

Inspectorate (US) Limited
Annual report
for the year ended 31 December 1998



Inspectorate (US) Limited

Annual report

for the year ended 31 December 1998

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Inspectorate (US) Limited

Directors' report for the year ended 31 December 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activities

The profit and loss account for the year is set out on page 4.

The principal activity of the company is that of an investment holding company.

Review of business and future developments

The directors consider both the financial position at the year end and the profit for the financial year to be satisfactory.

An interim dividend was paid in the year of £15,200,178 (1997: £Nil). The directors do not propose a final dividend (1997: £1,155,015).

The company will continue to act as a holding company for the foreseeable future.

Directors

The directors of the company at 31 December 1998, all of whom have been directors for the whole of the year ended on that date, are listed below:

W J Luesley
R Mort
J Gynn (appointed 8 December 1998)
S Williams (appointed 8 December 1998)
G Asaf (appointed 9 December 1998)

Directors' interests

None of the directors who held office at the end of the financial year had any interest in the shares of the company at 31 December 1998.

Insurance of directors

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

Year 2000

The directors believe that the year 2000 will not have a material impact on the business. Plans are in place to ensure that accounting systems will be year 2000 compliant. The cost incurred is not expected to be significant.

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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 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

Auditors

KPMG resigned from office on 23 November 1998, and PricewaterhouseCoopers were appointed as auditors in their place. A resolution to reappoint PricewaterhouseCoopers will be proposed at the Annual General Meeting.

By order of the board



D Lappage
Company secretary
25 March 1999

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Auditors' report to the members of Inspectorate (US) Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge 12 April 1999

Inspectorate (US) Limited

Profit and loss account for the year ended 31 December 1998

	Notes	1998 £	1997 £
Income from shares in group undertakings		-	1,774,898
Interest receivable and similar income		2,117	-
Profit on disposal of subsidiary undertaking		18,999,902	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		19,002,019	1,774,898
Tax on profit on ordinary activities	2	-	(619,883)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		19,002,019	1,155,015
Dividends paid		(15,200,178)	(1,155,015)
		<hr/>	<hr/>
Retained profit for the financial year	8	3,801,841	-
		<hr/> <hr/>	<hr/> <hr/>

All income and expenses shown above relate to continuing operations.

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

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

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Balance sheet at 31 December 1998

	Notes	1998 £	1997 £
Fixed assets			
Investments	4	<u>3,808,385</u>	<u>98</u>
Current assets			
Debtors	5	1,155,017	1,215,807
Cash at bank		1,939	-
		<u>1,156,956</u>	<u>1,215,807</u>
Creditors: amounts falling due within one year	6	<u>(1,163,400)</u>	<u>(1,215,805)</u>
Net current (liabilities) / assets		<u>(6,444)</u>	<u>2</u>
Net assets		<u>3,801,941</u>	<u>100</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	3,801,841	-
Equity shareholders' funds	9	<u>3,801,941</u>	<u>100</u>

The financial statements on pages 4 to 9 were approved by the board of directors on 25 March 1999 and were signed on its behalf by:



R Mort
Director

Inspectorate (US) Limited

Notes to the financial statements for the year ended 31 December 1998

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.

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 the subsidiary of 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 FRS 1 (revised 1996), which provides that where a company is a member of a group and the holding company produces a consolidated cash flow statement, the company does not have to prepare a cash flow statement.

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.

Foreign exchange transactions

Transactions denominated in foreign currencies have been translated into sterling at actual rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the balance sheet date. Exchange differences have been included in operating profit.

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.

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2 Taxation

	1998 £	1997 £
UK corporation tax at 31% (1997: 31.5%) on profit for the year on ordinary activities	-	559,093
Withholding tax	-	60,790
	<u>-</u>	<u>619,883</u>

3 Directors' emoluments

Directors' emoluments are borne by other group companies without specific recharge (1997: £Nil).

4 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 1998	98
Disposals	(98)
Additions	3,808,385
At 31 December 1998	<u>3,808,385</u>

On 8 December 1998 the company acquired 100% of the ordinary share capital of Inspectorate Investments Limited and Inspectorate Investments (Number Two) Limited.

On 8 December 1998 the company disposed of 20% of its 100% holding of the equity share capital of Inspectorate America Holding Inc., a holding company incorporated in the United States of America.

On 9 December 1998 the company disposed of the remaining 80% of its holding of the equity share capital of Inspectorate America Holding Inc.

The company's holdings in subsidiary undertakings at 31 December 1998 were:

Company	Place of incorporation or registration	Equity Interest	Nature of business
Inspectorate Investments Limited	England & Wales	100%	Holding company
Inspectorate Investments (Number Two) Limited	England & Wales	100%	Holding company

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5 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	1,155,015	1,215,805
Amounts falling due after more than one year		
Amount owed by parent undertaking	2	2
	<u>1,155,017</u>	<u>1,215,807</u>

6 Creditors: amounts falling due within one year

	1998 £	1997 £
Amounts owed to parent undertaking	1,155,015	1,215,805
Amounts owed to fellow subsidiary undertaking	8,385	-
	<u>1,163,400</u>	<u>1,215,805</u>

7 Called up share capital

	1998 £	1997 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

8 Reserves

	Profit and loss account £
At 1 January 1998	-
Retained profit for the financial year	3,801,841
At 31 December 1998	<u>3,801,841</u>

9 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Shareholders' funds at 1 January	100	100
Retained profit for the financial year	3,801,841	-
Shareholders' funds at 31 December	<u>3,801,941</u>	<u>100</u>

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9 Financial commitments

The company has guaranteed the bank overdrafts of certain group undertakings which at 31 December 1998 amounted to £275,000 (1997: £3,660,000).

10 Immediate and ultimate parent undertaking

The company is a wholly-owned subsidiary of Inspectorate PLC, a company registered in England and Wales.

The directors regard the British Standards Institution (BSI) as the ultimate controlling undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by BSI. The consolidated accounts of this group are available to the public and may be obtained from 389 Chiswick High Road, Chiswick, W4 4AL.