

Inspectorate Investments Limited  
Annual report  
for the year ended 31 December 2008

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# **Inspectorate Investments Limited**

## **Annual report for the year ended 31 December 2008**

	<b>Pages</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Statement of total recognised gains and losses</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 12</b>

# **Inspectorate Investments Limited**

## **Directors' report for the year ended 31 December 2008**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

### **Principal activities**

The principal activity of the company is that of an investment holding company.

### **Review of business and future developments**

The directors consider both the financial position at the year end and the result for the year to be satisfactory.

The company will continue to act as a holding company for the foreseeable future.

### **Principal risks and uncertainties**

Given the company's nature as a holding company the directors do not consider there to be specific risks and uncertainties affecting the company. The company is dependent on the operations of subsidiary companies and fellow group companies to support the recoverability of the various intergroup balances.

### **Directors**

The directors of the company who served during the year ended 31 December 2008 are listed below:

R Bryan  
D Lappage

### **Dividends**

The directors did not declare an interim dividend (2007: £2,170,500). The directors do not recommend the payment of a final dividend (2007: nil).

# **Inspectorate Investments Limited**

## **Directors' report**

**for the year ended 31 December 2008 (continued)**

### **Financial risk management**

The Company's objective regarding financial risk management is to keep exposure of price risk, credit risk, liquidity risk and cash flow risk to a minimum. Financial risk management, including the use of financial instruments and the related currency, liquidity, credit and interest rate risks, is dealt with by the central functions of the Inspicio Sarl group on behalf of the Company. Many of the Company's balances are with other members of the Inspicio group, and assessments are made by management as to the recoverability of these balances in the overall context of the group.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

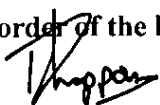
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors has confirmed that there is no relevant audit information of which the company's auditors are unaware; and that they have taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the Annual General Meeting.

By order of the board



Company secretary

# Inspectorate Investments Limited

## Independent auditors' report to the members of Inspectorate Investments Limited

We have audited the financial statements of Inspectorate Investments Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

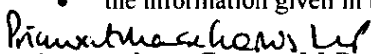
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors  
Cambridge 28 April 2009.

# Inspectorate Investments Limited

## Profit and loss account for the year ended 31 December 2008

	Notes	2008 £	2007 £
Net administrative (expenses)/income		(164,126)	23,736
<b>Operating (loss)/profit</b>	3	<u>(164,126)</u>	<u>23,736</u>
Income from shares in group undertakings		7,686,716	6,088,868
Interest payable and similar charges	4	<u>(109,493)</u>	<u>(876,691)</u>
<b>Profit on ordinary activities before taxation</b>		7,413,097	5,235,913
Taxation	5	-	-
<b>Profit for the year</b>	11, 12	<u><u>7,413,097</u></u>	<u><u>5,235,913</u></u>

All income and expenses reported above arise from continuing operations.

# **Inspectorate Investments Limited**

## **Statement of total recognised gains and losses for the year ended 31 December 2008**

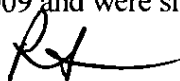
	2008	2007
	£	£
Profit for the financial year	7,413,097	5,235,913
Currency translation differences on foreign currency net investments	4,390,376	(39,556)
<b>Total gains and losses recognised</b>	<b>11,803,473</b>	<b>5,196,357</b>

# Inspectorate Investments Limited

## Balance sheet at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	6	<u>19,174,239</u>	<u>13,849,453</u>
<b>Current assets</b>			
Debtors	7	5,426	6,089,945
Cash at bank		-	-
		<u>5,426</u>	<u>6,089,945</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,735,047)</u>	<u>(2,604,735)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,729,621)</u>	<u>3,485,210</u>
<b>Total assets less current liabilities</b>		<u>15,444,618</u>	<u>17,334,663</u>
<b>Creditors: amounts falling due after more than one year</b>	9	<u>(8,476)</u>	<u>(13,701,994)</u>
<b>Net assets</b>		<u><u>15,436,142</u></u>	<u><u>3,632,669</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	112	112
Share premium account	11	2,829,854	2,829,854
Profit and loss account	11	<u>12,606,176</u>	<u>802,703</u>
<b>Shareholders' funds</b>	12	<u><u>15,436,142</u></u>	<u><u>3,632,669</u></u>

The financial statements on pages 4 to 12 were approved by the board of directors on *28 April* 2009 and were signed on its behalf by:



**R Bryan**  
Director



# **Inspectorate Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2008**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

In accordance with Financial Reporting Standard 18, "Accounting Policies", the directors confirm that the accounting policies used by the company are the most appropriate, consistently applied and adequately disclosed.

#### **Basis of accounting**

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

The company and a fellow subsidiary undertaking, Inspectorate Investments (Number 2) Limited, each have a 50% interest in BSI Delaware Holdings, a joint arrangement as defined by Financial Reporting Standard 9 ("Associates and Joint Ventures"). The company's share of the joint arrangement's assets, liabilities, profits and losses is accounted for in these financial statements using proportional consolidation.

The company has taken advantage of the exemption available to it under SI 1993/1820 Regs 4 to 6, which provides that where members of a qualifying partnership prepare and have audited proportionally consolidated accounts, the company does not have to publish a copy of the partnership's latest financial statements.

No group accounts have been prepared as the Company is a subsidiary in a group headed by an undertaking established in Luxembourg and is included in the consolidated accounts of that undertaking.

The company has taken advantage of the exemption available to it under Financial Reporting Standard 1, which provides that where a company is a member of a group and the ultimate parent company produces a consolidated cash flow statement, the company does not have to prepare a cash flow statement.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the Inspicio Sarl group continuing its support by providing adequate financing facilities. The company has received a letter from Inspicio Sarl confirming this support, and therefore the directors consider it appropriate to prepare the accounts on a going concern basis.

# **Inspectorate Investments Limited**

## **1 Principal accounting policies (continued)**

### **Investments**

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

### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account, except for differences on foreign equity investments, which are dealt with in reserves, and differences on foreign currency borrowings to finance foreign equity investments, which are taken to reserves to the extent of exchange differences arising on those equity investments.

### **Related party transactions**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Transactions" not to provide details of transactions with other group companies.

### **Deferred taxation**

The company provides for deferred tax in full at the rate of tax expected to apply when timing differences reverse. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax balances are not discounted.

## **2 Directors' emoluments and auditors' remuneration**

No director of the company received any emoluments in respect of their services to the Company (2007: £Nil).

The average number of persons employed by the company (including directors) during the year was 2 (2007: 2). Staff costs were £Nil (2007: £Nil).

The fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates by the Inspicio Sàrl group for the audit of the company were £3,000 (2007: £3,000). Fees paid to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the company are not disclosed since the consolidated financial statements of the company's parent, Inspicio Sàrl, are required to disclose non-audit fees on a consolidated basis.

# Inspectorate Investments Limited

## 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2008 £	2007 £
Foreign exchange (loss)/gain	<u>(163,635)</u>	<u>23,766</u>

## 4 Interest payable and similar charges

	2008 £	2007 £
Interest payable to group companies	(109,475)	(876,684)
Interest payable to bank	<u>(18)</u>	<u>(7)</u>
	<u>(109,493)</u>	<u>(876,691)</u>

## 5 Taxation

	2008 £	2007 £
Current tax:		
UK corporation tax at 28.5%	-	-
Double tax relief	-	-
Over provision in respect of previous year	-	-
Overseas tax	-	-
	<u>-</u>	<u>-</u>
Tax charge on profits/(losses) on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year differs from the standard rate of UK corporation tax of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit for the year	<u>7,413,097</u>	<u>5,235,913</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	<u>2,112,733</u>	<u>1,570,774</u>
Effects of:		
Losses surrendered as group relief for no payment	77,981	255,226
Double tax relief	(2,190,714)	(1,826,660)
Over provision in respect of previous year	-	-
	<u>-</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

# Inspectorate Investments Limited

## 6 Investments

### Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2008	13,849,453
Exchange movement	5,324,786
<b>At 31 December 2008</b>	<b>19,174,239</b>

The company has taken the exemption available under the Companies Act 1985 Section 231 (5) from listing all its direct and indirect holdings.

The company is in partnership with Inspectorate Investments (Number 2) Limited, creating Inspectorate Delaware Holdings Inc, a partnership registered in the United States of America. Each partner has a 50% interest. The principal activity of Inspectorate Delaware Holdings Inc is to act as a holding undertaking; the address of its principal place of business is Sunset Hills Road, Suite 140, Reston, Virginia 20190-2131, USA.

## 7 Debtors

	2008 £	2007 £
<b>Amounts falling due within one year</b>		
Amounts owed by fellow subsidiaries	5,426	6,089,945
Other debtors	-	-
	<u>5,426</u>	<u>6,089,945</u>

## 8 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to parent undertakings	3,669,430	2,560,080
Amounts owed to subsidiaries	65,139	44,618
Bank overdraft	478	37
	<u>3,735,047</u>	<u>2,604,735</u>

# Inspectorate Investments Limited

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

	2008 £	2007 £
Amounts owed to parent undertakings	<u>8,476</u>	<u>13,701,994</u>

The amounts are interest bearing and are unsecured.

## 10 Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
112 (2007: 112) ordinary shares of £1 each	<u>112</u>	<u>112</u>

## 11 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2008	2,829,854	802,703
Profit for the year	-	7,413,097
Currency translation differences on foreign currency net investments	-	4,390,376
<b>At 31 December 2008</b>	<u>2,829,854</u>	<u>12,606,176</u>

## 12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	3,632,669	606,812
Profit/(loss) for the year	7,413,097	5,235,913
Dividends	-	(2,170,500)
Currency translation differences on foreign currency net investments	4,390,376	(39,556)
<b>Closing shareholders' funds</b>	<u>15,436,142</u>	<u>3,632,669</u>

# **Inspectorate Investments Limited**

## **13 Financial commitments**

Along with other group undertakings, the company has guaranteed certain loans of Inspicio Sarl Group, which at 31 December 2008 amounted to £249,407,508 (2007: £58,700,000 loans of Inspicio Limited). The Directors believe that there will be no material impact on the company's financial position as a result of these guarantees.

## **14 Related party transactions**

The Company has taken advantage of the exemption under FRS 8 "Related party disclosures" not to provide details of transactions with other members of the Inspicio group.

## **15 Immediate and ultimate parent undertaking**

The company is a wholly-owned subsidiary of Inspectorate Holdings (US) Limited, which is registered in the United Kingdom.

Until February 2008, the ultimate parent undertaking and controlling party was Inspicio Limited (formerly Inspicio plc).

In February 2008, the Inspicio Limited (formerly Inspicio plc) group was acquired by a management buyout financed by funds managed by 3i Investments plc.

In the opinion of the directors the ultimate parent undertaking is Inspicio Sarl, a company incorporated in Luxembourg.

The ordinary share capital of Inspicio Sarl is owned by several parties including a number of funds each under the management of 3i Investment plc. None of these funds individually has a controlling interest in the company and the directors are therefore of the opinion that there is no ultimate controlling party.

The consolidated accounts of this group are available to the public and may be obtained from 10 Buckingham Street, London, WC2N 6DF.