

Inspectorate Holdings Limited
Annual report
for the year ended 31 December 2008



Inspectorate Holdings Limited

Annual report

for the year ended 31 December 2008

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Inspectorate Holdings Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

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 23rd April 2008.

Review of business and future developments

On 18th December 2008 following shareholder approval the company reduced its share capital from 11,250,000 ordinary shares of £1 each to 11,250,000 of £0.10 each with the reduction of £10,125,000 being transferred to the profit and loss reserve.

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.

The directors do not propose a final dividend for 2008 (2007: £nil).

It is not anticipated that the business will trade in 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.

Directors

The directors of the company who served during the year ended 31 December 2008 are listed below:

R Bryan

M Silver

K Tozzi (resigned 12th February 2008)

D Lappage

R McBride (appointed 12th 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 2008 and at 31 December 2007 the company did not have any trade creditors.

Financial risk management

The Company's objective regarding financial risk management is to keep exposure of price risk, credit risk, liquidity risk and cash flow risk to a minimum. 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 Sarl 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

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 2008. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

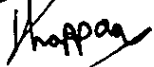
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors has 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

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 2008 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

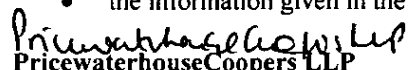
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 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 28 April 2009.

Inspectorate Holdings Limited

Profit and loss account for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Net administrative income		<u>1,051,132</u>	<u>132,996</u>
Total administrative income		<u>1,051,132</u>	<u>132,996</u>
Operating profit		<u>1,051,132</u>	<u>132,996</u>
Interest payable and similar expense	3	(1,777,830)	(1,790,659)
Interest receivable and similar income	3	<u>1,281,038</u>	<u>1,476,374</u>
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	5	<u>554,340</u>	<u>(181,289)</u>
Taxation on ordinary activities	6	<u>(1,602)</u>	<u>(417)</u>
		<hr/>	<hr/>
Profit/(loss) for the year	12,13	<u><u>552,738</u></u>	<u><u>(181,706)</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 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	7	<u>18,289,225</u>	<u>18,289,225</u>
Current assets			
Debtors: amounts falling due after more than one year	8	19,806,368	18,669,867
Debtors: amounts falling due within one year	8	6,701,176	5,278,956
Cash at bank and in hand		<u>6,103</u>	<u>127,233</u>
		26,513,647	24,076,056
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(155,167)</u>	<u>(106,494)</u>
Net current assets		<u>26,358,480</u>	<u>23,969,562</u>
Total assets less current liabilities		<u>44,647,705</u>	<u>42,258,787</u>
Creditors: amounts falling due after more than one year	10	<u>(39,447,412)</u>	<u>(37,611,232)</u>
Net assets		<u>5,200,293</u>	<u>4,647,555</u>
Capital and reserves			
Called up share capital	11	1,125,000	11,250,000
Profit and loss account	12	<u>4,075,293</u>	<u>(6,602,445)</u>
Shareholders' funds	13	<u>5,200,293</u>	<u>4,647,555</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 24 April 2009 and were signed on its behalf by:



R Bryan
Director

Inspectorate Holdings Limited

Notes to the financial statements for the year ended 31 December 2008

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 Luxembourg 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 Interest

	2008 £	2007 £
<u>Interest Payable</u>		
Payable to group undertakings	(1,774,264)	(1,790,657)
Bank interest	(3,566)	(2)
	<u>(1,777,830)</u>	<u>(1,790,659)</u>

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

4 Directors' emoluments and employee information

Directors' emoluments are borne by other group companies without specific recharge (2007: £Nil). The average monthly number of persons (including executive directors) employed by the company during the year was four (2007: four).

5 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after crediting:

	2008 £	2007 £
Foreign exchange gain	<u>(1,315,573)</u>	<u>(188,627)</u>

The fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates by the Inspicio Sàrl group for the audit of the company were £3,000 (2007: £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

Inspectorate Holdings Limited

company's parent, Inspicio Sàrl, are required to disclose non-audit fees on a consolidated basis.

6 Taxation on loss on ordinary activities

	2008 £	2007 £
Current tax:		
UK corporation tax on profits of the period	1,303	317
Adjustments in respect of previous periods	-	-
	<u>1,303</u>	<u>317</u>
Deferred tax:		
Origination and reversal of timing differences	299	100
Adjustments in respect of prior periods	-	-
	<u>1,602</u>	<u>417</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below;

	2008 £	2007 £
Profit/(loss) on ordinary activities before tax	554,340	(181,289)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	157,987	(54,387)
Effects of:		
Expenses not allowable for tax purposes	-	-
Capital allowances for period in excess of depreciation	(304)	(100)
Effect of short-term timing differences	-	-
Group relief received for no payment	(158,986)	54,170
Impact of exchange movement taken to reserves	-	-
Adjustments to tax in respect of previous periods	-	-
Current tax charge for period	<u>(1,303)</u>	<u>(317)</u>

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

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7 Fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 1 January and 31 December 2008	24,982,225	3,548,000	28,530,225
Impairment			
At 1 January and 31 December 2008	(10,241,000)	-	(10,241,000)
Net book value at 31 December 2007	14,741,225	3,548,000	18,289,225
Net book value at 31 December 2008	14,741,225	3,548,000	18,289,225

The company's major subsidiaries at 31 December 2008, which are both holding companies, were:

	Class of shares	% interest	Country of incorporation 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.

8 Debtors

	2008 £	2007 £
Amounts falling due within one year		
Amounts owed by group companies	6,701,176	5,278,657
Deferred tax assets	-	299
	6,701,176	5,278,956
Amounts falling due after more than one year		
Amount owed by group undertakings	19,806,368	18,669,867
	26,507,544	23,948,823

Inspectorate Holdings Limited

8 Debtors (continued)

The company's deferred tax assets comprise:

	2008 £	2007 £
Accelerated capital allowances	-	299

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

	£
At 1 January 2008	299
Charge to profit and loss account	(299)
At 31 December 2008	-

The company has no unrecognised deferred tax.

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	61,502	79,951
Other creditors	-	187
Accruals	93,665	26,356
	<u>155,167</u>	<u>106,494</u>

10 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts due to Inspicio	10,224,336	14,120,000
Amounts due to group undertakings	25,529,076	23,491,232
Bank loan	3,694,000	-
	<u>39,447,412</u>	<u>37,611,232</u>

The amounts due to Inspicio and group undertakings have no fixed repayment terms, and are unsecured.

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11 Called up share capital

	2008 £	2007 £
Authorised, allotted, called up and fully paid		
11,250,000 (2007: 11,250,000) ordinary shares of 10p each	<u>1,125,000</u>	<u>11,250,000</u>

On 18 December 2008 following shareholder approval the company reduced its share capital from 11,250,000 ordinary shares of £1 each to 11,250,000 of £0.10 each with the reduction of £10,125,000 being transferred to the profit and loss reserve.

12 Profit and loss account

	£
At 1 January	(6,602,445)
Profit for the year	552,738
Share capital reduction (see note 11)	<u>10,125,000</u>
At 31 December 2008	<u>4,075,293</u>

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/(Loss) for the financial year	552,738	(181,706)
Opening shareholders' funds	<u>4,647,555</u>	<u>4,829,261</u>
Closing shareholders' funds	<u>5,200,293</u>	<u>4,647,555</u>

14 Financial commitments

Along with other group undertakings, the company has guaranteed certain loans of Inspicio Sàrl Group, which at 31 December 2008 amounted to £249,407,508 (2007: £58,700,000 loans of Inspicio Limited). 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.

Inspectorate Holdings Limited

16 Immediate and ultimate parent undertaking

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

Until February 2008, the ultimate parent undertaking and controlling party was Inspicio Limited (formerly Inspicio plc).

In February 2008, the Inspicio Limited (formerly Inspicio plc) group was acquired by a management buyout financed by funds managed by 3i Investments plc.

In the opinion of the directors the ultimate parent undertaking is Inspicio Sarl, a company incorporated in Luxembourg.

The ordinary share capital of Inspicio Sarl is owned by several parties including a number of funds each under the management of 3i Investment plc. None of these funds individually has a controlling interest in the company and the directors are therefore of the opinion that there is no ultimate controlling party.

The consolidated accounts of this group are available to the public and may be obtained from 10 Buckingham Street, London, WC2N 6DF.