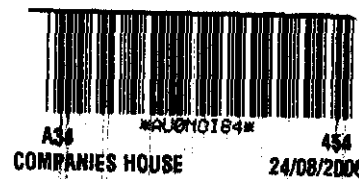


Inspectorate Inspection and Testing Limited
(formerly Inspectorate International Limited)
Annual report
for the year ended 31 December 2005



Inspectorate Inspection and Testing Limited

Annual report for the year ended 31 December 2005

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Inspectorate Inspection and Testing Limited

Directors' report for the year ended 31 December 2005

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

Principal activities

The company did not trade during the period. The only activity in the year was the sale of the company's shareholding in BSI Business Solutions Limited to BSI Limited.

During the year, the company changed its name from Inspectorate International Limited.

Going concern

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of other group companies. The company has received a letter from Inspicio PLC confirming this support.

Directors

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

S K Williams (resigned 31st July)

R Mort (resigned 15th September)

R Bryan (appointed 31st July, resigned 1st August, reappointed 15th September)

C Fenton (appointed 31st July, resigned 1st August, reappointed 15th September, resigned 13th October)

J Luesley (appointed 28th October)

Directors' interests

None of the directors who held office at the end of the financial year had any interest in the shares or debentures of the company at 31 December 2005. The interests of J Luesley and R Bryan in the shares and options of Inspicio plc are disclosed in the financial statements of Inspectorate Holdings PLC.

Insurance of directors

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

Inspectorate Inspection and Testing Limited

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.

Statement of 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.

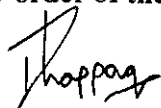
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 6 under Note 1 'Principal accounting policies'. They also confirm that reasonable and 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

A resolution to reappoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the Annual General Meeting

By order of the board



Company secretary

17th August 2006

Inspectorate Inspection and Testing Limited

Independent auditors' report to the members of Inspectorate Inspection and Testing Limited

We have audited the financial statements of Inspectorate Inspection and Testing Limited for the year ended 31 December 2005 which comprise the profit and loss account, 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 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 transactions is not disclosed.

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

18 August 2006

Inspectorate Inspection and Testing Limited

Profit and loss account for the year ended 31 December 2005

	Notes	2005 £	2004 £
Loss on disposal of fixed asset investment		(39,212)	-
Loss on ordinary activities before taxation		(39,212)	-
Tax on ordinary activities		-	-
Loss for the financial year	2	(39,212)	-

All activities relate to discontinued operations

The company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

Inspectorate Inspection and Testing Limited

Balance sheet at 31 December 2005

	Notes	2005 £	2004 £
Fixed Assets: Investments	4	-	39,213
Current Assets: Debtors		1	-
Creditors: amounts falling due after more than one year	5	<u>(1,675)</u>	<u>(1,675)</u>
Net (liabilities) / assets		<u><u>(1,674)</u></u>	<u><u>37,538</u></u>
Capital and reserves			
Called up share capital	6	67,500	67,500
Profit and loss account		<u>(69,174)</u>	<u>(29,962)</u>
Equity shareholders' (deficit) / funds		<u><u>(1,674)</u></u>	<u><u>37,538</u></u>

The financial statements on pages 4 to 9 were approved by the board of directors on 17 August 2006 and were signed on its behalf by:



Director

Inspectorate Inspection and Testing 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 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 21, "Events after the balance sheet date", 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 21, FRS 25, FRS 26, and FRS 28 has 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 a consolidated cash flow statement, the company does not have to prepare a cash flow statement.

Going concern

At 31 December 2005 the company's total liabilities exceeded its total assets by £1,674. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the Inspicio plc group continuing its support by providing adequate financing facilities. The company has received a letter from Inspicio PLC confirming this support.

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.

Inspectorate Inspection and Testing Limited

2 Profit and loss account

The company did not trade during the year. The only activity in the year was the sale of the company's shareholding in BSI Business Solutions Limited to BSI Limited

3 Taxation on profit on ordinary activities

	2005 £	2004 £
Current tax:		
UK corporation tax at 30%	-	-
Under-provision in respect of prior years	-	-
	<hr/>	<hr/>
Deferred tax	-	-
	<hr/>	<hr/>
Tax charge for period	<hr/>	<hr/>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below;

	2005 £	2004 £
Result on ordinary activities before tax	(39,212)	-
Result on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004:30%)	(11,764)	-
Effects of:		
Intra-group disposal of investment	11,764	-
Adjustments to tax in respect of previous periods	-	-
	<hr/>	<hr/>
Current tax charge for period	<hr/>	<hr/>

4 Investment in Subsidiary Company

	Shares in group undertakings £
Cost	
At 1 January 2005	39,213
Disposal	(39,213)
	<hr/>
At 31 December 2005	-
	<hr/>
Net book value at 31 December 2005	<hr/>

During the year, the Company sold its investment in BSI Business Solutions Ltd to BSI Ltd for a consideration of £1.

Inspectorate Inspection and Testing Limited

5 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to fellow subsidiaries	1,675	1,675
	<u>1,675</u>	<u>1,675</u>

6 Called up share capital

	2005 £	2004 £
Authorised		
67,500 (2004: 67,500) ordinary shares of £1 each	<u>67,500</u>	<u>67,500</u>
Allotted, called up and fully paid		
67,500 (2004: 67,500) ordinary shares of £1 each	<u>67,500</u>	<u>67,500</u>

7 Reserves

	Profit and loss account £
At 1 January 2005	(29,962)
Loss for the year	<u>(39,212)</u>
At 31 December 2005	<u>(69,174)</u>

8 Reconciliation of movements in equity shareholders' (deficit)/funds

	2005 £	2004 £
Opening equity shareholders' funds	37,538	37,538
Loss for the year	<u>(39,212)</u>	<u>-</u>
Closing equity shareholders' (deficit)/funds	<u>(1,674)</u>	<u>37,538</u>

9 Related party transactions

During the year, the Company sold its investment in BSI Business Solutions Limited to BSI Limited for a consideration of £1.

The Company has taken advantage of the exemption under FRS 8 "Related party disclosures" not to provide details of transactions with other members of the Inspicio group.

Inspectorate Inspection and Testing Limited

10 Immediate and ultimate parent undertaking

The company is a wholly-owned subsidiary of Inspectorate Quality Consultancy Services Limited, a company registered in England and Wales.

The directors regard Inspicio PLC as the ultimate controlling undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by Inspicio PLC. 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.