Intertek Testing & Certification Limited

Directors' report and financial statements

Registered number 3272281

31 December 2009

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Directors' report

The Directors of Intertek Testing & Certification Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2009

Principal activities
The Company's principal activity during the year was the provision of services to a wide range of industries including those in the home appliances (HAE), medical, building, industrial , automotive and defence, and ICT and telecom sectors

No significant changes in the Company's activities are expected

Business Review
The results for the year and the state of affairs of the Company at 31 December 2009 are shown in the financial statements and notes on pages 8 to 17

The Company's management use certain financial Key Performance Indicators (KPIs) to assess how well the Company has performed during the year Most of these KPIs also form part of the management incentive scheme whereby managers may receive annual bonus payments on achieving or exceeding the targets set for the year The Company does not currently use any non financial KPIs to measure its performance but management are developing metrics to measure energy usage and employee productivity

Key Performance Indicators

	2009 £000	2008 £000	Growth %
Turnover	12,448	10,717	16 2
Operating (loss)	(683)	(342)	
Operating margin	(5 4)%	(3 2)%	

The Company reported turnover of £12,448,000 in 2009, an increase of 16 2% over the prior year

Principal risks and uncertainties
The principal risks and uncertainties affecting the Company are closely aligned with those discussed in the Group's annual report, which is publicly available from the Group Company Secretary, Intertek Group plc, 25 Savile Row, London, W1S 2ES

Business Outlook
The outlook for the Company's business is positive Regulatory drivers, in the shape of EU Directives and international regulatory requirements, remain in place and continue to stimulate demand for product testing and certification services Increasing consumer awareness of product performance, environmental and safety issues also continues to encourage manufacturers to address these matters through third party testing and certification such as those offered by the Company In general the market for the Company's services continues to evolve which presents opportunities for growth

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

Dividends
No dividends were paid during the year (2008 £nil)

Directors
The Directors who held office during the year are given below

T Sohi
T Roskell

Directors' report (continued)

Policy and practice on payment of 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 with suppliers 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 agreed terms of trade The Company has a wide range of suppliers and no individual supplier is of critical importance At 31 December 2009, the period of credit taken from the Company's suppliers amounted to 35 days (2008 35 days)

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

By order of the Board

T Sohi
Director

Registered Office
25 Savile Row
London
W1S 2ES
30th June 2010

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law, the Directors must not approve the financial statements until they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the Directors are required to

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

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

By order of the Board

T Sohi
Director

Independent auditor's report to the members of Intertek Testing & Certification Limited

We have audited the financial statements of Intertek Testing & Certification Limited for the year ended 31 December 2009 set out in pages 6 to 17 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided in the APB's website at www frc org uk/apb/scopeUKNP

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if, in our opinion

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



P Korolkiewicz (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London, EC4Y 8BB

22 July 2010

Profit and loss account

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover			
Continuing operations		**12,448**	9,812
Acquisitions		**-**	905
	2	**12,448**	10,717
Cost of sales		**(10,946)**	(9,230)
Gross profit		**1,502**	1,487
Administrative expenses		**(2,185)**	(1,829)
Operating loss		**(683)**	(342)
Continuing operations		**(683)**	(241)
Acquisitions		**-**	(101)
Interest payable & similar charges	4	**(172)**	(315)
Loss on ordinary activities before taxation	3	**(855)**	(657)
Tax credit on loss on ordinary activities	7	**150**	173
Loss for the financial year		**(705)**	(484)

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

There is no difference between the historical cost loss and the loss reported above

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

Balance sheet
at 31 December 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Fixed assets					
Intangible assets	8	**6,356**		7,037	
Tangible assets	9	**1,099**		1,167	
			7,455		8,204
Current assets					
Debtors (including £54k (2008 £26k) due after more than one year)	10	**5,165**		5,379	
Cash at bank and in hand		**94**		236	
			5,259		5,615
Creditors: amounts falling due within one year	11		**(3,925)**		(4,347)
Net current assets			**1,334**		1,268
Total assets less current liabilities			**8,789**		9,472
Creditors: amounts falling due after more than one year	12		**(5,105)**		(5,125)
Provisions for liabilities	13		**(54)**		(44)
Net assets			**3,630**		4,303
Capital and reserves					
Called up share capital	16		**1**		1
Share premium account	17		**6,049**		6,049
Profit and loss account	17		**(2,420)**		(1,747)
Shareholders' funds			**3,630**		4,303

These financial statements on pages 6 to 17 were approved by the Board of Directors on 30th June 2010 and were signed on its behalf by

T Sohi
Director

Notes to the financial statements

1. Accounting policies

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

Basis of preparation

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

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 3 The financial position of the company and liquidity position are described in the primary financial statements on pages 6 to 7 In addition, notes 1 to 20 to the financial statements include the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk

The company has appropriate financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries 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 have a reasonable expectation that the company has adequate resources 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

Under FRS 1 the Company is exempt from the requirement to prepare a cash-flow statement on the grounds that a parent undertaking includes the Company in its published consolidated financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the Company as an individual undertaking and not about its group

As the Company is a wholly owned subsidiary of Intertek Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of Intertek Group plc, within which this Company is included, can be obtained from the Group Company Secretary, 25 Savile Row, London W1S 2ES

Share based payment transactions

The ultimate parent of the Company runs a share ownership programme that allows group employees to acquire shares in Intertek Group plc The cost of awards to employees that take the form of shares or rights to shares are recognised over the period of the employee's related performance

As permitted by FRS 20, the Company has applied the requirements of this standard to all share-based payment awards granted after 7 November 2002

The fair value of options granted to employees of the Company is recognised as an expense with a corresponding increase in equity The fair value is measured at grant date and is spread over the period during which the employee becomes unconditionally entitled to the options The fair value of the options granted is measured using the Monte Carlo method This method, in calculating the fair value, takes into account various factors including the expected volatility of the shares, the dividend yield and risk free interest rate

The fair value of shares granted under the long term incentive plan is also measured using the Monte Carlo method and is spread over the period during which the employee becomes unconditionally entitled to the shares

Notes to the financial statements (continued)

1 Accounting policies (continued)

Foreign currencies
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 into sterling at the rates of exchange prevailing at the balance sheet date or at the contracted rate if the transaction is covered by a forward exchange contract All foreign exchange differences are taken to the profit and loss account in the year in which they are incurred

Tangible fixed assets and depreciation
Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful lives of the assets, at the following annual rates

Leasehold buildings	-	Over the term of the lease
Plant and machinery	-	10% - 33 3%
Computer software and hardware	-	33 3%
Fixtures and fittings	-	10% - 33%
Motor vehicles	-	25% - 33%

Goodwill
Purchased goodwill (both positive and negative) arising on business combination in respect of acquisitions before 1 January 1998, when FRS 10 "Goodwill and intangible assets" was adopted, was written off to reserves in the year of acquisition When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit and loss account or loss on disposal

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 since 1 January 1998 is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful lives

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill)

Intangible fixed assets and amortisation
Intangible fixed assets purchased separately from a business are capitalised at their cost

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably Fair values are restricted to an amount that does not create, or increase, any negative goodwill

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

Turnover
Turnover represents the total amounts receivable for services provided and goods sold, excluding sales related taxes and intra group transactions Turnover is recognised when the relevant service is completed or goods delivered

Taxation
The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Notes to the financial statements (continued)

1. Accounting policies (continued)

Taxation (continued)
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "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 taxable profits to offset the future reversal of these timing differences

Pension
The Company participates in a group wide defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Company also participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were defined contribution scheme As a result, the amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period

Classification of financial instruments issued by the Company
Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

1 they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Company, and

2 where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

2. Segmental analysis

	2009 Turnover £000	2008 Turnover £000
By activity		
HAE	**3,911**	7,033
Industrial	**6,831**	1,611
Other	**278**	826
Medical Equipment	**455**	459
ICT & Wireless	**370**	298
Building	**146**	278
Automotive & Defence	**457**	212
	12,448	10,717

Notes to the financial statements (continued)

2. Segmental analysis (continued)

By geographic market		
United Kingdom	**7,534**	7,121
Europe	**1,437**	1,178
Middle East and Asia	**2,230**	1,650
North America	**1,158**	536
Other	**89**	232
	12,448	10,717

As a subsidiary of a public limited company that discloses segmental information, no further segmental information is disclosed in the accounts of Intertek Testing & Certification Limited

3. Notes to the profit and loss account

	2009	2008
	£000	£000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of owned fixed assets	**428**	325
Amortisation of goodwill	**681**	640
Hire of plant and machinery – rentals payable under operating leases	**167**	176
Hire of property – operating leases	**867**	860
Exchange losses / (gains)	**23**	(187)
Auditors' remuneration		
Audit of these financial statements	**19**	15

Amounts receivable by the Company's auditor 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 in the consolidated financial statements of the Company's ultimate parent, Intertek Group plc

4. Interest payable and similar charges

	2009	2008
	£000	£000
Payable to Group undertakings	**172**	315

5 Remuneration of Directors

	2009	2008
	£000	£000
Directors' emoluments	**171**	169
Company contribution to money purchase pension schemes	**7**	7
	178	176

The aggregate remuneration of the highest paid Director was £111k (2008 £105k) including Company pension contributions of £4k (2008 £4k) made on his behalf to a personal pension arrangement

	Number of Directors	
	2009	2008
Retirement benefits are accruing to the following number of Directors under		
Money purchase schemes	**2**	2

The number of directors who exercised share options was two (2008 one) The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was two (2008 two)

Notes to the financial statements (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 2009	2008
Testing and inspection	**133**	134
Sales and administration	**43**	50
	176	184

The aggregate payroll costs of these persons were as follows

	2009 £000	2008 £000
Wages and salaries	**5,620**	5,535
Social security costs	**549**	573
Pension costs	**345**	354
Share based payments (note 19)	**32**	25
	6,546	6,487

7. Taxation

Analysis of credit in the year

	2009 £000	2009 £000	2008 £000	2008 £000
a) *UK corporation tax*				
Current tax on (losses) for the year	**3**		108	
Adjustments in respect of prior years	**2**		(37)	
		5		71
Double taxation relief		**(3)**		(20)
Foreign tax				
Current tax on income for the year		**28**		20
Total current tax		**30**		71
Deferred tax (see note 10)				
Origination/reversal of timing differences	**(187)**		(241)	
Adjustments in respect of prior years	**7**		(3)	
Total deferred tax		**(180)**		(244)
Tax credit on loss on ordinary activities		**(150)**		(173)

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

The current tax charge for the year is higher (2008 higher) than the standard rate of corporation tax in the UK 28 0% (2008 28 5%) The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(855)**	(657)
Current tax at 28 0% (2008 28 5%)	**(239)**	(187)

Notes to the financial statements (continued)

7 Taxation (continued)

Effects of:		
Depreciation for the year in excess of capital allowances	**173**	219
Other short term timing differences	**6**	17
Overseas taxes	**20**	-
Expenses not deductible for tax purposes	**67**	59
Exercise of share options deductible for tax purposes	**(8)**	(7)
Share based payment charge	**9**	7
Adjustments in respect of prior years	**2**	(37)
Total current tax charge (see above)	**30**	71

8 Intangible fixed assets

	2009 £000
Goodwill	
Cost	
At beginning and end of year	**8,656**
Amortisation	
At beginning of year	1,619
Charge for year	681
At end of year	**2,300**
Net book value	
At 31 December 2009	**6,356**
At 31 December 2008	7,037

9. Tangible fixed assets

	Short term leasehold buildings £000	**Plant and machinery £000**	**Computer software and hardware £000**	**Fixtures and fittings £000**	**Motor vehicles £000**	**Total £000**
Cost						
At beginning of year	481	2,241	836	346	4	3,908
Additions	222	114	28	3	4	371
Disposal in year	(28)	(20)	(108)	(14)	-	(170)
At end of year	**675**	**2,335**	**756**	**335**	8	**4,109**
Depreciation						
At beginning of year	249	1,773	478	240	1	2,741
Charge for the year	57	173	153	38	7	428
Charge on disposal	(21)	(19)	(105)	(14)	-	(159)
At end of year	**285**	**1,927**	**526**	**264**	8	**3,010**
Net book value						
At 31 December 2009	**390**	**408**	**230**	**71**	-	**1,099**
At 31 December 2008	232	468	358	106	3	1,167

Notes to the financial statements (continued)

10 Debtors

	2009 £000	2008 £000
Trade debtors	2,599	2,481
Amounts owed by Group undertakings	1,273	1,472
Prepayments and accrued income	299	612
Deferred tax asset (see below)	994	814
	5,165	5,379

Debtors include £54,000 (2008 £26,000) due after more than one year

Deferred tax	2009 £000	2008 £000
Asset at beginning of year	814	574
Credit to the profit and loss account	180	244
Transfer in on purchase of Epsilon trade and assets	-	(4)
Asset at end of year	994	814

The elements of deferred taxation are:

	2009 £000	2008 £000
Difference between accumulated depreciation and amortisation and capital allowances	940	739
Other short term timing differences	41	58
Timing of share based payments	13	17
Deferred tax asset (see above)	994	814

Although the company incurred a loss on ordinary activities before taxation in the current and prior year, a deferred tax asset has been recognised as it is probable, based on forecast results, that there will be future taxable profits against which the company can utilise this asset

11. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank overdraft	-	570
Trade creditors	1,087	848
Amounts owed to Group undertakings	1,033	1,212
Other taxation and social security	178	205
Accruals and deferred income	1,625	1,455
Group tax relief payable	2	57
	3,925	4,347

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

	2009 £000	2008 £000
Amounts owed to Group undertakings	5,105	5,113
Finance leases	-	12
	5,105	5,125

Notes to the financial statements (continued)

13. Provision for liabilities

	£000
At beginning of year	44
Provided in the year	54
Utilised	(44)
At end of year	**54**

The provision relates to compensated absences and is expected to be utilised within a year

14. Contingent liability

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 £11,400,000 at 31 December 2009 (2008 £17,700,000)

15. Commitments

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

	2009 £000	2008 £000
Contracted	**9**	19

b) Commitments under non-cancellable operating leases are as follows

	2009 Land and buildings £000	**2009 Other £000**	2008 Land and buildings £000	2008 Other £000
Operating leases which expire				
Within one year	**15**	**21**	-	23
In the second to fifth year inclusive	**233**	**153**	125	431
Over five years	**426**	**-**	706	-
	674	**174**	831	454

16. Called up share capital

Authorised

Authorised share capital was abolished with effect from 1 October 2009 in accordance with the Companies Act 2006 Consequential amendments have been made to the Company's articles of association

Allotted, called up and paid	**2009 £000**	2008 £000
1,000 ordinary shares of £1 each	**1**	1

17. Reconciliation of movements in shareholders' funds

	Share capital	Share premium	Profit and loss account	**Total shareholders' funds**
	£000	£000	£000	**£000**
At beginning of year	1	6,049	(1,747)	**4,303**
Loss for the year	-	-	(705)	**(705)**
Share based payment charge	-	-	32	**32**
At end of year	1	6,049	(2,420)	**3,630**

Notes to the financial statements (continued)

18 Pension scheme

The Company is a member of a Group pension scheme, the Intertek Pension Scheme The scheme has two sections One section provides benefits based on final pensionable pay This section was closed to new entrants from 1 April 2002 The other section, which commenced on 1 April 2002, provides benefits based on the level of contributions made into the scheme

In respect of the final salary section of the scheme, since 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 it was a defined contribution scheme The pension charge for the year represents contributions payable by the Company to the Defined Benefit, Defined Contribution and Individual Pension schemes and amounted to £345,000 (2008 £353,000)

The pension deficit of the Group scheme, The Intertek Pension Scheme, at 31 December 2009 was £16,700,000 (2008 deficit of £11,800,000) In February 2010, the Company made a special contribution of £1,169,000 (February 2009 £2,000,000) to the scheme Further details about the final salary section of the scheme and full information about the Group pension scheme are disclosed in the financial statements of the ultimate holding company, Intertek Group plc

19 Share based payments

Intertek Group plc (the ultimate parent of the Company) runs a share ownership programme that allows Group employees to acquire shares in Intertek Group plc A share option scheme for senior management was established in March 1997 This option programme was discontinued in 2006 and was replaced by a new Long Term Incentive Plan

The fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted As permitted by FRS 20, the Company has applied the requirements of this standard to all share based payment awards granted after 7 November 2002 The estimate of the fair value of the services received is measured based on the Monte Carlo method

During the year ended 31 December 2009, the Company recognised an expense of £32,000 (2008 £25,000) in respect of outstanding share awards

The fair values and the assumptions used in their calculations are detailed in the consolidated accounts of Intertek Group plc for the year ended 31 December 2009 These include assumptions on expected volatility, dividend yield and risk free interest rate Share options were granted under a service condition and a non-market performance condition Such conditions are not taken into account in the fair value measurement at grant date There are no market conditions associated with the share option grants Share options vest three years after grant date and are exercisable at any time within 7 years of the vesting date

The deferred shares, under the Long Term Incentive Plan, vest after three years and are granted under a service condition Such condition is not taken into account in the fair value measurement at grant date The matching shares, under the Long term Incentive Plan, are granted under a performance related market condition and as a result this condition is taken into account in the fair value measurement at grant date

Notes to the financial statements (continued)

19. Share based payments (continued)

Share options

The number and weighted average exercise prices of share options in Intertek Group plc held by company employees are as follows

	2009 Weighted average exercise price	**2009 Number of options**	2008 Weighted average exercise price	2008 Number of options
At beginning of year	**750.0**	**6,115**	746 4	8,197
Granted	**-**	**-**	-	-
Exercised	**778 0**	**(850)**	693 9	(3,082)
Lapsed	**778.0**	**(1,187)**	607 0	1,000
Outstanding options at end of the year	**736.1**	**4,078**	750 0	6,115
Exercisable options at end of the year	**736 1**	**4,078**	750 0	6,115

The weighted average share price of Intertek Group plc at date of exercise of all share options held by Group employees was 1040p (2008 971p)

The Intertek Group plc options outstanding at the year end have an exercise price in the range of 359p to 711p and a weighted average contractual life of 5 6 years

Full details in relation to the share option schemes are contained in the consolidated accounts of Intertek Group plc for the year ended 31 December 2009

Long Term Incentive Plan

Deferred and matching shares in Intertek Group plc are awarded under this plan The first awards were granted on 7 April 2006 The awards vest three years after grant subject to fulfilment of the performance and market conditions for the matching shares

The deferred shares held by company employees are as follows

	2009 Deferred shares	2008 Deferred shares
At beginning of year	**11,804**	5,515
Granted	**5,072**	7,992
Exercised	**(2,952)**	-
Forfeited	**(1,296)**	(1,703)
At end of the year	**12,628**	11,804

Full details in relation to the Long Term Incentive Plan are contained in the consolidated accounts of Intertek Group plc for the year ended 31 December 2009

20. Ultimate parent undertaking

The immediate parent undertaking is Intertek UK Holdings Limited

The ultimate parent undertaking and controlling party is Intertek Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of Intertek Group plc's consolidated financial statements can be obtained from the Group Company Secretary at 25 Savile Row, London, W1S 2ES