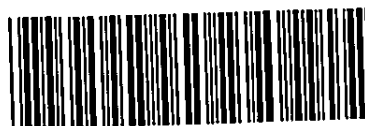


Inspectorate Holdings Limited  
(formerly Inspectorate Holdings plc)  
Annual report  
for the year ended 31 December 2007

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# **Inspectorate Holdings Limited**

## **Annual report**

**for the year ended 31 December 2007**

|  | <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 - 11       |

# **Inspectorate Holdings Limited**

## **Directors' report for the year ended 31 December 2007**

The directors present their report and the audited financial statements for the year ended 31 December 2007

### **Principal activities**

The principal activities of the company have historically arisen from inspection and testing services over a range of commodities. It now acts primarily as a holding company for other group companies.

The company re-registered as Inspectorate Holdings Limited on 23<sup>rd</sup> April 2008.

### **Review of business and future developments**

The directors consider both the year-end position and the result for the year to be satisfactory. The company is expected to continue to act as a holding company for the foreseeable future. During the year the company increased its investment in its subsidiary, Daniel C Griffith Holdings Limited (see note 8).

The directors do not propose a final dividend for 2007 (2006: £nil).

It is not anticipated that the business will trade in the foreseeable future.

### **Directors**

The directors of the company who served during the year ended 31 December 2007 are listed below:

R Bryan

M Silver

K Tozzi (resigned 12<sup>th</sup> February 2008)

W J Luesley (resigned 18<sup>th</sup> May 2007)

D Lappage (appointed 18<sup>th</sup> May 2007)

R McBride (appointed 12<sup>th</sup> February 2008)

# **Inspectorate Holdings Limited**

## **Creditor payment policy**

The company does not follow any particular code or standard on payment practice, although the company endeavours to agree terms of payment with individual suppliers and to abide by those terms of payment. At 31 December 2007 and at 31 December 2006 the company did not have any trade creditors.

## **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 Limited group on behalf of the company.

## **Statement of 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 2007. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

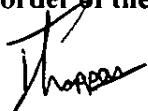
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors have confirmed that there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **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**

**Date:** 18/7/08

# Inspectorate Holdings Limited

## Independent auditors' report to the members of Inspectorate Holdings Limited

We have audited the financial statements of Inspectorate Holdings Limited for the year ended 31 December 2007 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 judgments 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors  
Cambridge

29 July 2008

# Inspectorate Holdings Limited

## Profit and loss account for the year ended 31 December 2007

|   | Notes | 2007<br>£               | 2006<br>£                 |
|---|-------|-------------------------|---------------------------|
| Turnover                                    |       | -                       | -                         |
| Cost of sales                               |       | -                       | -                         |
|   |       | <u>-</u>                | <u>-</u>                  |
| Gross profit                                |       | -                       | -                         |
| Exceptional administrative expenses         | 3     | -                       | (6,000,000)               |
| Net administrative income                   |       | <u>132,996</u>          | <u>158,721</u>            |
| Total administrative income/(expenses)      |       | <u>132,996</u>          | <u>(5,841,279)</u>        |
| Operating profit/(loss)                     |       | 132,996                 | (5,841,279)               |
| Interest payable and similar expense        | 4     | (1,790,659)             | (1,742,605)               |
| Interest receivable and similar income      | 4     | <u>1,476,374</u>        | <u>1,478,397</u>          |
| Loss on ordinary activities before taxation | 6     | (181,289)               | (6,105,487)               |
| Taxation on ordinary activities             | 7     | <u>(417)</u>            | <u>(2,455)</u>            |
| Loss for the year                           | 13,14 | <u><u>(181,706)</u></u> | <u><u>(6,107,942)</u></u> |

All income and expenses above relate to continuing operations

The company has no recognised gains or losses other than the losses shown above and therefore no separate statement of total recognised gains and losses has been presented

# Inspectorate Holdings Limited

## Balance sheet at 31 December 2007

|  | Notes | 2007<br>£               | 2006<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>Fixed assets</b>  |       |                         |                         |
| Investments  | 8     | <u>18,289,225</u>       | <u>4,169,225</u>        |
| <b>Current assets</b>  |       |                         |                         |
| Debtors amounts falling due after more than one year           | 9     | 18,669,867              | 17,792,498              |
| Debtors amounts falling due within one year                    | 9     | 5,278,956               | 5,941,163               |
| Cash at bank and in hand                                       |       | <u>127,233</u>          | <u>565</u>              |
|  |       | <b>24,076,056</b>       | <b>23,734,226</b>       |
| <b>Current liabilities</b>                                     |       |                         |                         |
| Creditors amounts falling due within one year                  | 10    | <u>(106,494)</u>        | <u>(288,652)</u>        |
| <b>Net current assets</b>                                      |       | <b>23,969,562</b>       | <b>23,445,574</b>       |
| <b>Total assets less current liabilities</b>                   |       | <b>42,258,787</b>       | <b>27,614,799</b>       |
| <b>Creditors: amounts falling due after more than one year</b> | 11    | <u>(37,611,232)</u>     | <u>(22,785,538)</u>     |
| <b>Net assets</b>  |       | <u><b>4,647,555</b></u> | <u><b>4,829,261</b></u> |
| <b>Capital and reserves</b>                                    |       |                         |                         |
| Called up share capital  | 12    | 11,250,000              | 11,250,000              |
| Profit and loss account  | 13    | <u>(6,602,445)</u>      | <u>(6,420,739)</u>      |
| <b>Shareholders' funds</b>                                     | 14    | <u><b>4,647,555</b></u> | <u><b>4,829,261</b></u> |

The financial statements on pages 4 to 11 were approved by the board of directors on 28-7-2008 and were signed on its behalf by



**R Bryan**  
**Director**

# **Inspectorate Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2007**

### **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.

No group accounts have been prepared as the company is a subsidiary in a group headed by 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 Financial Reporting Standard 1, which provides that where a company is a member of a group and the ultimate parent company produces financial statements that are publicly available, the company does not have to prepare a cash flow statement.

#### **Foreign exchange**

Items included in the financial statements are measured using the currency of the primary economic environment in which the relevant part of the entity operates (the "functional currency"). Transactions denominated in currencies other than the functional currency are translated into the functional currency at spot rates. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which are held at the year-end, are taken to the profit and loss account.

#### **Investments**

Investments are valued at cost, except where the directors consider that there has been a permanent diminution in value. Provision is made against the cost of an investment to reduce its value where a permanent diminution is considered to have occurred.



# Inspectorate Holdings Limited

## 1 Principal accounting policies (continued)

### Deferred taxation

The company provides for deferred tax in full at the rate of tax expected to apply when timing differences reverse. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax balances are not discounted.

## 2 Segmental analysis

The directors are of the opinion that the company has only one class of business.

The results of the company are all derived from the UK. All assets are held in the UK.

## 3 Exceptional administrative expenses

During 2006 a provision of £6,000,000 was recorded against the carrying value of the company's investment in Daniel C Griffith Holdings Limited.

## 4 Interest

|                               | 2007<br>£          | 2006<br>£          |
|-------------------------------|--------------------|--------------------|
| <u>Interest Payable</u>       |                    |                    |
| Payable to group undertakings | (1,790,657)        | (1,742,605)        |
| Bank interest                 | (2)                | -                  |
|                               | <u>(1,790,659)</u> | <u>(1,742,605)</u> |

All interest receivable shown in the profit and loss account is receivable from group undertakings.

## 5 Directors' emoluments and employee information

Directors' emoluments are borne by other group companies without specific recharge (2006 £Nil). The average monthly number of persons (including executive directors) employed by the company during the year was four (2006 three).

## 6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after crediting

|                       | 2007<br>£        | 2006<br>£        |
|-----------------------|------------------|------------------|
| Foreign exchange gain | <u>(188,627)</u> | <u>(470,712)</u> |

# Inspectorate Holdings Limited

The fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates by the Inspicio Limited group for the audit of the company were £3,000 (2006 £3,000) Fees paid to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the company are not disclosed since the consolidated financial statements of the company's parent, Inspicio Limited, are required to disclose non-audit fees on a consolidated basis

## 7 Taxation on loss on ordinary activities

|  | 2007<br>£  | 2006<br>£    |
|--|------------|--------------|
| Current tax                                    |            |              |
| UK corporation tax on profits of the period    | 317        | 2,322        |
| Adjustments in respect of previous periods     | -          | -            |
|  | <u>317</u> | <u>2,322</u> |
| Deferred tax                                   |            |              |
| Origination and reversal of timing differences | 100        | 133          |
| Adjustments in respect of prior periods        | -          | -            |
|  | <u>417</u> | <u>2,455</u> |

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

|  | 2007<br>£    | 2006<br>£      |
|--|--------------|----------------|
| Loss on ordinary activities before tax   | (181,289)    | (6,105,487)    |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%) | (54,387)     | (1,831,646)    |
| Effects of   |              |                |
| Expenses not allowable for tax purposes  | -            | 1,800,000      |
| Capital allowances for period in excess of depreciation  | (100)        | (133)          |
| Effect of short-term timing differences  | -            | -              |
| Group relief received for no payment   | 54,170       | 29,457         |
| Impact of exchange movement taken to reserves  | -            | -              |
| Adjustments to tax in respect of previous periods  | -            | -              |
| Current tax charge for period  | <u>(317)</u> | <u>(2,322)</u> |

The company's future tax charges will be dependent upon the availability of group relief at no cost from other group companies

# Inspectorate Holdings Limited

## 8 Fixed asset investments

|   | Shares<br>in group<br>undertakings<br>£ | Loans<br>to group<br>undertakings<br>£ | Total<br>£        |
|---|---|--|-------------------|
| <b>Cost or valuation</b>                  |   |  |                   |
| At 1 January 2007                         | 10,862,225                              | 3,548,000                              | 14,410,225        |
| Additions in the year                     | 14,120,000                              | -                                      | 14,120,000        |
| At 31st December 2007                     | <u>24,982,225</u>                       | <u>3,548,000</u>                       | <u>28,530,225</u> |
| <b>Impairment</b>                         |   |  |                   |
| At 1 January and 31 December 2007         | (10,241,000)                            | -                                      | (10,241,000)      |
| <b>Net book value at 31 December 2006</b> | <u>621,225</u>                          | <u>3,548,000</u>                       | <u>4,169,225</u>  |
| <b>Net book value at 31 December 2007</b> | <u>14,741,225</u>                       | <u>3,548,000</u>                       | <u>18,289,225</u> |

The addition of £14,120,000 during the year relates to further investment in Daniel C Griffith Holdings Limited

The company's major subsidiaries at 31 December 2007, which are both holding companies, were

|                                    | Class of<br>shares | %<br>interest | Country of<br>incorporation<br>or registration |
|------------------------------------|--------------------|---------------|--|
| Inspectorate (US) Limited          | Ordinary           | 100           | England & Wales                                |
| Daniel C Griffith Holdings Limited | Ordinary           | 100           | England & Wales                                |

The company has taken the exemption available under the Companies Act 1985 Section 231 (5) from listing all its direct and indirect holdings. The provision for impairment relates to the company's investment in Daniel C Griffith Holdings Limited

## 9 Debtors

|   | 2007<br>£         | 2006<br>£         |
|---|-------------------|-------------------|
| <b>Amounts falling due within one year</b>          |                   |                   |
| Amounts owed by group companies                     | 5,278,657         | 5,940,764         |
| Deferred tax assets                                 | <u>299</u>        | <u>399</u>        |
|   | 5,278,956         | 5,941,163         |
| <b>Amounts falling due after more than one year</b> |                   |                   |
| Amount owed by group undertakings                   | 18,669,867        | 17,792,498        |
|   | <u>23,948,823</u> | <u>23,733,661</u> |

# Inspectorate Holdings Limited

## 9 Debtors (continued)

The company's deferred tax assets comprise

|                                | 2007<br>£ | 2006<br>£ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 299       | 399       |

The movement in the company's deferred tax assets is as follows:

|                                   | £          |
|-----------------------------------|------------|
| At 1 January 2007                 | 399        |
| Charge to profit and loss account | (100)      |
| At 31 December 2007               | <u>299</u> |

The company has no unrecognised deferred tax

## 10 Creditors: amounts falling due within one year

|                                    | 2007<br>£      | 2006<br>£      |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 79,951         | 78,144         |
| Other creditors                    | 187            | 152            |
| Accruals                           | 26,356         | 210,356        |
|                                    | <u>106,494</u> | <u>288,652</u> |

## 11 Creditors: amounts falling due after more than one year

|                                   | 2007<br>£         | 2006<br>£         |
|-----------------------------------|-------------------|-------------------|
| Amounts due to Inspicio           | 14,120,000        | -                 |
| Amounts due to group undertakings | 23,491,232        | 22,785,538        |
|                                   | <u>37,611,232</u> | <u>22,785,538</u> |

The amounts due to Inspicio and group undertakings have no fixed repayment terms, and are unsecured. The company has received confirmation that there is no intention for these amounts to be called in for repayment within 12 months.

# Inspectorate Holdings Limited

## 12 Called up share capital

|   | 2007<br>£         | 2006<br>£         |
|---|-------------------|-------------------|
| Authorised, allotted, called up and fully paid          |                   |                   |
| 11,250,000 (2006 11,250,000) ordinary shares of £1 each | <u>11,250,000</u> | <u>11,250,000</u> |

## 13 Profit and loss account

|                     | £                  |
|---------------------|--------------------|
| At 1 January        | (6,420,739)        |
| Loss for the year   | <u>(181,706)</u>   |
| At 31 December 2007 | <u>(6,602,445)</u> |

## 14 Reconciliation of movements in shareholders' funds

|                             | 2007<br>£        | 2006<br>£         |
|-----------------------------|------------------|-------------------|
| Loss for the financial year | (181,706)        | (6,107,942)       |
| Opening shareholders' funds | <u>4,829,261</u> | <u>10,937,203</u> |
| Closing shareholders' funds | <u>4,647,555</u> | <u>4,829,261</u>  |

## 15 Financial commitments

Along with other group undertakings, the company has guaranteed certain loans of Inspicio Holdings Limited, which at 31 December 2007 amounted to £58,700,000 (2006 £48,372,000). The Directors believe that there will be no material impact on the company's financial position as a result of these guarantees.

## 16 Related party transactions

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.

## 17 Immediate and ultimate parent undertaking

The company is a wholly-owned subsidiary of Inspicio Investments B V, which is registered in the Netherlands.

The directors regard Inspicio Sàrl, a company incorporated in Luxemburg, as the ultimate controlling undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by Inspicio Limited. The consolidated accounts of this group are available to the public and may be obtained from 10 Buckingham Street, London, WC2N 6DF.