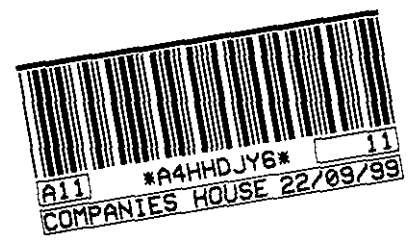


Inspectorate Worldwide Services Limited  
Annual report  
for the year ended 31 December 1998



# **Inspectorate Worldwide Services Limited**

## **Annual report for the year ended 31 December 1998**

	<b>Pages</b>
<b>Directors' report</b>	1 - 2
<b>Auditors' report</b>	3
<b>Profit and loss account</b>	4
<b>Balance sheet</b>	5
<b>Notes to the financial statements</b>	6 - 10

# **Inspectorate Worldwide Services Limited**

## **Directors' report for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

### **Principal activities**

The profit and loss account for the year is set out on page 4.

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 directors consider both the year-end financial position and the profit for the year to be satisfactory.

There are no plans to change significantly the nature of the company's activities.

### **Directors**

The directors of the company at 31 December 1998, 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 1998.

### **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 will not have a material impact on the business. Plans are in place to ensure that accounting systems will be year 2000 compliant. The cost incurred is not expected to be significant.

# **Inspectorate Worldwide Services Limited**

## **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.

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 1998. 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**

KPMG resigned from office on 23 November 1998 and PricewaterhouseCoopers were appointed as auditors in their place. A resolution to reappoint PricewaterhouseCoopers will be proposed at the Annual General Meeting.

**By order of the board**



**D Lappage**  
**Company secretary**  
25 March 1999

# Inspectorate Worldwide Services Limited

## Auditors' report to the members of Inspectorate Worldwide Services Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 2, the financial statements. Our responsibilities as independent auditors, are established 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 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 were appointed auditors on 23 November 1998 and planned 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. However, the evidence available to us to support the opening debtors, creditors and reserves balances was limited, because proper accounting records had not been maintained during 1997.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998.

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence in respect of the opening debtors, creditors and reserves, in our opinion the accounts give a true and fair view of the company's profit for the year ended 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to the opening balances:

- proper accounting records have not been maintained;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Cambridge 1 April 1999

# Inspectorate Worldwide Services Limited

## Profit and loss account for the year ended 31 December 1998

	Notes	1998 £	1997 £
Turnover	1	1,318,861	730,762
Cost of sales		(775,270)	(534,411)
<b>Gross profit</b>		<b>543,591</b>	<b>196,351</b>
Administrative expenses		(314,840)	(132,372)
<b>Operating profit on ordinary activities before taxation</b>		<b>228,751</b>	<b>63,979</b>
Tax on profit on ordinary activities	4	247	(22,540)
<b>Retained profit for the financial year</b>	9,10	<b>228,998</b>	<b>41,439</b>

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.

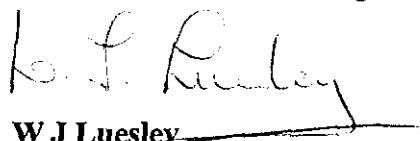
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

# Inspectorate Worldwide Services Limited

## Balance sheet at 31 December 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Tangible fixed assets	5	1,135	-
<b>Current assets</b>			
Debtors	6	683,239	204,329
Cash at bank and in hand		19,869	456
		703,108	204,785
<b>Creditors: amounts falling due within one year</b>	7	(437,870)	(167,410)
<b>Net current assets</b>		265,238	37,375
<b>Net assets</b>		266,373	37,375
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account	9	266,371	37,373
<b>Equity shareholders' funds</b>	10	266,373	37,375

The financial statements on pages 4 to 10 were approved by the board of directors on 25 March 1999 and were signed on its behalf by:



**W J Luesley**

Director

25 March 1999

# **Inspectorate Worldwide Services Limited**

## **Notes to the financial statements for the year ended 31 December 1998**

### **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 FRS 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.



# Inspectorate Worldwide Services Limited

## 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 annual rate used for this purpose is:

	%
Computer equipment	33

No depreciation is charged in the month of acquisition.

## 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.

## 2 Employee information

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

	Number of employees	
	1998	1997
Operations	5	3
Administration	2	2
	<u>7</u>	<u>5</u>

### Staff costs (for the above persons):

	1998	1997
	£	£
Wages and salaries	161,478	14,824
Social security costs	15,061	-
Other pension costs	14,892	-
	<u>191,431</u>	<u>14,824</u>

# Inspectorate Worldwide Services Limited

## 3 Directors' emoluments

	1998 £	1997 £
Aggregate emoluments	67,468	-
Pension contributions	2,964	-
	<u>70,432</u>	<u>-</u>

Pension contributions are accruing to one director under a money purchase scheme.

## 4 Taxation

	1998 £	1997 £
UK Corporation tax at 31% (1997: 31.5%) on the profit for the year	-	22,540
Overprovision in respect of prior years	(247)	-
	<u>(247)</u>	<u>22,540</u>

There is no tax charge in the current year due to the availability of group relief, for which no charge will be made.

## 5 Tangible fixed assets

	Computer equipment £
Cost and net book value	
At 1 January 1998	-
Additions	1,135
At 31 December 1998	<u>1,135</u>

## 6 Debtors

	1998 £	1997 £
Trade debtors	263,529	140,878
Amounts owed by parent undertaking	377,288	63,451
Amounts owed by fellow subsidiaries	360	-
Prepayments and accrued income	31,872	-
Other debtors	10,190	-
	<u>683,239</u>	<u>204,329</u>

# Inspectorate Worldwide Services Limited

## 7 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	63,061	9,120
Amounts owed to participating interests of the group	19,968	-
Amounts owed to fellow subsidiary undertakings	328,355	111,408
Amounts owed to parent undertaking	-	15,803
Corporation Tax	-	22,540
Other creditors	4,014	403
Accruals	22,472	8,136
	<u>437,870</u>	<u>167,410</u>

## 8 Called up share capital

	1998 £	1997 £
<b>Authorised</b>		
50 ordinary shares of £1 each	50	50
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

## 9 Reserves

	<b>Profit and loss account £</b>
At 1 January 1998	37,373
Retained profit for the financial year	228,998
At 31 December 1998	<u>266,371</u>

## 10 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds / (deficit)	37,375	(4,064)
Profit for the financial year	228,998	41,439
Closing shareholders' funds	<u>266,373</u>	<u>37,375</u>

# **Inspectorate Worldwide Services Limited**

## **11 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.