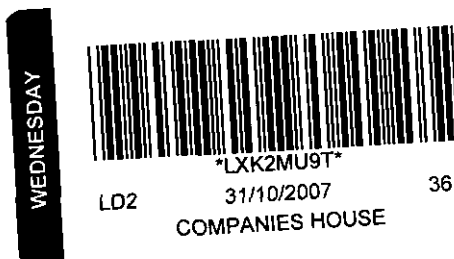


Inspectorate Worldwide Services Limited

Annual report

for the year ended 31 December 2006



# **Inspectorate Worldwide Services Limited**

## **Annual report**

**for the year ended 31 December 2006**

	<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 Worldwide Services Limited**

## **Directors' report**

### **for the year ended 31 December 2006**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006.

#### **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**

The directors consider both the year-end position and the result for the year to be satisfactory.

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 2006 are listed below:

R Bryan  
J Luesley

#### **Dividends**

No dividend has been paid in the year, and no final dividend is proposed (2005: £Nil).

#### **Insurance of Directors**

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

#### **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.

# Inspectorate Worldwide Services Limited

## 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 and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2006. 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 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.

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

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**

# Inspectorate Worldwide Services Limited

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

We have audited the financial statements of Inspectorate Worldwide Services Limited for the year ended 31 December 2006 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

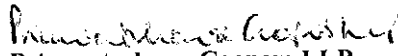
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2006 and of its profit 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 31 October 2007

# Inspectorate Worldwide Services Limited

## Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	1	-	868,226
Cost of sales		(534)	(600,610)
<b>Gross (loss)/profit</b>		<b>(534)</b>	<b>267,616</b>
Administrative gains / expenses		<b>821,454</b>	<b>(744,500)</b>
<b>Operating profit / (loss)</b>		<b>820,920</b>	<b>(476,884)</b>
Interest income		-	-
<b>Profit / (loss) on ordinary activities before taxation</b>	4	<b>820,920</b>	<b>(476,884)</b>
Tax on profit / (loss) on ordinary activities	5	-	254,563
<b>Retained profit / (loss) for the financial year</b>	11,12	<b>820,920</b>	<b>(222,321)</b>

All activities relate to discontinued operations.

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

**Inspectorate Worldwide Services Limited**  
**Balance sheet**  
**at 31 December 2006**

	Note	2006 £	2005 £
<b>Current assets</b>			
Debtors	6	7,194,408	8,169,384
Cash at bank and in hand		-	16
		<b>7,194,408</b>	<b>8,169,400</b>
<b>Creditors: amounts falling due within one year</b>	<b>7</b>	<b>(1,251,134)</b>	<b>(3,047,046)</b>
<b>Net current assets</b>		<b>5,943,274</b>	<b>5,122,354</b>
<b>Total assets less current liabilities</b>		<b>5,943,274</b>	<b>5,122,354</b>
<b>Net assets</b>		<b>5,943,274</b>	<b>5,122,354</b>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account	11	5,943,272	5,122,352
<b>Shareholders' funds</b>	<b>12</b>	<b>5,943,274</b>	<b>5,122,354</b>

The financial statements on pages 4 to 11 were approved by the board of directors on 30-10-2007 and were signed on its behalf by:



**Director**

# **Inspectorate Worldwide Services Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2006**

#### **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 ultimate parent company produces financial statements that are publicly available, 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.

#### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.



# Inspectorate Worldwide Services Limited

## 1 Principal accounting policies (continued)

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The company does not capitalise finance costs.

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	%
Office furniture & equipment	33
Motor vehicles	20
	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

## 2 Employee information

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

	Number of employees	
	2006	2005
Administrative	-	-
Directors	2	2
	<b>2</b>	<b>2</b>

Staff costs for the above persons were:

	2006	2005
	£	£
Wages and salaries	-	-
Social security costs	-	-
Other pension costs (see note 10)	-	-
	-	-

## 3 Directors' emoluments

Directors' emoluments are borne by other group companies without specific recharge (2005: £Nil). No director has received any remuneration for their services to the Company in the year (2005: £nil).

## 4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2006	2005
	£	£
Depreciation charge for the year:		
Tangible owned fixed assets	-	14,848
Hire of premises – operating leases	-	5,630
Exchange (gains) / losses	<b>(793,200)</b>	<b>770,251</b>

The fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates by the Inspicio plc group for the audit of the company were £12,000 (2005: £24,000). 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 plc, are required to disclose non-audit fees on a consolidated basis.

# Inspectorate Worldwide Services Limited

## 5 Tax on profit on ordinary activities

	2005	2005
	£	£
Current tax:		
UK corporation tax – under-provision in respect of prior years	-	49,896
Overseas taxation (including withholding tax) – adjustment in respect of prior years	-	(304,459)
<b>Total current tax charge</b>	-	<b>(254,563)</b>
<b>Tax charge on profit / (loss) on ordinary activities</b>	-	<b>(254,563)</b>

The tax assessed for the period differs from the standard rate of UK Corporation tax of 30% (2005: 30%). The differences are explained below:

	2006	2005
	£	£
Profit / (loss) on ordinary activities before tax	<b>820,920</b>	(476,884)
Profit / (loss) on ordinary activities multiplied by the standard rate in the UK (30%)	<b>246,276</b>	(143,065)
Effect of:		
Losses brought forward	<b>(246,276)</b>	-
Unrelieved losses	-	213,904
Accelerated capital allowances and other timing differences	-	(70,839)
Adjustments of tax charge of previous periods	-	(254,563)
<b>Current tax charge /(credit) for the period</b>	-	<b>(254,563)</b>

The adjustment in respect of prior years in 2005 principally arose due to withholding tax previously written off being recovered in the year.

## 6 Debtors

	2006	2005
	£	£
Trade debtors	-	3,923
Amounts owed by group undertakings	<b>7,194,408</b>	8,164,601
Other debtors	-	860
	<b>7,194,408</b>	<b>8,169,384</b>

# Inspectorate Worldwide Services Limited

## 7 Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	94	6,303
Amounts owed to group undertakings	1,071,718	2,875,772
Accruals and deferred income	179,322	164,971
	<b>1,251,134</b>	<b>3,047,046</b>

## 8 Provisions for liabilities and charges

No deferred tax assets or liabilities are unprovided (2005: £nil).

The movement in the deferred tax account is as follows:

	2006	2005
	£	£
At 1 January 2006	-	99,437
Disposal of business	-	(99,437)
Deferred tax charge in the profit and loss account (note 5)	-	-
As at 31 December 2006	-	-

## 9 Pension obligations

The company operates a money purchase pension scheme. The pension charge amounted to £nil (2005: £nil). No amounts (2005: £nil) remained unpaid at the year-end.

## 10 Called up share capital

	2006	2005
	£	£
<b>Authorised</b>		
50,000 ordinary shares of £1 each	<b>50,000</b>	<b>50,000</b>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<b>2</b>	<b>2</b>

# Inspectorate Worldwide Services Limited

## 11 Reserves

	Profit and Loss account £
At 1 January 2006	5,122,352
Retained profit for the financial year	820,920
<b>At 31 December 2006</b>	<b>5,943,272</b>

## 12 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Opening shareholders' funds	5,122,354	5,344,675
Profit/(loss) for the financial year	820,920	(222,321)
<b>Closing shareholders' funds</b>	<b>5,943,274</b>	<b>5,122,354</b>

## 13 Financial commitments

At 31 December 2006 and 31 December 2005, the company had no annual commitments under non-cancellable operating leases.

Along with other group undertakings, the company has guaranteed certain loans of the Inspicio plc group, which at 31 December 2006 amounted to £48,372,000 (2005: £7,000,000).

## 14 Contingent liabilities and post balance sheet events

At 31 December 2006, the company was contesting the decision of a government agency in respect of the rate of sales tax on certain overseas sales made by the company. Since the balance sheet date, the court case relating to sales tax has been determined. The decision went against the company and therefore all of the disputed sales tax became payable. This tax was settled by the company and shortly thereafter reimbursed by the previous owner, under the terms of an indemnity put in place at the time of the sale.

## 15 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 Inspicio plc as the ultimate controlling undertaking. The consolidated accounts of this group are available to the public and may be obtained from 10 Buckingham Street, London, WC2N 6DF.