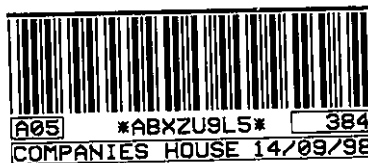


**Inspectorate Worldwide Services Limited**

**Directors' report and financial statements**

31 December 1997

Registered number 1567556



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their report and the financial statements for the year ended 31 December 1997.

### **Principal activities and business review**

The principle activity of the company is inspection and testing services - specifically: Preshipment inspection of manufactured and consumer goods for export.

### **Results and dividends**

The profit for the year after taxation amounted to £41,439 (1996: Loss £4,454). The directors do not recommend a dividend (1996: £Nil).

### **Directors and directors' interests**

The directors who held office during the year were as follows:

WJ Luesley

DR Wright

WJ Luesley and DR Wright are directors of the ultimate holding company Inspectorate PLC and their share interests are disclosed in the Directors' Report of that company.

### **Political and charitable contributions**

The company made no political contributions during the year.

## **Directors' report** *(continued)*

### **Employment of disabled persons**

The company's policy is to give full consideration to applications from disabled persons and to ensure that those recruited receive training, career development and promotion which is similar to that of all other employees. Career opportunities are made available, where possible, for employees who become disabled whilst in the employment of the company.

### **Employee involvement**

The directors believe in keeping employees informed on matters relevant to the business.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**DJ Lappage**  
*Secretary*

2 Perry Road  
Witham  
Essex  
CM8 3TU

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Ipswich  
Suffolk  
IP4 1AP

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

We have audited the financial statements on pages 5 to 9.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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 was limited since proper accounting records were not kept and the level of third party evidence available to us was insufficient to carry out the audit procedures necessary to obtain adequate assurance regarding figures appearing in the financial statements.

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

### **Opinion: disclaimer on view given by the financial statements**

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our audit work;

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

KPMG

*Chartered Accountants*

*Registered Auditors*

2 March 1998

## Profit and loss account

*for the year ended 31 December 1997*

	<i>Note</i>	1997 £	1996 £
<b>Turnover</b> - Continuing activities		730,762	33,239
Cost of sales		(534,411)	(20,901)
		<hr/>	<hr/>
<b>Gross profit</b>		196,351	12,338
Administrative expenses		(132,372)	(16,792)
		<hr/>	<hr/>
<b>Operating profit / (loss) on ordinary activities before taxation</b>		63,979	(4,454)
Tax on profit on ordinary activities	6	(22,540)	-
		<hr/>	<hr/>
<b>Retained profit / (loss) for the financial year</b>	8	41,439	(4,454)
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements on reserves is given in note 8.

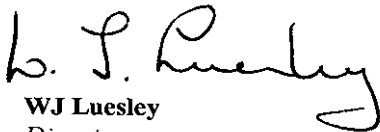
Except for the profit for the financial year, shown above, there were no other recognised gains or losses attributable to shareholders.

## Balance sheet

at 31 December 1997

	Note	1997 £	£	1996 £	£
<b>Current assets</b>					
Debtors	4	204,329		2	
Cash at bank and in hand		456		18,895	
		<u>204,785</u>		<u>18,897</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(167,410)</u>		<u>(22,961)</u>	
<b>Net current assets/(liabilities)</b>			<u>37,375</u>		<u>(4,064)</u>
<b>Net assets/(liabilities)</b>			<u>37,375</u>		<u>(4,064)</u>
<b>Capital and reserves</b>					
Called up share capital	7		2		2
Profit and loss account	8		<u>37,373</u>		<u>(4,066)</u>
<b>Shareholders' funds</b>	9		<u>37,375</u>		<u>(4,064)</u>

These financial statements were approved by the board of directors on 2 March 1998 and were signed on its behalf by:

  
**WJ Luesley**  
Director



## **Notes**

(forming part of the financial statements)

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets. The company has taken advantage of the exemption available to it under FRS1 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.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary 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 exchange 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.

#### ***Taxation***

The charge for taxation is based on the profit for the year.

#### ***Related party transaction***

The company has taken advantage of the exemption under Financial Reporting Standard 8 (FRS8) not to provide details of dealings with other members of the group.

#### ***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.

**Notes (continued)**

**2 Staff numbers and costs**

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

	Number of employees	
	1997	1996
Operations	3	2
Administration	2	2
	<hr/>	<hr/>
	5	4
	<hr/>	<hr/>

The aggregate payroll costs of these persons was as follows:

	1997	1996
	£	£
Wages and salaries	14,824	8,535
	<hr/>	<hr/>

**3 Remuneration of directors**

Directors' emoluments are all borne by other group companies without specific recharge (1996: £Nil).

**4 Debtors**

	1997	1996
	£	£
Trade debtors	140,878	-
Amounts owed by parent undertaking	63,451	2
	<hr/>	<hr/>
	204,329	2
	<hr/>	<hr/>

**5 Creditors: amounts falling due within one year**

	1997	1996
	£	£
Trade creditors	9,120	4,676
Amounts owed to fellow subsidiary undertakings	111,408	-
Amounts owed to parent undertaking	15,803	-
Commissions payable	403	18,285
Corporation Tax	22,540	-
Accruals	8,136	-
	<hr/>	<hr/>
	167,410	22,961
	<hr/>	<hr/>

**Notes (continued)**

**6 Taxation**

	1997	1996
	£	£
UK Corporation tax at 31.5% (1996:33%) on the profit for the year	22,540	-
	<hr/>	<hr/>

**7 Called up share capital**

	1997	1996
	£	£
<i>Authorised</i> Ordinary shares of £1 each	50	50
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

**8 Reserves**

	Profit and loss account £
At beginning of year	(4,066)
Retained profit for the financial year	41,439
	<hr/>
At end of the year	37,373
	<hr/>

**9 Reconciliation of movement in shareholders' funds**

	1997	1996
	£	£
Profit/(loss) for financial year	41,439	(4,066)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	41,439	(4,066)
Opening shareholder's funds	(4,064)	2
	<hr/>	<hr/>
Closing shareholders' funds	37,375	(4,064)
	<hr/>	<hr/>

**10 Ultimate holding company**

The company is a subsidiary undertaking of Daniel C Griffith Holdings Limited a company registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Inspectorate PLC, a company registered in England and Wales. The consolidated accounts of this group are available to the public and may be obtained from 2 Perry Road, Witham, Essex.