

Inspectorate (US) Limited
Annual report
for the year ended 31 December 2007

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Inspectorate (US) Limited

Annual report for the year ended 31 December 2007

	Pages
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

Inspectorate (US) Limited

Directors' report for the year ended 31 December 2007

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

Principal activities

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

Review of business and future developments

The directors consider the financial position at the year end to be satisfactory

The company did not trade during the year and will continue to act as a holding company for the foreseeable future

Principal risks and uncertainties

Given the company's nature as a holding company the directors do not consider there to be specific risks and uncertainties affecting the company. The company is dependent on the operations of subsidiary companies and fellow group companies to support the recoverability of the various intergroup balances.

Dividends

The directors do not propose the payment of a final dividend (2006 £Nil)

Directors

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

J Gynn

R Bryan

J Luesley (resigned 18th May 2007)

D Lappage (appointed 18th May 2007)

Insurance of directors

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

Financial risk management

Inspectorate (US) Limited

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. Many of the company's balances are with other members of the Inspicio group, and assessments are made by management as to the recoverability of these balances in the overall context of the group.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2007 and that applicable accounting standards have been followed.

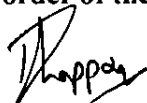
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

29 October 2008

Inspectorate (US) Limited

Independent auditors' report to the members of Inspectorate (US) Limited

We have audited the financial statements of Inspectorate (US) 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 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
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Cambridge

30 October

2008

Inspectorate (US) Limited

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £	2006 £
Administrative expenses		(86,939)	(2,671,313)
Operating loss	6	(86,939)	(2,671,313)
Gain on disposal of investment	6	6,771,992	35,752,014
Interest payable and similar charges	4	(154,051)	(132,944)
Interest receivable and similar income	5	1,940,978	1,121,021
Profit on ordinary activities before taxation		8,471,980	34,068,778
Taxation	7	-	-
Profit for the year	12, 13	8,471,980	34,068,778

All results shown above relate to continuing operations

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

Inspectorate (US) Limited

Balance sheet at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments	8	<u>3,340,072</u>	<u>16,568,080</u>
Current assets			
Debtors amounts falling due after one year	9	<u>42,143,591</u>	22,236,374
Debtors amounts falling due within one year	9	<u>2,665,183</u>	<u>1,065,518</u>
		<u>44,808,774</u>	23,301,892
Creditors' amounts falling due within one year	10	<u>(2,058,849)</u>	<u>(2,251,955)</u>
Net current assets		<u>42,749,925</u>	21,049,937
Net assets		<u>46,089,997</u>	<u>37,618,017</u>
Capital and reserves			
Called up share capital	11	<u>100</u>	100
Profit and loss account	12	<u>46,089,897</u>	<u>37,617,917</u>
Shareholders' funds	13	<u>46,089,997</u>	<u>37,618,017</u>

The financial statements on pages 4 to 11 were approved by the board of directors on 29 October 2008 and were signed on its behalf by



R Bryan
Director

Inspectorate (US) 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 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 the subsidiary of an undertaking established in England and Wales and is included in the consolidated accounts of the ultimate parent.

The company has taken advantage of the exemption available to it under Financial Reporting Standard 1, which provides that where a company is a member of a group and the ultimate parent company produces a consolidated cash flow statement, the company does not have to prepare a cash flow statement.

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.

Inspectorate (US) Limited

1 Principal accounting policies (continued)

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

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 Directors' emoluments and auditors' remuneration

Directors' emoluments are borne by other group companies without specific recharge (2006 £Nil). No director of the company received any emoluments in respect of their services to the Company.

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.

3 Employee information

The average number of persons employed by the company (including directors) during the year was 3 (2006 3). Staff costs were £Nil (2006 £Nil).

4 Interest payable and similar charges

	2007 £	2006 £
Payable to group undertakings	154,043	132,939
Bank interest	8	5
	<u>154,051</u>	<u>132,944</u>

5 Interest receivable

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

Inspectorate (US) Limited

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Foreign exchange (loss)/gain	<u>(86,910)</u>	<u>(2,671,248)</u>

In September 2007 Inspectorate America Investments Inc bought back some of its own share capital. The company realised a profit of £6,771,992 on this transaction. This is shown as a gain on disposal of investment.

In March 2006 the company sold its investment in Inspectorate Investments U S Inc for £41,420,200 to a new group company as part of a group restructuring which realised a profit on disposal of £35,752,014. This is shown as a gain on disposal of investment.

7 Taxation on profit on ordinary activities

	2007 £	2006 £
Current tax		
UK corporation tax at 30%	-	-
Under-provision in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax charge for period	<u>-</u>	<u>-</u>

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

	2007 £	2006 £
Result on ordinary activities before tax	8,471,980	34,068,778
Result on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	2,541,594	10,220,633
Effects of		
Losses surrendered for group relief for no payment	-	504,971
Brought forward losses utilised	(509,996)	-
Imputed interest income on inter-company balances	-	-
Adjustments to tax in respect of previous periods	-	-
Non-taxable gain on disposal of investment to a group company	(2,031,598)	(10,725,604)
	<u>-</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

Inspectorate (US) Limited

8 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2007	16,568,080
Disposal	(13,228,008)
At 31 December 2007	<u>3,340,072</u>

The company's holdings in direct subsidiary undertakings at 31 December 2007 were

Company	Place of incorporation or registration	Equity Interest	Nature of business
Inspectorate America Investments Inc	USA	100%	Holding company

In September 2007 Inspectorate America Investments Inc bought back some of its own share capital for £20,000,000. The book value of the investment disposed of was £13,228,008. Consequently the company realised a profit of £6,771,992 on this transaction.

In March 2006 the company sold its investment in Inspectorate Investments U S Inc for £41,420,200 to a new group company as part of a group restructuring. The company also made a new investment of \$29,014,022 in Inspectorate America Investments Inc on the same date.

The company has taken the exemption available under the Companies Act 1985 Section 231 (5) from listing all its indirect holdings.

Inspectorate (US) Limited

9 Debtors

	2007 £	2006 £
Amounts falling due within one year		
Amounts owed by group companies	2,665,183	1,065,518
Amounts falling due after more than one year		
Amount owed by group undertakings	42,143,591	22,236,374
	<u>44,808,774</u>	<u>23,301,892</u>

10 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to parent company	118,373	118,214
Amounts owed to fellow subsidiary undertaking	1,940,435	2,133,738
Bank overdraft	41	3
	<u>2,058,849</u>	<u>2,251,955</u>

11 Called up share capital

	2007 £	2006 £
Authorised		
100 (2006 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 (2006 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Reserves

	Profit and loss account
At 1 January 2007	37,617,917
Profit for the year	<u>8,471,980</u>
At 31 December 2007	<u>46,089,897</u>

Inspectorate (US) Limited

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	37,618,017	3,549,239
Profit / (Loss) for the year	8,471,980	34,068,778
Closing shareholders' funds	<u>46,089,997</u>	<u>37,618,017</u>

14 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 loans are secured by fixed and floating charges over the assets of the company. The Directors believe that there will be no material impact on the company's financial position as a result of these guarantees.

15 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.

16 Immediate and ultimate parent undertaking

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

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.

In February 2008, the Inspicio Limited group was acquired by Inspicio Sarl, a company incorporated in Luxembourg. The directors consider Inspicio Sarl to be the ultimate controlling party.

17 Post balance sheet events

Since the year end the company sold its investment in Inspectorate America Investments Inc to Inspectorate Holdco Inc, a fellow group company, for \$79.9m.