

Inspectorate Worldwide Services Limited (formerly  
BSI Inspectorate Worldwide Services Limited)

Annual report

for the year ended 31 December 2003



**Inspectorate Worldwide Services Limited**  
**(formerly BSI Inspectorate Worldwide Services Limited)**

**Annual report**  
**for the year ended 31 December 2003**

	<b>Pages</b>
<b>Directors' report</b>	1 - 2
<b>Independent auditors' report</b>	3
<b>Profit and loss account</b>	4
<b>Balance sheet</b>	5
<b>Notes to the financial statements</b>	6 - 15

# **Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

### **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 2003, one major contract came to an end and a second major contract was due to end. However, this second contract has been extended, and the Directors anticipate that this contract will continue to be extended further. As a result of the changes to material contractual arrangements set out above, the Directors anticipate reduced activity levels in 2004.

No dividend has been paid in the year, and no final dividend is proposed (2002: £Nil).

The company changed its name to Inspectorate Worldwide Services Limited on 16 November 2004.

### **Directors**

The directors of the company who served during the year ended 31 December 2003 are listed below:

R Mort  
S Williams  
J Siebols (resigned 27 January 2003)

### **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 2003.

# **Inspectorate Worldwide Services Limited (formerly BSI 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.

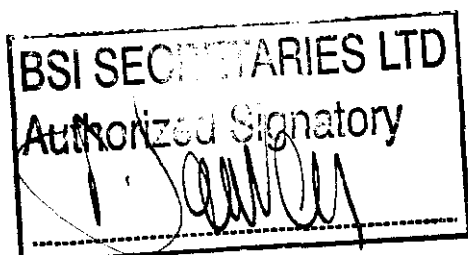
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The directors also confirm that applicable accounting 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**

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**

*20 January 2005*



1911

1911

# **Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)**

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

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

### **Basis of audit 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 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 of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

*20 January 2005*

**Inspectorate Worldwide Services Limited**  
**(formerly BSI Inspectorate Worldwide Services Limited)**

**Profit and loss account**  
**for the year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	1	6,624,007	9,942,309
Cost of sales		(4,701,754)	(7,261,954)
Gross profit		1,922,253	2,680,355
Administrative expenses	4	49,521	(1,755,594)
Operating profit and profit on ordinary activities before taxation		1,971,774	924,761
Tax on profit on ordinary activities	5	(702,979)	781,819
Retained profit for the financial year	12	1,268,795	1,706,580

All activities relate to continuing operations.

# **Inspectorate Worldwide Services Limited** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **Balance sheet** **at 31 December 2003**

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible fixed assets	6	15,026	29,070
<b>Current assets</b>			
Debtors	7	8,183,732	12,268,182
Cash at bank and in hand		7,075,558	914
		15,259,290	12,269,096
<b>Creditors: amounts falling due within one year</b>	8	(9,348,922)	(7,159,060)
<b>Net current assets</b>		5,910,368	5,110,036
<b>Total assets less current liabilities</b>		5,925,394	5,139,106
<b>Provisions for liabilities and charges</b>	9	(219,955)	(702,462)
<b>Net assets</b>		5,705,439	4,436,644
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account	12	5,705,437	4,436,642
<b>Equity shareholders' funds</b>	13	5,705,439	4,436,644

The financial statements on pages 4 to 15 were approved by the board of directors on 20 January 2005 and were signed on its behalf by:



**Director**



# **Inspectorate Worldwide Services Limited** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **Notes to the financial statements** **for the year ended 31 December 2003**

### **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 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 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.

#### **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** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **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.

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** **(formerly BSI 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	
	2003	2002
Operations	1	4
Administration	1	2
Directors	2	2
	4	8

Staff costs for the above persons were:

	2003	2002
	£	£
Wages and salaries	59,661	220,440
Social security costs	4,196	22,388
Other pension costs (see note 10)	3,721	9,324
	67,578	252,152

## **3 Directors' emoluments**

	2003	2002
	£	£
Aggregate emoluments	6,010	86,862
Pension contributions	325	3,875
	6,335	90,737

Contributions were made to defined contribution pension schemes in respect of one director in 2003 and 2002.

# **Inspectorate Worldwide Services Limited** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **4 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	2003	2002
	£	£
Depreciation charge for the year:		
Tangible owned fixed assets	13,469	18,678
Hire of premises – operating leases	56,568	37,375
Exchange (gain)/loss	(400,975)	296,870
Auditors' remuneration for audit services	8,200	8,000

During the year, the company released provisions amounting to £374,914 (2002: charge of £62,569). In addition, the company made provisions for claims on a particular government inspection contract (see note 9) amounting to £49,793 (2002: £347,643).

## **5 Tax on profit on ordinary activities**

	2003	2002
	£	£
Current tax:		
UK corporation tax – (over)/under-provision in respect of prior years	(554,723)	-
Overseas taxation (including withholding tax) – current year	306,243	-
Overseas taxation (including withholding tax) – (over)/under-provision in respect of prior years	1,098,355	(663,819)
Total overseas taxation	1,404,598	(663,819)
Total current tax charge / (credit)	849,875	(663,819)
Deferred tax:		
Origination and reversal of timing differences	(146,613)	(81,000)
Prior year adjustment	(283)	(37,000)
Total deferred tax	(146,896)	(118,000)
Tax charge / (credit) on profit on ordinary activities	702,979	(781,819)

# **Inspectorate Worldwide Services Limited** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **5 Tax on profit on ordinary activities (continued)**

The tax assessed for the period differs from the standard rate of UK Corporation tax of 30% (2002: 30%). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	1,971,774	924,761
Profit on ordinary activities multiplied by the standard rate in the UK (30%)	591,532	277,428
Effect of:		
Expenses not deductible for tax purposes	61	1,072
Group relief received for no payment	(646,616)	(2,000)
Accelerated capital allowances and other timing differences	146,896	81,000
Overseas taxation (including withholding tax)	306,243	-
Double taxation relief	(91,873)	(357,500)
Adjustments of tax charge of previous periods	543,632	(663,819)
Current tax charge /(credit) for the period	849,875	(663,819)

# **Inspectorate Worldwide Services Limited** **(formerly BSI Inspectorate Worldwide Services Limited)**

## **6 Tangible fixed assets**

	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2003	18,637	25,856	18,724	63,217
Additions	-	-	-	-
Disposals	-	-	(2,295)	(2,295)
<b>At 31 December 2003</b>	<b>18,637</b>	<b>25,856</b>	<b>16,429</b>	<b>60,922</b>
<b>Accumulated depreciation</b>				
At 1 January 2003	15,848	12,620	5,679	34,147
Charge for the year	2,397	7,595	3,477	13,469
Disposals	-	-	(1,720)	(1,720)
<b>At 31 December 2003</b>	<b>18,245</b>	<b>20,215</b>	<b>7,436</b>	<b>45,896</b>
<b>Net book value At 31 December 2003</b>	<b>392</b>	<b>5,641</b>	<b>8,993</b>	<b>15,026</b>
At 31 December 2002	2,789	13,236	13,045	29,070

## **7 Debtors**

	2003 £	2002 £
Trade debtors	2,030,309	2,301,984
Amounts owed by group undertakings	1,976,080	4,327,329
Other debtors	2,749,745	4,508,169
Prepayments and accrued income	829,702	679,700
Deferred tax asset (see note 9)	597,896	451,000
	<b>8,183,732</b>	<b>12,268,182</b>

# Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)

## 8 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	4,829,191	1,864,298
Trade creditors	28,655	53,456
Amounts owed to participating interests of the group	4,257	74,360
Amounts owed to group undertakings	1,592,672	2,892,231
Corporation tax	-	-
Other creditors	2,779,528	1,759,478
Accruals and deferred income	114,619	515,237
	<b>9,348,922</b>	<b>7,159,060</b>

## 9 Provisions for liabilities and charges

The company is currently contesting a number of claims in relation to a particular government inspection contract. Provision has been made to represent the best estimate of amounts likely to be paid.

	2003	2002
	£	£
At 1 January 2003	702,462	614,336
Utilised	(497,810)	(120,851)
Charge to profit and loss account	49,793	347,643
Exchange movements	(34,490)	(138,666)
At 31 December 2003	<b>219,955</b>	<b>702,462</b>

Deferred tax assets provided in the financial statements are as follows:

	Amount Provided	
	2003	2002
	£	£
Tax effect of timing differences due to:		
Excess of capital allowances over depreciation	8,245	8,000
Short-term timing differences	589,651	443,000
	<b>597,896</b>	<b>451,000</b>

No deferred tax assets or liabilities are unprovided (2002 restated: Nil). Deferred tax assets are shown as a separate debtor balance in note 7.

# Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)

The movement in the deferred tax account is as follows:

	2003	2002
	£	£
At 1 January 2003	451,000	333,000
Deferred tax charge in the profit and loss account (note 5)	146,896	118,000
As at 31 December 2003	597,896	451,000

## 10 Pension obligations

The company operates a money purchase pension scheme. The pension cost charge for the year amounted to £3,721 (2002: £9,324). No amounts (2002: Nil) remained unpaid at the year-end.

## 11 Called up share capital

	2003	2002
	£	£
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50,000	50,000
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	2	2

## 12 Reserves

	Profit and Loss account £
At 1 January 2003	4,436,642
Retained profit for the financial year	1,268,795
At 31 December 2003	5,705,437

## 13 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Opening shareholders' funds	4,436,644	2,730,064
Profit for the financial year	1,268,795	1,706,580
Closing shareholders' funds	5,705,439	4,436,644



# Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)

## 14 Financial commitments

At 31 December 2003, the company had annual commitments under a non-cancellable operating lease as follows:

	2003	2002
	£	£
<b>Land and buildings</b>		
Expiring within one year	-	-

Along with other group undertakings, the company has guaranteed certain loans of the British Standards Institution, which at 31 December 2003 amounted to approximately £18.3 million (2002: £18.8 million).

## 15 Contingent liabilities

The company is currently contesting the decision of a government agency in respect of the rate of sales tax on certain sales made by the company. The directors are confident, based on a court ruling during the year, that the rates at which sales tax have been applied to the company's sales have a sound legal basis. The government agency has, however, appealed this court ruling. Nevertheless, the directors are confident that this matter will be resolved in the company's favour. The Directors therefore believe that the outcome of this case will not have a material impact on the company's financial position. Were the sales tax to become payable at the contested higher rate, the additional liability would amount to £2,636,425 (2002: £2,229,388).

## 16 Related party transactions

Details of transactions with undertakings in which the group has a participating interest are stated below:

	2003		2002	
	Value of transactions £000	Payable at year end £000	Value of transaction £000	Payable at year end £000
<b>Inspectorate Griffith (Chile) S.A.</b>				
Trade purchases	67,046	4,257	241,243	74,360

## **Inspectorate Worldwide Services Limited (formerly BSI Inspectorate Worldwide Services Limited)**

### **17 Post balance sheet event**

Inspectorate Worldwide Services Limited performs government contract services on behalf of another group entity, BSI Inspectorate Limited. On 30 January 2004, BSI Inspectorate Limited agreed that it was responsible for bearing all losses and liabilities in relation to the termination of a particular government contract. These losses and liabilities are therefore not recorded in the financial statements of the Company.

### **18 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.