

Inspectorate Worldwide Services Limited
Annual report
for the year ended 31 December 1999



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Inspectorate Worldwide Services Limited

Annual report for the year ended 31 December 1999

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Inspectorate Worldwide Services Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

Principal activities

The principal activity of the company is inspection and testing services, specifically pre-shipment inspection of manufactured and consumer goods for export.

Review of business and future developments

The company has seen substantial growth in pre-shipment government contract activity during 1999. The directors anticipate that this level of activity will be maintained during 2000.

Directors

The directors of the company at 31 December 1999, all of whom have been directors for the whole of the year ended on that date, are listed below:

W J Luesley
D Wright
J Siebols

Directors' interests

None of the directors who held office at the end of the financial year had any interest in the shares of the company at 31 December 1999.

Insurance of directors

The group maintains insurance for the directors in respect of their duties as directors of the group.

Year 2000

The company believes that the year 2000 date change issue has not has a material impact on the business. Plans were in place to ensure that accounting systems were year 2000 compliant, and no problems were experienced. The cost incurred was not significant.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

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The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

By order of the board

A handwritten signature in dark ink, appearing to read 'D Lappage', is written over the printed name.

D Lappage
Company secretary

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Auditors' report to the members of Inspectorate Worldwide Services Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including as described on page 2, preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

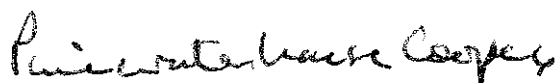
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge

10 May 2000

Inspectorate Worldwide Services Limited

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £000	1998 £000
Turnover	1	4,703	1,319
Cost of sales		(3,429)	(775)
Gross profit		1,274	544
Administrative expenses		(470)	(315)
Operating profit on ordinary activities before taxation	4	804	229
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year	11, 12	804	229

All activities relate to continuing operations.

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

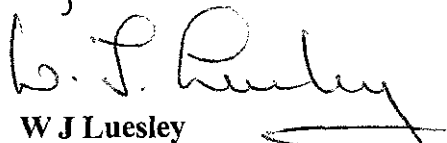
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

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Balance sheet at 31 December 1999

	Notes	1999 £000	1998 £000
Fixed assets			
Tangible fixed assets	6	<u>15</u>	<u>1</u>
Current assets			
Debtors	7	4,199	683
Cash at bank and in hand		<u>248</u>	<u>20</u>
		4,447	703
Creditors: amounts falling due within one year	8	<u>(3,392)</u>	<u>(438)</u>
Net current assets		<u>1,055</u>	<u>265</u>
Net assets		<u>1,070</u>	<u>266</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>1,070</u>	<u>266</u>
Equity shareholders' funds	12	<u>1,070</u>	<u>266</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 10th May 2000 and were signed on its behalf by:


W J Luesley
Director

Inspectorate Worldwide Services Limited

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

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

Basis of accounting

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

No group accounts have been prepared as the company is the subsidiary of an undertaking established in England and Wales 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 (revised 1996), which provides that where a company is a member of a group and the holding company produces a consolidated cash flow statement, the company does not have to prepare a cash flow statement.

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.

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.

The assets and liabilities of overseas branches are translated at the closing rates and the profit and loss accounts at average exchange rates. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Operating leases

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

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Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer equipment	33
Office furniture & equipment	20

Turnover

Turnover, which all arose from the company's principal activity of offering inspection and testing services, represents the invoice value of services provided and goods sold excluding value added tax.

These accounts do not contain an analysis of turnover by geographical area, as the directors believe that this information would be seriously prejudicial to the interests of the company.

Pension scheme arrangements

The company operates a defined contribution pension scheme. Contributions payable by the company on behalf of employees are charged to the profit and loss account.

2 Employee information

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

	Number of employees	
	1999	1998
Operations	6	5
Administration	2	2
	<u>8</u>	<u>7</u>

Staff costs (for the above persons):

	1999 £000	1998 £000
Wages and salaries	194	161
Social security costs	18	15
Other pension costs (see note 9)	16	15
	<u>228</u>	<u>191</u>

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3 Directors' emoluments

	1999 £000	1998 £000
Aggregate emoluments	74	67
Pension contributions	4	3
	<u>78</u>	<u>70</u>

Pension contributions are accruing to one (1998: one) director under a money purchase scheme.

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging: £9,000 (1998: £nil) in respect of depreciation charge for the year on tangible fixed asset, £30,000 (1998: £30,000) in respect of hire of premises under operating leases and £5,000 (1998: £1,000) in respect of auditors' remuneration for audit services.

5 Taxation

There is no tax charge in the current year (1998: £nil) due to the availability of group relief, for which no charge will be made.

6 Tangible fixed assets

	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 1999	1	-	1
Additions	13	10	23
At 31 December 1999	<u>14</u>	<u>10</u>	<u>24</u>
Accumulated depreciation			
At 1 January 1999	-	-	-
Charge for the year	6	3	9
	<u>6</u>	<u>3</u>	<u>9</u>
Net book value			
At 31 December 1999	<u>8</u>	<u>7</u>	<u>15</u>
At 31 December 1998	<u>1</u>	<u>-</u>	<u>1</u>

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7 Debtors

	1999 £000	1998 £000
Trade debtors	2,399	264
Amounts owed by parent undertaking	1,733	377
Prepayments and accrued income	47	32
Other debtors	20	10
	<u>4,199</u>	<u>683</u>

8 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	252	63
Amounts owed to participating interests of the group	14	20
Amounts owed to fellow subsidiary undertakings	3,058	328
Other creditors	-	4
Accruals	68	23
	<u>3,392</u>	<u>438</u>

9 Pension obligations

The company operates a money purchase pension scheme. The pension cost charge for the year amounted to £16,000 (1998: £15,000). £Nil (1998: £nil) remained unpaid at the year-end.

10 Called up share capital

	1999 £	1998 £
Authorised		
50 ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Reserves

	Profit and loss account £000
At 1 January 1999	266
Retained profit for the financial year	804
At 31 December 1999	<u><u>1,070</u></u>

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12 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Opening shareholders' funds	266	37
Profit for the financial year	804	229
Closing shareholders' funds	<u>1,070</u>	<u>266</u>

13 Financial commitments

At 31 December 1999, the company had annual commitments under a non-cancellable operating lease as follows:

	1999 £000	1998 £000
Land and buildings		
Expiring in the second to fifth years inclusive	<u>30</u>	<u>30</u>

Along with other group undertakings, the company has guaranteed certain loans of the British Standards Institution, which at 31 December 1999 amounted to approximately £29m, and the bank overdrafts of certain other group undertakings, which at 31 December 1999 amounted to £Nil (1998: £275,000).

14 Related party transactions

During the year the company purchased services to the value of £36,000 from Inspectorate Griffith (India) Pvt Limited, which is a related party as it is an associate of the group. £12,000 remained unpaid at the year-end and is included in creditors.

15 Immediate and ultimate parent undertaking

The company is a wholly-owned subsidiary of Daniel C Griffith Holdings Limited, a company registered in England and Wales.

The directors regard the British Standards Institution (BSI) as the ultimate controlling undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by BSI. The consolidated accounts of this group are available to the public and may be obtained from 389 Chiswick High Road, Chiswick, W4 4AL.