

Inspectorate Worldwide Services Limited

Annual report

for the year ended 31 December 2005



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for the year ended 31 December 2005

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Inspectorate Worldwide Services Limited

Directors' report

for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005

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

In 2005, the company's major contract came to an end and the company ceased all other operations. As a consequence of the sale of the company's ultimate holding company, during 2005 (see note 17), the previous owner indemnified the company against all liabilities arising from the major contract. Similarly, the previous owner assumed the benefit of any remaining assets. The Directors consider that the company no longer has any financial interest in the contract and therefore all relevant liabilities and assets of this contract have been removed from these accounts.

Directors

The directors of the company who served during the year ended 31 December 2005 are listed below:

R Mort	(resigned 15 September 2005)
S Williams	(resigned 12 July 2005)
R Bryan	(appointed 12 July 2005)
C Fenton	(appointed 3 August 2005, resigned 13 October 2005)
J Luesley	(appointed 28 October 2005)

Dividends

No dividend has been paid in the year, and no final dividend is proposed (2004: £Nil)

Financial risk management

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 plc group on behalf of the company, and was previously dealt with centrally by the British Standards Institute, under the direction of the Board.

Inspectorate Worldwide Services Limited

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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained under Note 1 'Principal accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 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.

Auditors

An elective resolution has been passed to dispense with the annual reappointment of auditors. The company's auditors are PricewaterhouseCoopers LLP.

By order of the board



Company secretary

Inspectorate Worldwide Services Limited

Independent auditors' report to the members of

Inspectorate Worldwide Services Limited

We have audited the financial statements of Inspectorate Worldwide Services Limited for the year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 judgements 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 2005 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge 24 May 2007

Inspectorate Worldwide Services Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	1	868,226	5,958,150
Cost of sales		(600,610)	(4,074,069)
Gross profit		267,616	1,884,081
Administrative expenses	4	(744,500)	(1,468,382)
Operating (loss) / profit		(476,884)	415,699
Interest income		-	18
(Loss) / Profit on ordinary activities before taxation		(476,884)	415,717
Tax on (loss) / profit on ordinary activities	5	254,563	(776,481)
Retained loss for the financial year	12	(222,321)	(360,764)

All activities relate to discontinued operations

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

Inspectorate Worldwide Services Limited

Balance sheet

at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible fixed assets	6	-	21,848
Current assets			
Debtors	7	8,169,384	5,648,858
Cash at bank and in hand		16	5,765,870
		8,169,400	11,414,728
Creditors, amounts falling due within one year	8	(3,047,046)	(6,091,901)
Net current assets		5,122,354	5,322,827
Total assets less current liabilities		5,122,354	5,344,675
Provisions for liabilities and charges	9	-	-
Net assets		5,122,354	5,344,675
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	5,122,352	5,344,673
Equity shareholders' funds	13	5,122,354	5,344,675

The financial statements on pages 4 to 13 were approved by the board of directors on 17 May 2007 and were signed on its behalf by



Director

Inspectorate Worldwide Services Limited

Notes to the financial statements

for the year ended 31 December 2005

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.

In accordance with Financial Reporting Standard ("FRS") 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 has adopted FRS 17, "Retirement benefits", FRS 20, "Share based payment", FRS 21, "Events after the balance sheet date", FRS 23, "The effects of changes in foreign exchange rates", FRS 24, "Financial reporting in hyperinflationary economies", FRS 25, "Financial instruments disclosure and presentation", FRS 26, "Financial instruments recognition and measurement", and FRS 28, "Corresponding amounts" in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly where applicable. The adoption of FRS 17, FRS 20, FRS 21, FRS 23, FRS 24, FRS 25, FRS 26, and FRS 28 have had no effect on the amounts disclosed in the financial statements.

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 financial statements that are publicly available, 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.

Inspectorate Worldwide Services Limited

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

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The company does not capitalise finance costs

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
Motor vehicles	33

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

Provisions

Provision is made for liabilities of uncertain amount or timing based on the directors' knowledge of individual claims and associated probabilities

Inspectorate Worldwide Services Limited

2 Employee information

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

	Number of employees	
	2005	2004
Administrative	-	1
Directors	2	2
	2	3

Staff costs for the above persons were

	2005	2004
	£	£
Wages and salaries	-	5,339
Social security costs	-	1,217
Other pension costs (see note 10)	-	976
	-	7,532

3 Directors' emoluments

Directors' emoluments are borne by other group companies without specific recharge (2004 £Nil) No director has received any remuneration for their services to the Company in the year (2004 £nil)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2005	2004
	£	£
Depreciation charge for the year		
Tangible owned fixed assets	14,848	15,025
Hire of premises – operating leases	5,630	12,394
Exchange losses / (gains)	770,251	(14,224)
Auditors' remuneration for audit services	24,000	12,000

During the year, the company released provisions amounting to £nil (2004. £118,672)

Inspectorate Worldwide Services Limited

5 Tax on profit on ordinary activities

	2005	2004
	£	£
Current tax		
UK corporation tax – under-provision in respect of prior years	49,896	-
Overseas taxation (including withholding tax) – adjustment in respect of prior years	(304,459)	278,022
Total current tax charge	(254,563)	278,022
Deferred tax		
Origination and reversal of timing differences	-	(25,273)
Prior year adjustment	-	523,732
Total deferred tax	-	498,459
Tax charge on (loss) / profit on ordinary activities	(254,563)	776,481

The tax assessed for the period differs from the standard rate of UK Corporation tax of 30% (2004: 30%). The differences are explained below

	2005	2004
	£	£
(Loss) / profit on ordinary activities before tax	(476,884)	415,717
(Loss) / profit on ordinary activities multiplied by the standard rate in the UK (30%)	(143,065)	124,715
Effect of		
Expenses not deductible for tax purposes	-	11
Unrelieved losses	213,904	16,753
Accelerated capital allowances and other timing differences	(70,839)	25,273
Overseas taxation (including withholding tax)	-	278,022
Double taxation relief	-	(166,752)
Adjustments of tax charge of previous periods	(254,563)	-
Current tax charge /(credit) for the period	(254,563)	278,022

The adjustment in respect of prior years principally arises due to withholding tax previously written off being recovered in the year

Inspectorate Worldwide Services Limited

6 Tangible fixed assets

	Motor vehicles	Computer equipment	Fixures & fittings	Total £
Cost				
At 1 January 2005	46,806	17,979	14,726	79,511
Disposals	(46,806)	(17,979)	(14,726)	(79,511)
At 31 December 2005	-	-	-	-
Accumulated depreciation				
At 1 January 2005	24,958	17,979	14,726	57,663
Charge for the year	14,848	-	-	14,848
Disposals	(39,806)	(17,979)	(14,726)	(72,511)
At 31 December 2005	-	-	-	-
Net book value at 31 December 2005	-	-	-	-
At 31 December 2004	21,848	-	-	21,848

7 Debtors

	2005 £	2004 £
Trade debtors	3,923	1,838,708
Amounts owed by group undertakings	8,164,601	68,432
Other debtors	860	3,642,281
Deferred tax asset (see note 9)	-	99,437
	8,169,384	5,648,858

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	6,303	9,527
Amounts owed to group undertakings	2,875,772	2,657,947
Other creditors	-	2,889,817
Accruals and deferred income	164,971	534,610
	3,047,046	6,091,901

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9 Provisions for liabilities and charges

The company is currently contesting a number of claims in relation to a particular government inspection contract. However, any liability relating to such claims has been fully indemnified by the company's previous owner and therefore no provision has been made in these accounts

	2005	2004
	£	£
At 1 January 2005	-	219,955
Utilised	-	(72,567)
(Credit) to profit and loss account	-	(118,672)
Exchange movements	-	(28,716)
At 31 December 2005	-	-

Deferred tax assets provided in the financial statements are as follows

	Amount Provided	
	2005	2004
	£	£
Tax effect of timing differences due to		
Excess of capital allowances over depreciation	-	7,875
Short-term timing differences	-	91,562
	-	99,437

No deferred tax assets or liabilities are unprovided (2004 £nil) Deferred tax assets are shown as a separate debtor balance in note 7

The movement in the deferred tax account is as follows:

	2005	2004
	£	£
At 1 January 2005	99,437	597,896
Disposal of business	(99,437)	-
Deferred tax charge in the profit and loss account (note 5)	-	(498,459)
As at 31 December 2005	-	99,437

10 Pension obligations

The company operates a money purchase pension scheme The pension charge amounted to £nil (2004 £976) No amounts (2004 £nil) remained unpaid at the year-end

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11 Called up share capital

	2005	2004
	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

12 Reserves

	Profit and Loss account £
At 1 January 2005	5,344,673
Retained loss for the financial year	(222,321)
At 31 December 2005	5,122,352

13 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Opening shareholders' funds	5,344,675	5,705,439
Loss for the financial year	(222,321)	(360,764)
Closing shareholders' funds	5,122,354	5,344,675

14 Financial commitments

At 31 December 2005 and 31 December 2004, the company had no annual commitments under non-cancellable operating leases

Along with other group undertakings, the company has guaranteed certain loans of the Inspicio plc group, which at 31 December 2005 amounted to £7 million (2004 £16.4 million loans of British Standards Institution), and the bank overdrafts of certain other group undertakings, which at 31 December 2005 amounted to £nil (2004 £10.3 million bank overdrafts of British Standards Institution)

Inspectorate Worldwide Services Limited

15 Contingent liabilities

On 31 August 2005, all of the assets, liabilities, contingent assets and contingent liabilities related to the company's major contract were transferred to BSI, in advance of the sale of the Inspectorate group, of which Inspectorate Worldwide Services Limited is a part, to Inspicio plc on 14 October 2005. The sale and purchase agreement between BSI and Inspicio plc included provisions which indemnify the Inspectorate group against any past or future losses arising in relation to this contract. The Inspectorate group is also required to remit any future cash inflows in relation to the contract to BSI.

At 31 December 2005, the company was contesting the decision of a government agency in respect of the rate of sales tax on certain overseas sales made by the company. However, under the indemnity mentioned above, any liability arising from the outcome of this case rests with the previous owner.

16 Post balance sheet events

Since the balance sheet date, the court case relating to sales tax has been determined. The decision went against the company and therefore all of the disputed sales tax became payable. This tax was settled by the company and shortly thereafter reimbursed by the previous owner, under the terms of the indemnity.

17 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.

Until 14 October 2005, the directors regarded the British Standards Institution ("BSI") as the ultimate controlling undertaking. Until that date, the largest and smallest group in which the results of the company were consolidated was that headed by BSI. These consolidated accounts of this group are available to the public and may be obtained from 389 Chiswick High Road, Chiswick, W4 4AL.

From 14 October 2005, following the sale of BSI's inspection business to Inspicio plc, the directors regard Inspicio plc as the ultimate controlling undertaking. The consolidated accounts of this group are available to the public and may be obtained from Bucklersbury House, 3 Queen Victoria Street, London, EC4N 8EL.