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National Quality  
Assurance Ltd

*providing certification services worldwide*



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COMPANIES HOUSE

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18/11/00

Annual Report and Accounts 1999/2000

# Chairman's Statement

I am pleased to report that National Quality Assurance Ltd had another successful year, strengthening its position as one of the leading certification bodies in the UK and continuing to expand and develop its overseas client base.

At 31 March 2000, the number of certificates in issue was 11,632, an increase of 228 over the previous year. In the UK, NQA is firmly established as the second largest certification body and, internationally, it has continued its growth, with NQA certificates of registration in issue in over 40 countries.

In June, with the accreditation for Product Certification, NQA became the first certification body in the UK to be able to offer certification against all five of the UKAS disciplines, Quality Management Systems, Environmental Management Systems, Information Security Management Systems, Personnel Certification and Product Certification.

Financially, the Company also had another satisfactory year with an increase in turnover of 3.8%. With efficient operational and financial management, NQA achieved a profit of £1,202,874, enabling a payment of £1,185,000 to be paid by means of Gift Aid to the Shareholder, NICEIC. As in the previous year, employees of NQA also benefited from the profitable year, with a total of £87,500 being shared amongst staff, by way of the Discretionary Bonus Scheme.

NQA's Joint Venture Company, NQA, USA Inc, completed seven years of trading during the year and achieved a turnover of \$3,394,421. NQA was paid a certification charge of \$211,541 for the 1999/2000 trading year ending 31 January 2000, but it was decided not to pay a dividend on this occasion. NQA, USA Inc continues to enhance its reputation as a leading registrar in the USA and has clients in all 50 states. At the end of the Company's fiscal year, 31 January 2000, 1139 RAB certificates of registration were in issue, an increase of 321 from the previous year. The Company continues to be particularly active in the aerospace industry.

A new area of growth in the UK during the last year has been the interest in Occupational Health and Safety certification. Increasingly, companies recognise their legal and moral obligations to the safety and welfare of staff, and are choosing to seek registration against the OHSAS 18001 standard as a demonstration of their commitment.

An introduction to OHSAS 18001 is just one area where the Training and Development Division has continued to expand its portfolio of courses. The range of courses continues to grow in response to client demand and industry focus. In addition to courses held at the training facility in Gainsborough House, further courses have been held for clients across the UK and overseas.

In July 2000 NQA will move into its new International Headquarters, which will include improved facilities for all

Head Office staff and a large state of the art training facility. The new building will provide ideal facilities to enable the Company to reduce overheads, whilst providing an improved service to clients and good working conditions for staff.

This calendar year sees the introduction of the revised Quality Management Standard, ISO 9000:2000. The new standard will be more user-friendly, as well as being more relevant to today's business community. It will be equally appropriate to manufacturing, commercial and service industries, and concentrate on meeting the needs and expectations of clients.

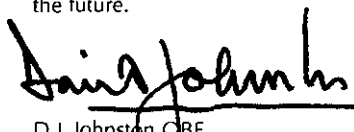
During the autumn of 1999, NQA hosted a series of ISO 9000:2000 seminars to give an introduction to the new elements in the draft standard. A further series of seminars have been scheduled for autumn 2000, and these will be accompanied by a workbook to assist NQA clients through the transition stage.

Internationally, the business continues to grow and NQA has a number of agents and offices operating world-wide. Areas of specific growth include Central and Eastern Europe, Cyprus and the Far East. In particular, the co-operation agreements in place in Korea and China are proving to be very successful.

NQA has continued to promote its image through its quarterly newsletter, *Update*, and its various advertisements and information leaflets. The *NQA Guide to Certification* is a particularly fine example of promotion of the value of certification to businesses in general. In addition, NQA has attended a number of quality related exhibitions over the course of the year.

During the year NQA successfully underwent its three-year re-recognition audit against the Investors in People standard. NQA has always recognised the merits of planned training and staff development, both for the benefit of the Company and for the individuals concerned. In a service business such as ours, it is the staff client relationship that is all important. I, and my fellow Directors, acknowledge the part that staff have played, and continue to play, in the success of the business and, on behalf of the Board, I congratulate and thank them for their achievements during the year.

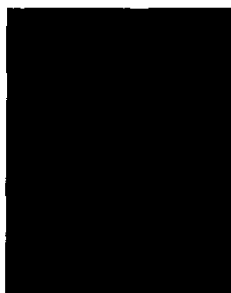
Last year, NQA entered a number of new areas of business, both in products offered and areas of operation. This year has been mainly a year of consolidation of that growth, before embarking on further expansion as identified in the business plan. Overall, it has been a highly successful year and I look forward to further growth and expansion into new markets in the future.



D L Johnston CBE  
Chairman

# *Board of Directors*

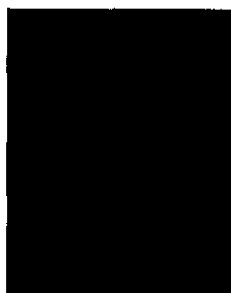
Directors of National Quality Assurance Ltd are as follows:



David Johnston OBE  
Chairman



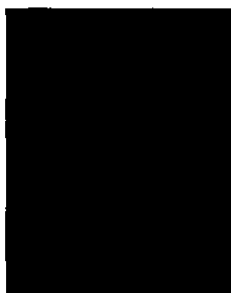
Jim Speirs  
Managing Director



Sue Burgess  
Financial Director



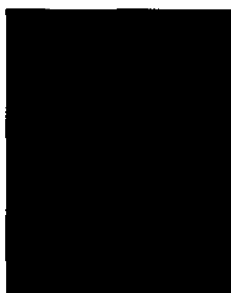
Steve Clark  
Director, Training and  
Development Division



Trevor Nash  
Operations Director



David Wood  
Quality Systems Director



John Frame  
Non-executive Director



David Bell  
Non-executive Director



David Latimer  
Non-executive Director

## *NQA Mission Statement*

NQA's goal is to be recognised globally by all business sectors as a centre of excellence for the provision of third party accredited certification and related services.

# *Composition of the Board*

## *Board Members*

**D L Johnston**  
OBE, BSc, CEng, FIEE, FIMgt, RCNC

Chairman and Chief Executive  
National Quality Assurance Ltd

Director General  
National Inspection Council for  
Electrical Installation Contracting

**J S Frame**  
FCMA

Financial Director  
National Inspection Council for  
Electrical Installation Contracting

**G R Harris**  
(To September 1999)

Chairman  
Independent Certification Board  
National Quality Assurance Ltd

**D T Bell**  
(From November 1999)

Chairman  
Independent Certification Board  
National Quality Assurance Ltd

**D W M Latimer**  
MA (Cantab), CEng, FIEE  
(From April 1999)

Chairman  
National Inspection Board  
National Inspection Council for  
Electrical Installation Contracting

**J Speirs**  
MSc, MIQA

Managing Director  
National Quality Assurance Ltd

**S J Clark**  
BSc, FIQ

Director, Training and Development Division  
National Quality Assurance Ltd

**T J Nash**  
BSc, FIQA

Operations Director  
National Quality Assurance Ltd

**D I Wood**  
BSc, FIQA, MIMgt

Quality Systems Director  
National Quality Assurance Ltd

**S A Burgess**  
ACA

Financial Director  
National Quality Assurance Ltd

# *Standing Committees and Professional Advisers*

## *Executive Committee*

J Speirs (Chairman)	Managing Director
S J Clark	Director, Training and Development Division
S A Burgess	Financial Director
D L Johnston OBE	Chairman and Chief Executive
T J Nash	Operations Director
D I Wood	Quality Systems Director

## *Independent Certification Board*

G R Harris (Chairman) (To September 1999)	BEAMA
D T Bell (Chairman) (From September 1999)	Road Haulage
R Butler	Environment Agency
D V Clift	Electrical Contracting
D de la Cour	CORGI
C Miller	TickIT
J Piggott	QS-9000
D Port	IEE
I Richardson	IQA
M A Rushton	Trading Standards
J Speirs *	NQA
D I Wood *	NQA

\* Non-voting member

## *Audit Committee*

J S Frame	NICEIC
G R Harris (To September 1999)	ICB
D T Bell (From November 1999)	ICB
D W M Latimer (From April 1999)	NICEIC

## *Remuneration Committee*

G R Harris (To September 1999)	ICB
D T Bell (From November 1999)	ICB
D L Johnston OBE	NICEIC
D W M Latimer (From April 1999)	NICEIC

## *Bankers*

HSBC Bank Plc, 20 Albert Embankment, London SE1 7SY

## *Solicitors*

Bristows, 10 Lincoln's Inn Fields, London WC2 3BP

## *Auditors*

Pannell Kerr Forster, New Garden House, 78 Hatton Garden, London EC1N 8JA

## *Registered Office*

Vintage House, 37 Albert Embankment, London SE1 7UJ

# Directors' Report

## 1. Introduction

The Directors of National Quality Assurance Ltd have pleasure in presenting their report and audited financial statements for the year ended 31 March 2000.

Throughout the report comparative 1998/99 figures are shown in brackets, where appropriate.

## 2. National Quality Assurance Ltd

Mr D W M Latimer, the NICEIC Chairman, became a Director of NQA with effect from 1 April 1999. Mr G R Harris resigned as Chairman of ICB, and therefore a member of the NQA Board, in September 1999. The new Chairman of the ICB, Mr D T Bell, took up his position on the NQA Board at the November 1999 meeting.

The composition of the Board as at 31 March 2000 is shown on page 4. None of the directors have a beneficial interest in the issued share capital.

## 3. Company Activity

The principal activity of the Company is the assessment of management systems of applicant companies, and the on-going surveillance of the systems of registered companies, against the requirements of national and international standards.

## 4. Share Capital

There were no changes to the capital structure of the Company in the year.

## 5. Gift Aid

In March 2000, a Gift Aid payment of £1,185,000 was made to the NICEIC, the Company's shareholder. This amount was calculated to leave sufficient funds within the Company to meet its working capital requirements.

## 6. Head Office

NQA's current head office, Gainsborough House, Dunstable

The following personnel and organisational changes took place during the year:

### Operations Department

The Operations Department was strengthened by the addition of Mr Peter Theobald as Technical Officer. The Technical Officer provides support to the Technical Manager.

### Quality Systems Department

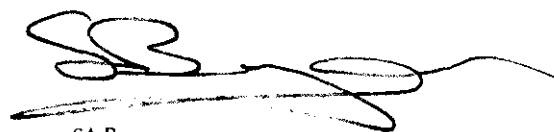
There were no changes to technical personnel within the Quality Systems Department.

### Commercial Department

Mr Steve Clark, Commercial Director, relinquished responsibility for the Commercial Department in September 1999, in order to concentrate on the management and promotion of the expanding Training and Development Division. His responsibilities for the Gas Certification Scheme transferred to the Operations Director on 14 April 2000. All other aspects of the Commercial Department were overseen by the Managing Director pending a Marketing Manager being appointed.

### Finance & Administration Department

Ms Mary Havell assumed the position of Human Resources Administrator, relieving the Financial Director of day to day personnel issues. As in previous years, role changes were made within the administration areas to ensure the staff resource is continually allocated to best support the business.



SA Burgess  
Company Secretary

# National Quality Assurance Ltd

## Financial Statements

Year ended 31 March 2000

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### 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 as at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether the financial statements have been prepared in accordance with applicable accounting standards.

The directors are responsible for keeping 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 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' Report to the Shareholders of National Quality Assurance Limited

We have audited the financial statements set out on pages A-2 to A-13 which have been prepared under the accounting policies set out on Page A-5.

#### Respective responsibilities of directors and auditors

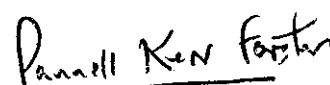
As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice 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 giving 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 as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LONDON  
15 June 2000

PANNELL KERR FORSTER  
Registered Auditors.

# Profit and Loss Account

Year Ended 31 March 2000

	Notes	2000 £	1999 £
Income	2	7,746,340	7,463,716
Direct Costs	3	2,873,367	2,683,106
		<hr/>	<hr/>
		4,872,973	4,780,610
Administrative Expenses	3	3,823,615	3,730,797
		<hr/>	<hr/>
Operating Profit		1,049,358	1,049,813
Bank Interest receivable		137,710	238,126
Income from Joint Venture	5	15,806	10,038
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,202,874	1,297,977
Tax on profit on ordinary activities	6	18,480	12,025
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,184,394	1,285,952
Gift Aid	7	1,185,000	1,280,000
		<hr/>	<hr/>
Retained (loss)/profit for the financial year		<u>(606)</u>	<u>5,952</u>

The movement on reserves is shown in note 14.

All amounts relate to continuing operations.

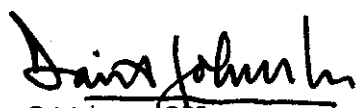
The company had no recognised gains and losses other than the (loss)/profit for the year.

# Balance Sheet

Year Ended 31 March 2000

	Notes	2000		1999	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	8		479,198		570,791
Investments	9		78		78
			<u>479,276</u>		<u>570,869</u>
<b>Current Assets</b>					
Debtors and Accrued Income	11	637,259		464,832	
Cash at bank and in hand		<u>1,632,629</u>		<u>1,553,201</u>	
		2,269,888		2,018,033	
<b>Creditors</b>					
Amounts falling due within one year	12	<u>2,700,604</u>		<u>2,539,736</u>	
<b>Net Current Liabilities</b>			<u>(430,716)</u>		<u>(521,703)</u>
<b>Total Assets Less Current Liabilities</b>			<u>48,560</u>		<u>49,166</u>
<b>Called Up Share Capital</b>	13		10,000		10,000
<b>Profit and Loss Account</b>	14		<u>38,560</u>		<u>39,166</u>
<b>Equity Shareholders' Funds</b>	14		<u>48,560</u>		<u>49,166</u>

Approved by the Board of Directors  
on 15 June 2000

  
D L Johnston OBE  
Chairman

# Cash Flow Statement

Year Ended 31 March 2000

	Notes	2000 £	1999 £
Net cash flow from operating activities	15	1,281,066	664,665
Dividends earned from Joint Venture	5	15,016	9,536
Returns on Investments and Servicing of Finance	15	137,710	238,126
Taxation	15	(305,369)	(317,200)
Capital Expenditure	15	(136,545)	(223,489)
		<hr/>	<hr/>
		991,878	371,638
Payment under Gift Aid		(912,450)	(985,600)
		<hr/>	<hr/>
		79,428	(613,962)
Management of liquid resources	15	-	800,000
		<hr/>	<hr/>
Increase in cash		79,428	186,038
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds	16		
Increase in cash in the year			
- being change in net funds		79,428	186,038
Net funds at 1 April 1999		1,553,201	1,367,163
		<hr/>	<hr/>
Net funds at 31 March 2000		1,632,629	1,553,201
		<hr/>	<hr/>

# National Quality Assurance Ltd

## Notes and Accounting Policies

Year ended 31 March 2000

### 1. Accounting Policies

#### a. Accounting convention

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards. Group accounts have not been prepared as the company is entitled to take advantage of the exemption from the requirement to prepare group accounts for the year ended 31 March 2000 under section 248 of the Companies Act 1985 on the grounds that the group is medium sized. The financial statements therefore present information about the company as an individual undertaking and not about its group.

#### b. Income

Fees and other income are accounted for on the provision of the service, and are exclusive of VAT.

#### c. Depreciation

Tangible assets are depreciated by equal annual instalments over their useful life: -

Freehold Premises - land not depreciated - building over 25 years

Leasehold Improvements - over the term of the lease

Computer equipment 33% on cost

Office equipment 20/25% on cost

Fixtures and Fittings 20/50% on cost

#### d. Operating Leases

Rental charges arising under operating lease agreements have been charged to the profit and loss account as incurred.

#### e. Deferred Taxation

Provision is made for deferred tax, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability will crystallise.

#### f. Pension Costs

The company participates in a contracted out defined benefit scheme operated by the National Inspection Council for Electrical Installation Contracting providing benefits for employees additional to those from the State. The pension costs are charged to the Profit and Loss Account over the average service lives of employee members.

#### g. Foreign Currencies

Transactions in foreign currencies are translated into sterling at the average rates of exchange for the year. Monetary assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Exchange gains and losses are credited or charged to the profit and loss account in the period in which they arise.

# Notes and Accounting Policies

Year Ended 31 March 2000

## 2. Income

	2000 £	1999 £
Application, Assessment & Surveillance Fees	7,268,164	7,102,587
Sundry Charges	441,672	341,263
Rent Receivable	17,250	-
Sundry Sales	19,254	19,866
	<hr/> 7,746,340	<hr/> 7,463,716

## 3. Expenditure

	2000 £	1999 £
Direct costs and administrative expenses include the following items:		
Auditors remuneration:		
- Audit	14,021	13,050
- Non Audit	11,628	6,940
Operating Lease Charges:		
- Land & Buildings and others	152,417	153,855
- Plant and equipment	283,267	276,996
Depreciation	227,550	190,638
Loss on sale of fixed assets	588	658
	<hr/>	<hr/>

## 4. Staff

	2000 £	1999 £
Average number of technical and administrative staff employed during the period was 130 (1999: 126)		
Aggregate amounts charged in respect of:		
Wages and Salaries	3,159,443	3,052,792
Agency Salaries	75,593	71,138
Social Security Costs	286,918	259,499
Pension Administration Costs	18,955	16,659
Pension Scheme	441,516	394,657
Healthcare Plan	34,660	30,153
	<hr/> 4,017,085	<hr/> 3,824,898

#### *4. Staff (cont)*

	2000 £	1999 £
<b>Directors Emoluments:</b>		
Total emoluments including benefits	350,404	317,435
Number of Directors accruing retirement benefit under a defined benefits scheme were	6	6
Emoluments of the highest paid Director	74,795	69,145
Accrued annual pension of highest paid Director as at 31 March 2000	5,741	4,423
Any lump sum entitlement under the pension scheme is by commutation of the annual pension entitlement.		

#### *5. Income from Joint Venture*

	2000 £	1999 £
Amount receivable from interest in NQA, USA Inc – based on the year to 31 January 1999		
Net dividend receivable	15,016	9,536
Withholding tax suffered	790	502
Gross dividend receivable	15,806	10,038

#### *6. Taxation*

	2000 £	1999 £
UK Corporation Tax at 20% (1999: 21%) on the profit for the year.	22,199	12,025
Over provision in previous years	(3,719)	-
	18,480	12,025

#### *7. Gift Aid*

A Gift Aid payment to the parent undertaking, NICEIC, of £1,185,000 (1999: £1,280,000) was made in the year.

# Notes and Accounting Policies

Year Ended 31 March 2000

## 8. Fixed Assets - Tangible

	Freehold Land and Buildings £	Short Leasehold - Improvements £	Office Equipment £	Total c/f £
<b>Cost</b>				
At 31 March 1999	227,333	142,475	386,297	756,105
Additions	282	-	31,498	31,780
Disposals	-	-	(1,061)	(1,061)
At 31 March 2000	227,615	142,475	416,734	786,824
<b>Depreciation</b>				
At 31 March 1999	9,986	83,180	317,306	410,472
Provided during the year	10,352	28,130	52,279	90,761
Disposals	-	-	(323)	(323)
At 31 March 2000	20,338	111,310	369,262	500,910
<b>Net Book Value</b>				
At 31 March 2000	207,277	31,165	47,472	285,914
At 31 March 1999	217,347	59,295	68,991	345,633

	Total b/f £	Fixtures and Fittings £	Computer Equipment £	Total £
<b>Cost</b>				
At 31 March 1999	756,105	184,496	276,767	1,217,368
Additions	31,780	54,011	50,904	136,695
Disposals	(1,061)	-	-	(1,061)
At 31 March 2000	786,824	238,507	327,671	1,353,002
<b>Depreciation</b>				
At 31 March 1999	410,472	107,293	128,812	646,577
Provided during the year	90,761	33,492	103,297	227,550
Disposals	(323)	-	-	(323)
At 31 March 2000	500,910	140,785	232,109	873,804
<b>Net Book Value</b>				
At 31 March 2000	285,914	97,722	95,562	479,198
At 31 March 1999	345,633	77,203	147,955	570,791

Freehold land and buildings includes land at a cost of £70,000 which is not subject to depreciation.

## 9. Investments

	2000 £	1999 £
The Company has the following interest in dormant subsidiary undertakings:		
<b>NQA Limited</b> (a company incorporated in England and Wales)		
% Equity held	100	100
£1 ordinary shares		
Cost at 31 March 2000	2	2
<b>National Inspection Council Quality Assurance Limited</b> (a company incorporated in Northern Ireland)		
% Equity held	100	100
£1 ordinary shares		
Cost at 31 March 2000	2	2
<b>National Quality Assurance (Scotland) Limited</b> (a company incorporated in Scotland)		
% Equity held	100	100
£1 ordinary shares		
Cost at 31 March 2000	2	2
<b>NQA Training and Development Limited</b> (a company incorporated in Great Britain)		
% Equity held	100	100
£1 ordinary shares		
Cost at 31 March 2000	2	2

## 10. Joint Venture (see notes below)

	2000 £	1999 £
<b>NQA, USA Inc</b> (a company incorporated in the United States of America)		
% Equity held	50	50
\$1 ordinary shares		
Cost at 31 March 2000	70	70

The principal activity of NQA, USA Inc is the assessment of the quality management systems of applicant companies, and the ongoing surveillance of the systems of registered companies, against the requirements of BS EN ISO 9000:1994 Quality Systems. The Company prepares its accounts to 31 January each year.

By agreement of the owners, the profits of NQA, USA Inc were originally shared 65% to NTS and 35% to NQA. From 1 February 1997, the owners agreed to increase NQA's profit percentage by 1% each year until a final split of 51% to NTS and 49% to NQA is achieved. For the current year, profits are to be shared 62% to NTS and 38% to NQA.

# Notes and Accounting Policies

Year Ended 31 March 2000

## 10. Joint Venture (cont)

	2000	1999
	£	£
The Company's share of the turnover, assets and liabilities of NQA, USA Inc was as follows:		
Share of turnover	832,180	806,334
Share of profit	19,387	25,291
	<hr/>	<hr/>
Share of fixed assets	26,955	29,259
Share of current assets	279,266	267,486
	<hr/>	<hr/>
	306,221	296,745
	<hr/>	<hr/>
Share of current liabilities	243,357	230,427
	<hr/>	<hr/>
Share of net assets	62,864	66,318
	<hr/>	<hr/>

## 11. Debtors and Accrued Income

	2000	1999
	£	£
Trade Debtors	284,221	212,517
Other Debtors	-	13,484
Prepayments & Accrued Income	320,557	196,656
Taxation recoverable	3,568	1,962
Balance due from Joint Venture		
NQA, USA Inc – trading balance	28,913	40,213
	<hr/>	<hr/>
	637,259	464,832
	<hr/>	<hr/>

## 12. Creditors

	2000	1999
	£	£
<b>Amounts falling due within one year:</b>		
Trade Creditors	304,564	188,524
Other Taxation & Social Security	507,387	534,114
Accruals & Deferred Income	1,772,971	1,781,703
NICEIC – trading balance	93,483	20,076
Sundry Creditors	-	1,447
Corporation Tax	22,199	13,872
	<hr/>	<hr/>
	2,700,604	2,539,736
	<hr/>	<hr/>

### 13. Share Capital

	2000		1999	
	Authorised	Issued	Authorised	Issued
	£	£	£	£
At 31 March 1999	100,000	10,000	100,000	10,000
Change in the year	-	-	-	-
At 31 March 2000	100,000	10,000	100,000	10,000

The company is a wholly owned subsidiary of The National Inspection Council for Electrical Installation Contracting and the issued shares are held in trust for the parent undertaking.

Published accounts for the group and charity are available to the public. Requests in writing to the Company Secretary, NICEIC, Vintage House, Albert Embankment, London SE1 7UJ.

### 14. Profit and Loss Account

	2000	1999
	£	£
Balance at 31 March 1999	39,166	33,214
Retained (loss)/profit for the year	(606)	5,952
Balance at 31 March 2000	38,560	39,166

The loss for the year represents the only movement on Shareholder's Funds during the year.

### 15. Notes to the Cash Flow Statement

	2000	1999
	£	£
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating Profit	1,049,358	1,049,813
Depreciation on tangible fixed assets	227,550	190,638
Loss on sale of fixed assets	588	658
(Increase)/Decrease in Debtors and Accrued Income	(182,121)	255,982
Increase/(Decrease) in Creditors	100,984	(729,995)
Increase/(Decrease) in intra - group debt	84,707	(102,431)
Net cash inflow from operating activities	1,281,066	664,665

# Notes and Accounting Policies

Year Ended 31 March 2000

## 15. Notes to the Cash Flow Statement (cont)

	2000		1999	
	£	£	£	£
<b>Gross cash flow</b>				
<b>Taxation</b>				
Income Tax paid on Gift Aid	(294,400)		(285,200)	
Corporation tax	(10,969)		(32,502)	
Income tax recovered	-	(305,369)	502	(317,200)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Returns on investment and servicing of finance</b>				
Interest received		137,710		238,126
		<u>          </u>		<u>          </u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(136,695)		(224,001)	
Receipt from sales of tangible fixed assets	150	(136,545)	512	(223,489)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Management of liquid resources</b>				
Decrease/(Increase) in long term cash deposits		-		800,000
		<u>          </u>		<u>          </u>

## 16. Analysis of changes in net funds

	As 1 April 1999	Cash Flows	As 31 March 2000
	£	£	£
Cash at bank and in hand	1,553,201	79,428	1,632,629
	<u>          </u>	<u>          </u>	<u>          </u>

The above includes only those short term deposits which are available for immediate draw down. Longer term deposits are included in management of liquid resources.

## 17. Operating Lease Commitments

The Company has financial commitments in respect of operating leases. The annual rentals payable under these leases are analysed below:

	2000		1999	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry within one year	53,712	21,455	33,505	40,996
Expiry within two to five years inclusive	28,120	209,513	100,882	154,088
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	81,832	230,968	134,387	195,084
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## *18. Status of Company*

The company is registered in England and Wales and has the registration number 2269505.

## *19. Pension Scheme*

The company participates in a contracted out defined benefit pension scheme operated by the National Inspection Council for Electrical Installation Contracting providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested by Phillips & Drew Ltd. The pension costs charge represents the contributions payable by the company to the scheme. The contributions are determined by a qualified actuary on the basis of triennial valuation.

A full actuarial valuation of the Pension Scheme took place in March 1999. This was considered by the NICEIC and NQA Board and adjustments made to the contribution levels to ensure the continuing excellent benefits of the scheme. From 1 April 1999 the total required contribution became 20.6% of pensionable salary costs. For the year to 31 March 2000 this was split 5% for employees and 15.6% from the employer. From 1 April 2000 this will be amended to 6% for employees and 14.6% for the employer. The next actuarial valuation will take place on 31 March 2002.

The pension charge for the period was £460,471 (£411,316).

## *20. Capital Commitments*

At 31 March 2000 there were no capital commitments (1999 nil).

## *21. Deferred Taxation*

At the balance sheet date the company had no potential deferred tax liability.

## *22. Related Party Transactions*

National Quality Assurance Ltd provides to NQA, USA Inc certification oversight and advice, and processes and issues ISO registration certificates. NQA charges the company an agreed fee for each certificate in place at the beginning of the year and issued during the year, together with the appropriate UKAS levy. Certification fees for the year were £121,281 (£143,585). During the year NQA paid to NQA, USA Inc £18,892 for assessors services, travel expenses, and other miscellaneous expenses. In the year to 31 March 1999 NQA, USA Inc paid £10,416 to NQA in respect of 'reimbursable expenditure' for items such as travel expenses, assessor services and other miscellaneous expenses.

As a wholly owned subsidiary, the company is exempt under Financial Reporting Standard No 8 from disclosing transactions and balances with its parent undertaking and controlling party, NICEIC.



# *Composition of the Board*

## *Board Members*

**D L Johnston**  
OBE, BSc, CEng, FIEE, FIMgt, RCNC

Chairman and Chief Executive  
National Quality Assurance Ltd

Director General  
National Inspection Council for  
Electrical Installation Contracting

**J S Frame**  
FCMA

Financial Director  
National Inspection Council for  
Electrical Installation Contracting

**G R Harris**  
(To September 1999)

Chairman  
Independent Certification Board  
National Quality Assurance Ltd

**D T Bell**  
(From November 1999)

Chairman  
Independent Certification Board  
National Quality Assurance Ltd

**D W M Latimer**  
MA (Cantab), CEng, FIEE  
(From April 1999)

Chairman  
National Inspection Board  
National Inspection Council for  
Electrical Installation Contracting

**J Speirs**  
MSc, MIQA

Managing Director  
National Quality Assurance Ltd

**S J Clark**  
BSc, FIQA

Director, Training and Development Division  
National Quality Assurance Ltd

**T J Nash**  
BSc, FIQA

Operations Director  
National Quality Assurance Ltd

**D I Wood**  
BSc, FIQA, MIMgt

Quality Systems Director  
National Quality Assurance Ltd

**S A Burgess**  
ACA

Financial Director  
National Quality Assurance Ltd

# *Standing Committees and Professional Advisers*

## *Executive Committee*

J Speirs (Chairman)	Managing Director
S J Clark	Director, Training and Development Division
S A Burgess	Financial Director
D L Johnston OBE	Chairman and Chief Executive
T J Nash	Operations Director
D I Wood	Quality Systems Director

## *Independent Certification Board*

G R Harris (Chairman) (To September 1999)	BEAMA
D T Bell (Chairman) (From September 1999)	Road Haulage
R Butler	Environment Agency
D V Clift	Electrical Contracting
D de la Cour	CORGI
C Miller	TickIT
J Piggott	QS-9000
D Port	IEE
I Richardson	IQA
M A Rushton	Trading Standards
J Speirs *	NQA
D I Wood *	NQA

\* Non-voting member

## *Audit Committee*

J S Frame	NICEIC
G R Harris (To September 1999)	ICB
D T Bell (From November 1999)	ICB
D W M Latimer (From April 1999)	NICEIC

## *Remuneration Committee*

G R Harris (To September 1999)	ICB
D T Bell (From November 1999)	ICB
D L Johnston OBE	NICEIC
D W M Latimer (From April 1999)	NICEIC

## *Bankers*

HSBC Bank Plc, 20 Albert Embankment, London SE1 7SY

## *Solicitors*

Bristows, 10 Lincoln's Inn Fields, London WC2 3BP

## *Auditors*

Pannell Kerr Forster, New Garden House, 78 Hatton Garden, London EC1N 8JA

## *Registered Office*

Vintage House, 37 Albert Embankment, London SE1 7UJ

# *Directors' Report*

## *1. Introduction*

The Directors of National Quality Assurance Ltd have pleasure in presenting their report and audited financial statements for the year ended 31 March 2000.

Throughout the report comparative 1998/99 figures are shown in brackets, where appropriate.

## *2. National Quality Assurance Ltd*

Mr D W M Latimer, the NICEIC Chairman, became a Director of NQA with effect from 1 April 1999. Mr G R Harris resigned as Chairman of ICB, and therefore a member of the NQA Board, in September 1999. The new Chairman of the ICB, Mr D T Bell, took up his position on the NQA Board at the November 1999 meeting.

The composition of the Board as at 31 March 2000 is shown on page 4. None of the directors has a beneficial interest in the issued share capital.

## *3. Company Activity*

The principal activity of the Company is the assessment of management systems of applicant companies, and the on-going surveillance of the systems of registered companies, against the requirements of national and international standards.

## *4. Share Capital*

There were no changes to the capital structure of the Company in the year.

## *5. Gift Aid*

In March 2000, a Gift Aid payment of £1,185,000 was made to the NICEIC, the Company's shareholder. This amount was calculated to leave sufficient funds within the Company to meet its working capital requirements.