u>134</u>
Taxation charge	<u>328</u>	<u>134</u>
Deferred tax		
Origination and reversal of temporary differences	(22)	(7)
	<u>(22)</u>	<u>(7)</u>
Total tax charge	<u>306</u>	<u>127</u>

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

The (credit)/charge for the year can be reconciled to the (loss)/profit per the statement of comprehensive income as follows:

	2018 £'000	2017 £'000
(Loss)/profit before taxation	(24)	449
	<u>(24)</u>	<u>449</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2017: 19.25%)	(5)	86
Effect of expenses not deductible in determining taxable profit	7	10
Effect of overseas tax rates	328	134
Impact of branch exemption	(2)	(96)
Overseas deferred tax movements	(22)	(7)
	<u>(22)</u>	<u>(7)</u>
Taxation charge for the year	<u>306</u>	<u>127</u>

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Property, plant and equipment

	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2018	576	17	593
Additions	154	-	154
Foreign currency adjustments	33	-	33
	<u>763</u>	<u>17</u>	<u>780</u>
At 31 December 2018	763	17	780
Accumulated depreciation			
At 1 January 2018	375	15	390
Charge for the year	33	2	35
Foreign currency adjustments	21	-	21
	<u>429</u>	<u>17</u>	<u>446</u>
At 31 December 2018	429	17	446
Carrying amount			
At 31 December 2018	<u>334</u>	<u>-</u>	<u>334</u>
At 31 December 2017	<u>201</u>	<u>2</u>	<u>203</u>

10 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	472	588
Other receivables	40	63
Amounts owed by fellow Group undertakings	361	277
Prepayments	12	4
	<u>885</u>	<u>932</u>

Amounts receivable from Group undertakings are unsecured, have no fixed date of repayment, repayable on demand and are interest free.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	19	-
Amounts owed to fellow Group undertakings	945	403
Accruals	24	73
Taxation and social security	160	220
Other payables	186	174
	<u>1,334</u>	<u>870</u>

Amounts payable to Group undertakings are unsecured, have no fixed date of repayment, repayable on demand and are interest free.

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Short term timing differences £'000
Deferred tax liability at 1 January 2017	(3)
Deferred tax movements in prior year	
Credit to profit or loss	7
Deferred tax asset at 1 January 2018	<u>4</u>
Deferred tax movements in current year	
Credit to profit or loss	22
Deferred tax asset at 31 December 2018	<u>26</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £'000	2017 £'000
Deferred tax assets	<u>26</u>	<u>4</u>

Amounts expected to be recoverable in periods after 12 months amounted to £26,000 (2017: £4,000).

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13	Called up share capital	2018	2017
		£'000	£'000
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	2 Ordinary shares of £1 each	-	-
		<u> </u>	<u> </u>

14 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018	2017
	£'000	£'000
Minimum lease payments under operating leases	49	40
	<u> </u>	<u> </u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£'000	£'000
Within one year	49	44
	<u> </u>	<u> </u>

15 Events after the reporting date

There are no subsequent events to note that would affect the balance sheet as at 31 December 2018.

16 Related party transactions

Under FRS 101.8 (k), "Related Party Disclosures", the Company has taken advantage of the exemption from disclosing transactions with entities that are wholly owned by the group.

INTERTEK TESTING SERVICES CALEB BRETT EGYPT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Directors' transactions

Kassem Wahid, who was a Director of Intertek Testing Services Caleb Brett Egypt Limited until 30 June 2019, is a shareholder of the Egyptian Company for Special Services and Al-Borak Company for Industrial and Commercial Investments. Both these companies, which are incorporated in Egypt, lease assets including a laboratory and an office to Intertek Testing Services Caleb Brett Egypt Limited. The rental costs for the twelve months ended 31 December 2018 were as follows:

	2018 £'000	2017 £'000
Office	13	12
Laboratory	21	20
	<u>34</u>	<u>32</u>

18 Controlling party

The immediate parent undertakings are Intertek Overseas Holdings Limited and Intertek International Limited, both owning 50% of the issued share capital.

The ultimate parent undertaking and controlling party is Intertek Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Intertek Group plc's consolidated financial statements can be obtained from the Group Company Secretary at 33 Cavendish Square, London, W1G 0PS or on the website www.intertek.com.