

Inspectorate (US) Limited
Annual report
for the year ended 31 December 2002



Inspectorate (US) Limited

Annual report for the year ended 31 December 2002

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Inspectorate (US) Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

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.

Dividends

The directors do not propose the payment of a final dividend (2001: £Nil)

Directors

The directors of the company during the year ended 31 December 2002 are listed below:

R Mort
J Gynn
S K Williams
A L J Thomas (appointed 20/12/02, resigned 12/9/03)

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 2002.

Inspectorate (US) Limited

Directors' responsibilities

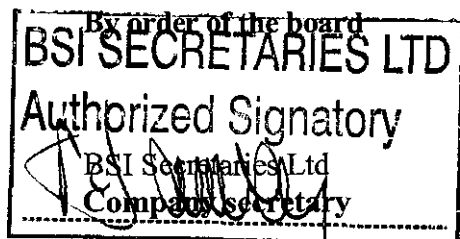
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

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 2002. 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability partnership (LLP) from the 1st January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. An elective resolution has been passed to dispense with the annual reappointment of auditors. The company's auditors are PricewaterhouseCoopers LLP.



27 October 2003

Inspectorate (US) Limited

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

We have audited the financial statements on pages which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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.

Basis of audit 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 October 2003

Inspectorate (US) Limited

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £	2001 £
Administrative expenses		-	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	-
Taxation	3	(23,943)	(28,572)
		<hr/>	<hr/>
Loss for the year	8, 9	(23,943)	(28,572)
		<hr/>	<hr/>

All expenses shown above relate to continuing 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 (US) Limited

Balance sheet at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Investments	4	<u>5,668,186</u>	<u>5,668,185</u>
Current assets			
Debtors	5	<u>1,155,017</u>	<u>1,155,017</u>
Cash at bank		<u>1,888</u>	<u>1,889</u>
		<u>1,156,905</u>	<u>1,156,906</u>
Creditors: amounts falling due within one year	6	<u>(3,075,715)</u>	<u>(3,051,772)</u>
Net current liabilities		<u>(1,918,810)</u>	<u>(1,894,866)</u>
Net assets		<u><u>3,749,376</u></u>	<u><u>3,773,319</u></u>
Capital and reserves			
Called up share capital	7	<u>100</u>	<u>100</u>
Profit and loss account	8	<u>3,749,276</u>	<u>3,773,219</u>
Equity shareholders' funds	9	<u><u>3,749,376</u></u>	<u><u>3,773,319</u></u>

The financial statements on pages 4 to 9 were approved by the board of directors on 27 October 2003 and were signed on its behalf by:



Stanley K. Williams
Director

Inspectorate (US) Limited

Notes to the financial statements for the year ended 31 December 2002

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.

The company adopted Financial Reporting Standard 19, "Deferred tax" in the year, with no resulting impact on the financial statements.

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 Financial Reporting Standard 1, 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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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 (2001: £Nil). No director of the company received any emoluments in respect of their services to the Company.

The Company's auditors are remunerated by other group companies without specific recharge.

3 Taxation on profit on ordinary activities

	2002 £	2001 £
Current tax:		
UK corporation tax at 30%	-	-
Under-provision in respect of prior years	23,943	28,572
	<u>23,943</u>	<u>28,572</u>
Deferred tax	-	-
Tax charge for period	<u>23,943</u>	<u>28,572</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;

	2002 £	2001 £
Result on ordinary activities before tax	-	-
Result on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001:30%)	-	-
Effects of:		
Losses surrendered as group relief for no payment	(23,112)	-
Imputed interest on intercompany loans receivable	23,112	-
Adjustments to tax in respect of previous periods	23,943	28,572
Current tax charge for period	<u>23,943</u>	<u>28,572</u>

Inspectorate (US) Limited

4 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2002	5,668,185
Additions	5,668,186
Disposals	(5,668,185)
At December 2002	<u>5,668,186</u>

During the year, the company sold its investment in Inspectorate Investments Limited and Inspectorate Investments (Number 2) Limited in exchange for an investment in BSI Inspectorate Investments Inc. The company's holdings in subsidiary undertakings at 31 December 2002 were:

Company	Place of incorporation or registration	Equity Interest	Nature of business
BSI Inspectorate Investments (US) Inc.	USA	100%	Holding company

5 Debtors

	2002 £	2001 £
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	<u>1,155,015</u>	<u>1,155,015</u>
Amounts falling due after more than one year		
Amount owed by parent undertaking	<u>2</u>	<u>2</u>
	<u>1,155,017</u>	<u>1,155,017</u>

6 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to parent company	3,067,330	3,038,822
Amounts owed to fellow subsidiary undertaking	8,385	8,385
Corporation tax	-	4,565
	<u>3,075,715</u>	<u>3,051,772</u>

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7 Called up share capital

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Reserves

	Profit and loss account
At 1 January 2002	3,773,219
Loss for the year	<u>(23,943)</u>
At 31 December 2002	<u>3,749,276</u>

9 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Shareholders' funds at 1 January	3,773,319	3,801,891
Retained loss for the financial year	<u>(23,943)</u>	<u>(28,572)</u>
Shareholders' funds at 31 December	<u>3,749,276</u>	<u>3,773,319</u>

10 Financial commitments

Along with other group undertakings, the company has guaranteed certain loans of the British Standards Institution, which at 31 December 2002 amounted to approximately £18.8 million (2001: £20.2 million), and the bank overdrafts of certain other group undertakings, which at 31 December 2002 amounted to £nil (2001: £nil). The Directors believe that there will be no material impact on the company's financial position as a result of these guarantees.

11 Immediate and ultimate parent undertaking

The company is a wholly-owned subsidiary of BSI Inspectorate Holdings 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.