

Company Registered Number: 00638315

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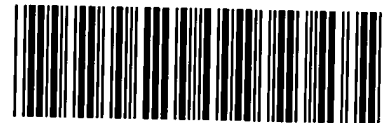
**INSPECTORATE INTERNATIONAL LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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## INSPECTORATE INTERNATIONAL LIMITED

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## INSPECTORATE INTERNATIONAL LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	D Lappage R Bryan (resigned 29 January 2021) R Downs (resigned 12 January 2021)
<b>Company secretary</b>	D Lappage
<b>Registered number</b>	00638315
<b>Registered office</b>	Suite 1, Park House Earls Colne Business Park Earls Colne, Colchester Essex CO6 2NS
<b>Independent auditor</b>	Ernst Young LLP 2 St. Peter's Square Manchester M2 3EY
<b>Bankers</b>	HSBC Reading Berkshire RG1 2BU

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their strategic report on the company for the year ended 31 December 2020.

#### Principal activities

The company operates in the UK as well as through branches outside of Europe, including branches in Dubai, Kuwait and Fujairah. The principal activities of the company are inspection and testing services over a range of commodities as follows:

Metals and minerals - Sampling, quality and quantity control of bulk materials and assaying of precious metals and base metals.

Oil and petrochemicals - Quality and quantity control of crude oil and related products.

#### Business review

The profit on ordinary activities before taxation of £6,240k has decreased from the prior year profit of £8,219k. There has been a 0.5% increase in turnover from the prior year, due to the activity remaining stable throughout the pandemic. The average number of Employees of 470 has remained constant although a slight decrease on prior year due to natural losses due to COVID-19.

The current assets as a percentage of current liabilities has increased to 201% (184% in 2019).

Despite the challenging environment in the commodities market, the budget for 2021 forecasts an improvement in turnover and profitability, and there are projects underway to deliver the improved results.

#### Key performance indicators ("KPI's")

The company's key financial and other performance indicators during the year were as follows:

	2020 £'000	2019 £'000	Change %
Turnover	66,511	66,174	+0.5%
Operating profit	3,846	3,541	+21.3%
Profit before tax	6,240	8,219	-18.6%
Net assets	46,340	41,834	+5.7%
Current assets as percentage of current liabilities	202%	184%	+20%
Average number of employees*	470	473	-0.6%

\*average headcount is not in £'000's

#### Future developments

Whilst the current economic climate can be described as challenging, the directors consider that the company is well placed to perform satisfactorily in the future. Following the transfer of the UK delivered services on 1 October 2021 the company remains focused on its international business.

No other significant change in the business activity is expected.

#### Principal risks and uncertainties

Principal risks and uncertainties include:

- commodity prices, in particular gold, silver and copper, where a fall in the commodity price can affect demand for the company's services; and
- foreign exchange fluctuations, where movements in exchange rates between various currencies and sterling can lead to a significant impact on company's result.

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Financial risk management**

Financial risk management, including the use of financial instruments and the related currency, liquidity, credit and interest rate risks, is not carried out by the company, but is managed on a group-wide basis by other group companies.

The company's operations expose it to a variety of financial risks that includes currency, liquidity, credit and interest rate risks.

#### *Currency risk*

The company operates internationally, giving rise to exposures to changes in foreign exchange rates between a number of currencies, particularly to changes between sterling and the US dollar. The company does not take out hedging instruments to mitigate the risk. All strategies to manage currency are managed at a group level.

All treasury functions are dealt with by other group companies.

#### *Liquidity risk*

The company retains cash and borrowing facilities to ensure it has sufficient funds for operations.

#### *Credit risk*

The company has policies in place to perform credit checks on potential customers before sales commence and cash is only held with institutions of specified credit ratings.

#### *Interest rate risk*

The company has interest bearing borrowings from group companies. As the borrowings are from other group companies, the directors do not feel it is necessary to use hedging instruments to mitigate the risk of changes in interest rates.

#### *Brexit risk*

The decision to leave the EU has resulted in continued political and economic uncertainty including currency exchange fluctuations. Although it is unknown what the final future relationship will be with the EU it is possible there will be changes in regulatory complexities.

These factors could impact customer demand, our relationship with our customers and suppliers and our business and financial statements.

On review of the risks the directors do not believe it will have a short-term impact on the company's operations and financial performance, depending on the outcome of the negotiation, it might have a long-term impact to the company. The company is considering arrangements that could be put in place to mitigate any adverse impacts.

#### **Risks and opportunities looking ahead**

The growth within the UK business continues in line with the Strategic Plan 2021 (SP21). This plan sets out a clear focus on global commodity sectors and further diversification of our testing capability underpinned by our people and client centricity. The key client centricity has enabled continued growth in these accounts through our client growth and through broadening the services we offer enabling our clients to manage their outsourced testing, inspection and certification requirements.

Significant growth continues within our base metal submitted sample testing business, driven by the continued global growth in demand for base and precious metals used to service global market sectors including electronics, building infrastructure and technology. This is balanced with the way we are managing any risks as well as opportunities associated with political and economic uncertainty in UK seen due to Brexit and trading environment for our global client base. Delays in capex projects and associated spend in this environment is expected which we must balance with continuing to broaden our client base and service offering through our growth plans.

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### COVID-19

The COVID-19 pandemic has had a significant impact on all businesses in the UK in 2020 and to the date of writing. The approach taken by the company from our key purpose of "making the world a safer place", can be broken down into three elements: Protect our People; Protect our Clients; and Protect the Company.

The company has protected our people by implanting working from home wherever possible which has successfully allowed the company to function well in these difficult times. The company recognises that many services it provides remain critical to the ongoing functioning of the clients businesses including key industries such as power generation, oil and gas, nuclear, hospitals, food production, food distribution and food retail. For these reasons it has been essential for the majority of our field teams to continue working to support these critical industries. They have done so on the basis of clear health and safety guidelines, appropriate PPE, strict social distancing and with the knowledge that if they at any time feel unsafe they are authorised to stop work and leave site to allow the situation to be addressed before continuing. At this time, the company has planned for a cautious approach to bringing its people back to offices.

The company continues to protect its clients by ensuring that clients, particularly in critical industries get the support they need to deliver essential services safely during the pandemic. We have operated flexibly with many clients, for example undertaking work out of hours to support social distancing or deploying the use of technology to undertake our activities remotely with clients. We have broad portfolio of services across our key market sectors which have been affected to differing degrees but our active engagement with our clients has enabled the flexibility. We will be playing a crucial role with many clients to support them in their preparation for re-opening their offices, factories and businesses in respect of necessary checks on buildings infrastructure and to help them ensure that their procedures meet recommended standards to minimise the risks of further COVID-19 spread.

The company has implemented various steps to protect the business from the effects of COVID-19. A focus has been placed on cash management, with steps such as the close management of debtors, redeployment of some staff to support cash collection, the implementation of the UK Government's Coronavirus Job Retention Scheme and the implementation of VAT deferral amongst other steps. After discussion, some clients have brought work forward to be carried out whilst they have empty premises in order to avoid having visits when they have staff returning to site. The combination of such steps has enabled the company to remain confident of its position throughout the pandemic to date. As noted above we look forward to working with many of our clients to assist them in their efforts to re-open their businesses and premises safely. We are currently finalising our plans on these three areas for the coming phase of "returning to work" and the subsequent phase of "after COVID" to ensure the resilience of the business through the safety of our people and the safety of our clients.

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### S172 Statement

The Directors recognise their responsibility to act in a way which promotes the success of the company for all stakeholders, in line with Section 172(1) of the Company Act 2006, and as such, has evaluated its key stakeholders and how we have engaged with them during the year.

Stakeholder Group	Why we engage	How we engage
Employees	<p>The success of the company relies upon our employees being committed to our strategy, ethics and core values. We are committed to being a responsible business and our values of 'Open and Inclusive', 'Trusted', 'Responsible' and 'Ambitious and Humble' are embedded into our ways of working, as well as our performance management processes. Providing such an environment for all of our people is a long-term commitment and it is important for retention and business success.</p> <p>We engage regularly with our employees to ensure we create a safe environment. As a professional services provider, we strive to attract, engage, develop and retain highly skilled professionals across a wide range of specialities, both technical and non-technical.</p>	<p>We hold regular communications meetings in order to share performance, strategy and to actively seek feedback. We hold quarterly roadshow sessions, either in person or virtual in which the UK CEO and Leadership team present on business performance, targets and recognition of key successes. We run annual employee engagement surveys 'BVocal' to enable all employees to share their views on working at Bureau Veritas and provide free text comments and suggestions. We implement action plans as a result of this feedback and this determines our focus areas during the next financial year.</p> <p>We implement new recognition platforms to recognise and celebrate service anniversaries for our people.</p> <p>We hold annual conference events and briefings with all people managers every two weeks. We continue to invest in development for our Emerging Leaders and rising talent in the business. We also continue to support employee wellbeing topics with a range of benefits from access to virtual GPs and employee assistance programs. We have provided training on mental wellbeing and resilience and continue to invest in mental health first aid practitioners.</p>
Customers	<p>Building solid and long-standing relationships with our clients is fundamental to the success of our company. We pride ourselves on providing excellent client service and evolving service products that meet all client requirements across a wide range of Test, Inspection and Certification needs, with a strong focus on health, safety, sustainability and the environment.</p>	<p>Our commercial team have regular communication with our clients to ensure we are meeting their requirements and working collaboratively for future developments. Client visits and on-site audits and feedback surveys are regular occurrences both as part of the service we provide and also to review performance, future enhancements and other services that would be of benefit to our clients.</p>

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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Suppliers	<p>In order to be flexible and adaptable to our client's needs, we retain a large and versatile supply base to ensure we maintain the flexibility to provide a wide range of specialist capabilities as required by our clients.</p>	<p>In addition to annual reviews (which includes confirmation of key compliance matters including code of ethics, insurance amongst others) of our suppliers by our supply chain team, our operational teams have regular interaction with suppliers and undertake site audits with our supply base. Regular meetings (normally face to face but at time of writing by remote video or audio conference), telephone calls and emails are also commonplace to review performance and service delivery. We work collaboratively and set reasonable expectations in open and honest working relationships.</p>
Community	<p>We care about our community and are passionate about creating a better world as part of our corporate values and our strategic goals.</p>	<p>We actively take part in and support national schemes and initiatives that are aligned to our ethics and corporate social responsibility strategy. This includes our STEM Ambassadors who support schools nationally to promote science and engineering careers to young people. We also have a close partnership with the Defence Medical Rehabilitation Unit and the UK military's Career Transition Partnership, actively seeking to provide regarding civilian roles for service men and women leaving the armed forces. Bureau Veritas has recruited over 100 ex-service personnel across a variety of positions since 2012 from all branches of the armed forces helping them use their expertise in civilian life and providing us with committed and highly skilled personnel.</p>

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## INSPECTORATE INTERNATIONAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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Environment	<p>We are aware of our responsibilities to the environment and the impact it has on the wider world. Given the industry we operate in and the services we offer to clients to monitor and improve their environmental and sustainability performance, we believe we have a moral obligation to reduce our environmental impact and always adopt more environmentally friendly practices where appropriate.</p>	<p>Social and environmental responsibility is one of Bureau Veritas' core values alongside integrity and ethics, impartiality, and respect for all individuals. This is also an area of strategic focus in the services we offer to clients. As a professional services company Our carbon footprint mainly arises from business travel and a key focus for us is therefore to minimise and optimise travel to reduce the environmental impact of that travel. The further development of remote inspection and auditing techniques, where technically appropriate, will continue to reduce our environmental impact and improve sustainability. In addition carbon offsetting activities during 2020 meant that we achieved a 50% reduction in net carbon impact against our 2019 baseline – 5 years ahead of our 2025 objective.</p>
Shareholders	<p>Whilst we run autonomously, the support from our shareholder is essential in ensuring we achieve our long-term growth objectives. We create value for our shareholder by generating strong results that we can translate into dividends whilst strengthening the balance sheet.</p>	<p>We maintain open dialogue with our shareholder throughout the year, both on an ad-hoc basis and via regular formal operating reviews. We ensure our communication is consistent, regular and clear. Areas of focus for the shareholder include revenue growth, working capital management and service development.</p>

This report was approved by the board on 9th November 2021 and signed on its behalf.



**D Lappage**  
Director

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## INSPECTORATE INTERNATIONAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

#### **Future developments**

An indication of the likely future developments of the business is included in the Strategic Report on page 2.

#### **Post balance sheet events**

A strategic decision to transfer certain activities and employees from the Company was put into effect on 1 October 2021. The trade and certain fixed assets were transferred to Bureau Veritas Commodities UK Limited for cash consideration of £33,210,000. The assets were transferred at fair value which equated to book value at the date of transfer. This is in line with Group directive to align businesses in each country within the relevant legal entity, in this case this covers all UK delivered services. As a consequence of this business activity carve-out the Company will continue to transact and benefit from its branch activities and selective non-UK international work.

#### **Dividends**

The Company paid an interim dividend in respect of the year ended 31 December 2020 of £nil per ordinary share, being a total of £nil on 31 December 2020 (2019: £9,500k).

#### **Financial risk management**

Financial risk management is described in the Strategic Report on page 3.

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D Lappage

R Downs (resigned 12 January 2021)

R Bryan (resigned 29 January 2021)

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This is purchased by Bureau Veritas SA on behalf of the Directors. The indemnity was in force throughout the last financial year and is currently in force.

#### **Policy and practice on payment of creditors**

The company does not follow any particular code or standard on payment practice, although the company endeavours to agree terms of payment with individual suppliers and to abide by those terms of payment.

#### **Employment of disabled persons**

It is the policy of the Company to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other employees and if necessary, retraining is given to an employee who becomes disabled whilst in the Company's employment.

#### **Employee involvement and health and safety at work**

The directors believe in keeping employees informed on matters relevant to the business and a regular newsletter is circulated by the Bureau Veritas SA group (the company's parent undertaking). The company encourages the involvement of employees in the company's performance with regular management briefings and full year performance being fed back through the Bureau Veritas newsletter. It is the company's policy to consult employees regularly on the matters that concern them. The policy of the Company is to ensure, as far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its business. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for employees regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

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**INSPECTORATE INTERNATIONAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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<b>UK Greenhouse gas emissions and energy use data for the period 1 October 2019 to 30 September 2020</b>	<b>2020</b>
Energy consumption used to calculate emissions (kWh)	5,026,578
<b>Scope 1 emissions in kg CO2e</b>	
Fuel	0
ODS (fugitive emissions)	0
Company car	98,439
<b>Scope 2 emissions in kg CO2e</b>	
Electricity purchased – Market based	1,175,144
Electricity purchased – Location based	54,876
<b>Scope 3 emissions in kg CO2e</b>	
Business travel (excluding company car)	59,778
Water	1721
Paper	3514
Waste	86,719
Total amount of CO2 offsets purchased – Shell Carbon Offset	(0)
<b>Total net emissions in kg CO2e</b>	<b>1,480,191</b>

**Quantification and reporting methodology**

We have followed the GHG Reporting Protocol – Corporate Accounting and Reporting Standard published by the World Resources Institute in March 2004 as part of a co-ordinated approach across the Bureau Veritas Group in the calculation methodology. Unit conversion is based on conversion factors published by the UK government Department for Business, Energy and Industrial Strategy. In the case of emissions applying to more than one group company the figures disclosed above have been apportioned from internal reporting to Bureau Veritas UK Limited based on FTE headcount.

**Intensity measurement**

The chosen intensity measurement ratio is kg CO2e per full time equivalent (FTE) employee.

**Measures taken to improve energy efficiency**

Our continued commitment to reduce our net carbon impact is focused on achieving a 50% reduction by 2025 based on our 2019 baseline and to be carbon neutral by 2030.

To this aim we are replacing all lighting with LED units and replacing motors with inverter drives as equipment reaches the end of its life cycle. Change in group policy requires that all company vehicles must be below 120 g CO2/Km and electric and hybrid vehicles have been made available. We also committed to purchasing Green Electricity at 2021 contract renewals.

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## INSPECTORATE INTERNATIONAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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, in accordance with Section 10 of FRS 102, and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with specific requirements in FRS 102 is insufficient to enable users of the financial statements to understand the impact of particular transactions, other events and conditions, and company financials position and financial performance;
- 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

#### Going concern

The directors, having considered the future performance of the company by reviewing until 31 December 2022 and making the necessary enquiries, have decided to continue to adopt the going concern basis in preparing the financial statements which assumes that the company will continue in operation for the foreseeable future.

When concluding on the going concern status we considered the impact of COVID-19 carefully including:

- The performance of the business in 2021 which has remained both profitable and cash generative during the pandemic.
- We have continued to utilise a cash pooling arrangement with and have obtained the standard letter of support from the ultimate parent company Bureau Veritas SA that confirms access to group funds to enable them to meet their liabilities as they fall due

We have completed additional procedures as part of the going concern review by directors which included a review of the cash flow for 12 months from the date of signing the financial statements. We performed reverse stress testing on the cash flow including what would happen in the event of further disruption which included prudent assumptions of losing 25 % of revenue in the 12 months from signing the financial statements, which concluded that we expect to be both profitable and cash generative for the 2021 financial year and 12 months from the signing of the financial statements to 9th November 2022.

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INSPECTORATE INTERNATIONAL LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Statement of disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditor**

Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 9th November 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D Lappage', with a stylized flourish at the end.

D Lappage  
Director

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPECTORATE INTERNATIONAL LIMITED

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### Opinion

We have audited the financial statements of Inspectorate International Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 9th November 2022, which is 12 months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPECTORATE INTERNATIONAL LIMITED

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 and 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement as set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 auditor's 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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including Health and Safety at Work Act 2015, The UK Bribery Act, Money Laundering Regulations 2019, and General Data Protection Regulations.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPECTORATE INTERNATIONAL LIMITED

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- We understood how Inspectorate International Limited is complying with those frameworks by making enquiries with management and those responsible for legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries by reviewing supporting documents, including board meeting minutes
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the risk of management override and assumed revenue to be a fraud risk, specifically as a result of manual journals posted at the year end. We incorporated data analytics into our audit approach to assist in our targeted review of manual journals, including segregation of duties, and our testing of revenue recognition. We tested specific transactions back to source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries identified by specific risk criteria which could indicate any non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

Ernst & Young LLP

Anne Schmitt (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

9 November 2021

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**INSPECTORATE INTERNATIONAL LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £000	2019 £000
Turnover	3	66,511	66,174
Cost of sales		(43,870)	(43,737)
<b>Gross profit</b>		<b>22,641</b>	<b>22,437</b>
Administrative expenses		(18,795)	(18,896)
Operating profit		<b>3,846</b>	<b>3,541</b>
<b>Income from shares in group undertakings</b>		<b>2,327</b>	<b>4,407</b>
Interest receivable and similar income	7	317	880
Interest payable and similar charges	8	(250)	(609)
Profit before tax	6	<b>6,240</b>	8,219
<b>Tax on profit</b>	9	<b>(621)</b>	<b>(927)</b>
Profit for the financial year		<u><b>5,619</b></u>	<u><b>7,292</b></u>
<b>Other comprehensive income for the year</b>			
<b>Foreign exchange (loss) on retranslation of overseas branches</b>		<b>(1,118)</b>	<b>(760)</b>
Other comprehensive expense for the year		<b>(1,118)</b>	<b>(760)</b>
<b>Total comprehensive income for the year</b>		<u><b>4,501</b></u>	<u><b>6,532</b></u>

The notes to the financial statements form an integral part of these financial statements.

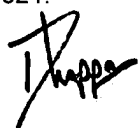
The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

**INSPECTORATE INTERNATIONAL LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
<b>Fixed Assets</b>			
Intangible assets	10	151	316
Tangible assets	11	7,242	8,032
Investments	12	5,894	5,894
		<u>13,287</u>	<u>14,242</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	67,818	64,467
Stock		950	251
Cash at bank and in hand		989	423
		<u>69,757</u>	<u>65,141</u>
Creditors: amounts falling due within one year	14	<u>(34,543)</u>	<u>(35,326)</u>
<b>Net current assets</b>		<b>35,214</b>	<b>29,815</b>
<b>Total assets less current liabilities</b>		<b>48,501</b>	<b>44,057</b>
<b>Provisions for liabilities</b>			
Other provisions	15	<u>(2,161)</u>	<u>(2,223)</u>
		<u>(2,161)</u>	<u>(2,223)</u>
<b>Net assets</b>		<b>46,340</b>	<b>41,834</b>
<b>Capital and reserves</b>			
Called up share capital	18	34,590	34,590
Capital contribution reserve	18	52	52
Other reserves	18	(412)	(417)
Profit and loss account	18	12,110	7,609
		<u>46,340</u>	<u>41,834</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9th November 2021.



**D Lappage**  
Director

The notes to the financial statements form an integral part of these financial statements.

**INSPECTORATE INTERNATIONAL LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Capital contribution reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2019</b>	<b>34,590</b>	<b>52</b>	<b>(909)</b>	<b>10,577</b>	<b>44,310</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	7,292	7,292
Foreign exchange loss on retranslation of overseas branches	-	-	-	(760)	(760)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,531</b>	<b>6,531</b>
Dividends	-	-	-	(9,500)	(9,500)
Share based payments - amount charged / accrued payable to parent	-	-	914	-	914
Share based payment in the year	-	-	(422)	-	(422)
<b>At 1 January 2020</b>	<b>34,590</b>	<b>52</b>	<b>(417)</b>	<b>7,609</b>	<b>41,834</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	5,619	5,619
Foreign exchange loss on retranslation of overseas branches	-	-	-	(1,118)	(1,118)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,501</b>	<b>4,501</b>
Dividends	-	-	-	-	-
Share based payments - amount charged / accrued payable to parent	-	-	5	-	5
Share based payment in the year	-	-	-	-	-
<b>At 31 December 2020</b>	<b>34,590</b>	<b>52</b>	<b>(412)</b>	<b>12,110</b>	<b>46,340</b>

The notes to the financial statements form an integral part of these financial statements.

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. General information

Inspectorate International Limited ("the Company") is a private limited company domiciled and incorporated in England.

The address of the Company's registered office is Suite 1, Park House, Earls Colne Business Park, Earls Colne, Essex. CO6 2NS and the principal place of business is 2 Perry Road, Witham, Essex, CM8 3TU.

The Company's principal activities and the nature of its operations are described in the Strategic Report and the Directors' Report.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' and Section 3 Financial Statement Presentation Paragraph 3.17(d);
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- Section 26 'Share based Payment' – The requirements of paragraphs 26.18(b), 29.19 to 26.21 and 26.23; and
- Section 33 'Related Party Disclosures' paragraph 33.7.

Consolidated group financial statements have not been prepared as the Company is a subsidiary of an undertaking established in the EU and is included in the consolidated financial statements of the company's parent, namely Bureau Veritas SA, a company incorporated in France. Its group financial statements are available from the company's registered office, at 40/52 Boulevard du Parc, 92200 Neuilly-sur-Seine, France.

Monetary amounts in these Financial Statements are rounded to the nearest £'000 unless otherwise stated.

The following principal accounting policies have been applied:

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.2 Going Concern

The Directors, having considered the future performance of the company by reviewing until 31 December 2022 and making the necessary enquiries, have decided to adopt the going concern basis for preparing the financial statements which assumes that the company will continue operation for the foreseeable future.

When concluding on the going concern status we considered the impact of COVID-19 carefully including:-

- We have remained both profitable and cash generative during the pandemic.
- Revenue fell by 6% during full lockdown, the business has since recovered strongly seeing revenue return to levels expected prior to the pandemic.
- We have continued to utilise a cash pooling arrangement with other Bureau Veritas group companies and have obtained a standard letter of support from the ultimate parent company Bureau Veritas SA that confirms access to group funds to enable them to meet their liabilities as they fall for a period of at least 12 months for the date of approval of the accounts due.
- We have completed additional procedures as part of the going concern review by directors which included a review of the cash flow for 12 months from the date of signing the financial statements. We performed reverse stress testing on the cashflow, including what would happen in the event of further disruption which included prudent assumptions of losing 25% of revenue in the 12 months from signing the financial statements, which concluded we expect to be both profitable and cash generative for 2021 financial year and 12 months from the signing of the financial statements to 9th November 2022.

##### 2.3 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Included in the 2020 year-end balance is an amount of £Nil (2019: £35k) which relates to cash held overseas which was subject to restrictions for remittance to the UK.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-2%
Plant, equipment and motor vehicles	-10% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets (continued)

prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.5 Valuation of investments

Investments are valued at cost, except where the directors consider that there has been an impairment in value. Provision is made against the cost of an investment to reduce its value where an impairment is considered to have occurred.

##### 2.6 Intangible assets

###### Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the income statement in equal instalments over its useful economic life, which has been determined to be 20 years. The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income statement.

##### 2.7 Operating leases

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

##### 2.8 Turnover

Turnover, which excludes value added tax, represents the value of services supplied. Turnover arising from inspections and analyses is recognised when the inspection and/or analysis is complete.

##### 2.9 Cost of sales

Cost of sales represents amounts paid for salaries, direct costs of running the laboratories, and amounts due to external third parties for inspection services directly related to turnover.

##### 2.10 Provisions

Provisions are made when a present obligation as a result of a past event exists and where the amount of the obligation can be reliably estimated. Where liabilities are expected to be discharged over a number of years, the provisions are discounted using an appropriate risk free rate. In the case of claims against the Company, provisions are made on a case by case basis.

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting convention (continued)

##### 2.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances has been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.12 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the reporting date. Any gain or loss arising from a change in the exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

The Company's financial statements are presented in pounds sterling which, is considered to be the company's functional currency. Profits and losses of overseas branches are expressed in sterling at average exchange rates for the year and their balance sheets are expressed in sterling at year end exchange rates. Exchange differences arising on the translation of overseas branches are recorded

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting convention (continued)

##### 2.12 Foreign currency translation (Continued)

in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### 2.13 Pension scheme arrangements

The Company contributes to two group personal pension plans. These are defined contribution schemes, and contributions made by the Company on behalf of employees are charged to the Income Statement. One of the two schemes was closed to new participants in 2000.

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### Financial assets

###### Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

###### Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting convention (continued)

##### 2.14 Financial instruments (Continued)

the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

##### Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### 2.15 Share based payments - equity settled

The cost of shares which will be awarded under the Free Share and Stock Option Plans is measured at fair value. Fair value for the Free Share Plan is calculated based on the anticipated number of shares to be issued and the share price on grant date. For Stock Option Plans, the value is based on the difference between the option price and share price at grant date. For all schemes, Bureau Veritas SA will bear the cost at maturity or exercise date. The fair value of shares in each scheme is spread over the vesting period and reported in the wages and salaries expense with a corresponding entry to other reserves. The free share plan is a group wide plan and it is equity settled. There is a three-year vesting period for every scheme.

The Company had 10 employees (2019: 9) with unvested shares in Free Share Plans and Stock Option Plans vesting 22 June 2020. The total number of free shares and share options unvested at 31 December 2020 was nil (2019: 70,400 and 62,300)

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting convention (continued)

##### 2.15 Share based payments – equity settled (Continued)

Inspectorate International Limited will bear the cost of employers' national insurance at the maturity or exercise date. The liability is calculated by reference to the market value of the shares at the year end date. The liability is accrued between the grant date and the maturity date for the free share and stock option plans and reported in accruals with a corresponding entry to the income statement.

In the year of settlement, the Company is recharged for the cost of exercise by its parent undertaking. As a result, the company accrues for this over the vesting period, based on the year end share price, with corresponding entries to the other reserves. Any difference between the amounts accrued and finally settled are recognised within the other reserves.

There were no cancellations or modifications to the share based payment awards in 2020 or 2019.

##### 2.16 Critical estimate and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

A provision of £290k has been made for dilapidations on leased properties where the lease contract requires the property to be returned in its original condition. Management has determined this estimate by assessing the work required and expected cost thereof.

The recoverability of debtors is considered by management and an estimate is made with regards to the amounts which may not be recoverable and are therefore provided against. In making this estimate management considers knowledge of the debtors, past experience and the ageing of the debt owed, as well as all relevant correspondence with the individual debtors.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company.

#### 3. Turnover

The directors are of the opinion that the Company has only one class of business being inspection and testing services. The analysis by geographical area of the Company's turnover, by destination (which is considered to be the same as origin), is set out below:

	2020	2019
	£000	£000
United Kingdom	8,667	8,431
Rest of World	40,920	43,166
Middle East	16,924	14,577
	<u>66,511</u>	<u>66,174</u>

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INSPECTORATE INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**4. Directors' remuneration**

The remuneration of the directors for their qualifying services to the Company was as follows:

	2020 £000	2019 £000
Directors' emoluments	95	107
Company contributions to defined contribution pension schemes	6	6
	<u>101</u>	<u>113</u>
Number of directors who exercised share options	-	-
Number of directors who received shares for qualifying services	3	3

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

The directors of the company received total remuneration of £915k (2019: £1,156k) including contributions to defined contribution pension schemes of £36k (2019: £36k). The highest paid director received total remuneration of £418k (2019: £513k) including contributions to a defined contribution pension scheme of £10k (2019: £17k) and have received shares for qualifying services in the current and prior year. The directors of the company, however, not only provide services to the company but also to other companies within the Bureau Veritas SA group. The remuneration as shown in the table above represents the estimated remuneration for qualifying services specifically provided to Inspectorate International Limited.

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**5. Employees**

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	15,532	15,154
Share based payments - equity settled	376	(252)
Social security costs	991	1,078
Cost of defined contribution pension scheme	525	550
	<u>17,424</u>	<u>16,530</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Operational	291	294
Administrative	179	179
	<u>470</u>	<u>473</u>

**6. Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2020 £000	2019 £000
Amortisation of intangibles	156	215
Impairment of Investments	-	727
Depreciation of tangible assets	1,326	1,410
Hire of other assets under operating leases	1,169	1,110
Auditor's remuneration — audit of financial statements	125	106
Foreign exchange loss/	122	276

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**7. Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Interest received on loan with group undertakings	<u><b>317</b></u>	<u><b>880</b></u>

**8. Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Payable to group undertakings	<u><b>250</b></u>	<u><b>609</b></u>

**9. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>286</b>	<b>239</b>
Adjustment in respect of PY	<b>38</b>	<b>272</b>
Foreign tax on income for the year	<b>265</b>	<b>434</b>
Double tax relief	<b>(25)</b>	<b>(81)</b>
<b>Total current tax</b>	<u><b>564</b></u>	<u><b>864</b></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(7)</b>	<b>88</b>
Adjustment in respect of prior years	<b>79</b>	<b>(25)</b>
Effect of tax rate change on opening balance	<b>(15)</b>	<b>-</b>
<b>Total deferred tax</b>	<u><b>57</b></u>	<u><b>63</b></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>621</b></u>	<u><b>927</b></u>

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INSPECTORATE INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	<u>6,240</u>	<u>8,219</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,186	1,562
Effects of:		
Expenses not deductible for tax purposes	75	(27)
Adjustments to tax charge in respect of prior periods	117	247
Non-taxable income	(982)	(1,197)
Overseas tax	240	353
Effects of tax rate changes	(15)	(10)
Total tax charge for the year	<u>621</u>	<u>928</u>

Factors that may affect future tax charges

Deferred tax has been calculated using this rate based on this being the most up to date legislation available at the balance sheet date. Within the budget 2020 and 2021, the government announced that the corporation tax main rate for the years starting 1 April 2021 and 2022 would remain at 19% but increase to 25% starting 1 April 2023.

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INSPECTORATE INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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10. Intangible assets

	Purchased goodwill £000	Total £000
<b>Cost</b>		
At 1 January 2020	1,040	1,040
• Additions	-	-
Disposals	-	-
Exchange adjustments	(30)	(30)
	<hr/>	<hr/>
At 31 December 2020	1,010	1,010
	<hr/>	<hr/>
<b>Amortisation</b>		
At 1 January 2020	724	724
Charge for the year	156	156
On disposals	-	-
Exchange adjustments	(21)	(21)
	<hr/>	<hr/>
At 31 December 2020	859	859
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2020	<u>151</u>	<u>151</u>
At 31 December 2019	<u>316</u>	<u>316</u>

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. Tangible fixed assets**

	Land and building £000	Plant, equipment and motor vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2020	6,111	19,667	25,778
Additions	38	1,382	1,420
Disposals	(630)	(1,419)	(2,049)
Exchange adjustments	(108)	(218)	(326)
At 31 December 2020	<u>5,411</u>	<u>19,412</u>	<u>24,823</u>
<b>Depreciation</b>			
At 1 January 2020	2,596	15,150	17,746
Charge for the year	233	1,088	1,321
Disposals	(233)	(1,038)	(1,271)
Exchange adjustments	(36)	(179)	(215)
At 31 December 2020	<u>2,560</u>	<u>15,021</u>	<u>17,581</u>
<b>Net book value</b>			
At 31 December 2020	<u><u>2,851</u></u>	<u><u>4,391</u></u>	<u><u>7,242</u></u>
At 31 December 2019	<u><u>3,515</u></u>	<u><u>4,517</u></u>	<u><u>8,032</u></u>

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Freehold	<u><u>2,851</u></u>	<u><u>3,514</u></u>

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**12. Fixed asset investments**

	Shares in subsidiary undertaking £000	Shares in associated undertakings £000	Shares in participating undertakings £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2020	14,509	-	69	14,578
Disposals	-	-	-	-
At 31 December 2020	<u>14,509</u>	<u>-</u>	<u>69</u>	<u>14,578</u>
<b>Impairment</b>				
At 1 January 2020	8,684	-	-	8,684
Charge for the period	-	-	-	-
At 31 December 2020	<u>8,684</u>	<u>-</u>	<u>-</u>	<u>8,684</u>
<b>Net book value</b>				
At 31 December 2020	<u>5,825</u>	<u>-</u>	<u>69</u>	<u>5,894</u>
At 31 December 2019	<u>5,825</u>	<u>-</u>	<u>69</u>	<u>5,894</u>

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Inspectorate Singapore Pte Ltd	Singapore	Ordinary	100 %
Inspectorate India Pvt Ltd	India	Ordinary	100 %
Inspectorate International (Saudi Arabia) Co. Ltd	Saudi Arabia	Ordinary	65 %
Inspectorate Malta Ltd	Malta	Ordinary	100 %
<b>Participating Interests</b>			
Inspectorate International Limited Qatar LLC	Qatar	Ordinary	49%
Inspectorate (Malaysia) Sdn bhd	Malaysia	Ordinary	49%

**13. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>10,855</b>	<b>12,355</b>
Amounts owed by group undertakings	<b>52,839</b>	<b>47,503</b>
Prepayments and accrued income	<b>3,215</b>	<b>3,470</b>
Corporation tax	<b>-</b>	<b>265</b>
Deferred taxation	<b>152</b>	<b>209</b>
VAT Recoverable	<b>367</b>	<b>451</b>
Other debtors	<b>390</b>	<b>214</b>
	<b><u>67,818</u></b>	<b><u>64,467</u></b>

Included within amounts owed by group undertakings is a balance of £50,523k (2019: £43,420k) due from Bureau Veritas SA which is unsecured, interest bearing and is repayable on demand.

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**INSPECTORATE INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
Trade creditors	1,769	2,740
Amounts owed to group undertakings	28,279	30,053
Other taxation and social security	375	319
Corporation tax	310	67
Obligations under finance lease and hire purchase contracts	-	-
Other creditors	25	44
Accruals and deferred income	3,785	2,104
	<u>34,543</u>	<u>35,326</u>

The amounts owed to group undertakings are unsecured, have no fixed dated of repayment and incur interest at loan currency LIBOR plus 2%.

**15. Provisions**

	Terminal benefits £000	Dilapidations £000	Total £000
At 1 January 2020	1,933	290	2,223
Charged to profit or (loss)	(62)	-	(62)
<b>At 31 December 2020</b>	<u>1,871</u>	<u>290</u>	<u>2,161</u>

The provision for dilapidations is created due to the requirement to return leased properties to their original state at the end of the leases. The leases are due to expire within the next 5 years.

The Terminal Benefits provision is for an End of Service obligation the Company has to employees of the branches in the Middle East. The provision will be utilised when employees leave the company.

**16. Deferred taxation**

	2020 £000
At beginning of year	209
Charged in year	(57)
<b>At end of year</b>	<u>152</u>

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INSPECTORATE INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**16. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Decelerated capital allowances	(23)	16
Effect of other short term timing differences	175	193
	<u>152</u>	<u>209</u>

**17. Pension costs**

The Company contributes to group personal pension plans, which are defined contribution in nature. The pension cost charge for the year amounted to £525k (2019: £550k). Amounts remaining unpaid at the year end were £nil (2019: £nil).

**18. Share capital**

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
34,590,512 (2019 :- 34,590,512) Ordinary shares of £1.00 each	<u>34,590</u>	<u>34,590</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Capital contribution reserve:

This reserve comprises a non-returnable gift of capital.

Other reserves:

This reserve comprises of amounts charged and credited in relation to share based payments.

Profit and loss account

This reserve comprises accumulated profits and losses less dividend paid/payable.

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INSPECTORATE INTERNATIONAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**19. Financial commitments**

At 31 December the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
<b>Land &amp; buildings</b>		
Not later than 1 year	425	600
Later than 1 year and not later than 5 years	72	246
Later than 5 years	9	134
	<u>506</u>	<u>980</u>
	2020 £000	2019 £000
<b>Other</b>		
Not later than 1 year	474	306
Later than 1 year and not later than 5 years	640	361
	<u>1,114</u>	<u>667</u>

**20. Related party transactions**

The Company has taken advantage of the exemption under FRS 102 section 33 not to provide details of transactions with wholly-owned other members of the Bureau Veritas SA group, on the grounds that publicly available consolidated financial statements are prepared by the parent company, Bureau Veritas SA.

During the financial year, the Company entered into the following material transactions with non-wholly owned subsidiaries and associated entities, and holds the following material amounts on the balance sheet at 31 December 2019 and 2020:

	2020 £000	2019 £000
Sales to related parties	214	319
Purchases from related parties	9,438	8,495
Owed by related parties at 31 December	1,002	3,959
Owed to related parties at 31 December	<u>1,111</u>	<u>3,878</u>

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## INSPECTORATE INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 21. Post balance sheet events

A strategic decision to transfer certain activities and employees from the Company was put into effect on 1 October 2021. The trade and certain fixed assets were transferred to Bureau Veritas Commodities UK Limited for cash consideration of £33,210,000. The assets were transferred at fair value which equated to book value at the date of transfer. This is in line with Group directive to align businesses in each country within the relevant legal entity, in this case this covers all UK delivered services. As a consequence of this business activity carve-out the Company will continue to transact and benefit from its branch activities and selective non-UK international work.

#### 22. Immediate and ultimate parent undertaking

During 2020 the Company is a wholly owned subsidiary of Bureau Veritas Commodity Services Ltd.

The smallest group of undertakings of which the Company is a member that produces consolidated financial statements is Bureau Veritas SA, a company incorporated in France. Its group financial statements are available from the company's registered office at 40/52 Boulevard du Parc, 92200 Neuilly sur Seine, France.

The directors regard the Wendel-Participations SE, a Company incorporated in France, as the company's ultimate parent and ultimate controlling party by virtue of its majority interest in the equity capital of Bureau Veritas SA.

The largest group of undertakings of which the company is a member that produces consolidated financial statements is the Wendel-Participations SE, a company registered in France. Its group financial statements are available from the company's registered office at 89 rue Taitbout, 75009, Paris, France ([www.wendelgroup.com](http://www.wendelgroup.com)).

#### 23. Capital commitments

There were no capital commitments in place at the year end.

#### 24. Other government grants

	2020 £000	2019 £000
Other government grants	71	-

Other government grants received is in relation to the Coronavirus Job Retention Scheme (CJRS). The CJRS grant relates to staff who have been furloughed due to COVID-19. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of Government assistance. Access to the grants has been made possible by retaining these staff.