

BSI Inspectorate Holdings PLC  
Annual report  
for the year ended 31 December 2004



# **BSI Inspectorate Holdings PLC**

## **Annual report**

**for the year ended 31 December 2004**

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# **BSI Inspectorate Holdings PLC**

## **Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements for the year ended 31 December 2004.

### **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.

### **Review of business and future developments**

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 2004 (2003: £nil).

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 2004 are listed below:

R Mort  
S Williams  
C V Fenton

### **Directors' interests**

No directors had any interests in the ordinary shares of the company at 31 December 2004 or 31 December 2003.

### **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 2004 and at 31 December 2003 the company did not have any trade creditors.

# BSI Inspectorate Holdings PLC

## 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.

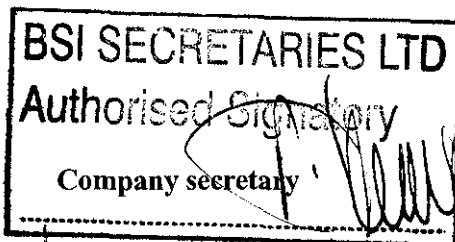
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting 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.

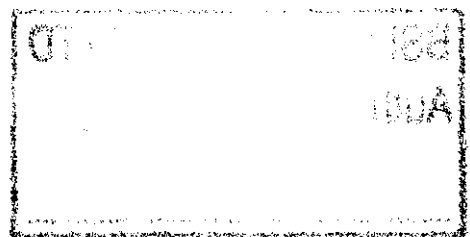
## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the board



12.11.2005



# BSI Inspectorate Holdings PLC

## Independent auditors' report to the members of Inspectorate PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses 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.

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. The other information comprises only the directors' report.

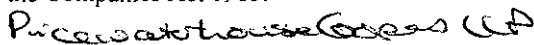
### Basis of audit opinion

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 2004 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

25 July 2005

# BSI Inspectorate Holdings PLC

## Profit and loss account for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Net administrative costs		(3,416,166)	(96,921)
		<hr/>	<hr/>
Operating (loss)		(3,416,166)	(96,921)
Interest receivable and similar income	2	590,521	1,125,123
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	4	(2,825,645)	1,028,202
Taxation on ordinary activities	5	(10,600)	(261,770)
		<hr/>	<hr/>
(Loss)/profit for the year	11, 12	(2,836,245)	766,432
		<hr/>	<hr/>

All income and expenses above relate to continuing operations.

# BSI Inspectorate Holdings PLC

## Statement of total recognised gains and losses for the year ended 31 December 2004

	2004 £	2003 £
(Loss)/profit for the financial year	(2,836,245)	766,432
Currency translation differences on foreign currency net investments	-	(296,538)
	<hr/>	<hr/>
<b>Total gains and losses recognised</b>	<b>(2,836,245)</b>	<b>469,894</b>
	<hr/>	<hr/>



# BSI Inspectorate Holdings PLC

## Balance sheet at 31 December 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Investments	6	<u>4,169,224</u>	<u>8,410,224</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	7	25,008,984	29,641,041
Debtors: amounts falling due within one year	7	4,832,177	5,770,558
Cash at bank and in hand		<u>3,945,962</u>	<u>-</u>
		33,787,123	35,411,599
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(23,876,139)	(23,342,870)
		(23,876,139)	(23,342,870)
<b>Net current assets</b>		<u>9,910,984</u>	<u>12,068,729</u>
<b>Total assets less current liabilities</b>		<u>14,080,208</u>	<u>20,478,953</u>
<b>Creditors: amounts falling due after more than one year</b>	9	<u>-</u>	<u>(3,562,500)</u>
<b>Net assets</b>		<u><u>14,080,208</u></u>	<u><u>16,916,453</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	11,250,000	11,250,000
Profit and loss account	11	<u>2,830,208</u>	<u>5,666,453</u>
<b>Equity shareholders' funds</b>	12	<u><u>14,080,208</u></u>	<u><u>16,916,453</u></u>

The financial statements on pages 4 to 13 were approved by the board of directors on 25 July 2005 and were signed on its behalf by:



Director

# **BSI Inspectorate Holdings PLC**

## **Notes to the financial statements for the year ended 31 December 2004**

### **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 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, 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.

#### **Turnover, profit before taxation and net assets**

These accounts do not contain an analysis of turnover, profit before taxation or net assets by geographical area, as the directors believe that this information would be seriously prejudicial to the interests of the company.

#### **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.

# **BSI Inspectorate Holdings PLC**

## **1 Principal accounting policies (continued)**

### **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. Forward contracts are held at fair value, which is determined with reference to year end exchange rates. Gains and losses are recorded in reserves to the extent that a hedging relationship with foreign currency assets and liabilities exists. Gains and losses on any forward contract in excess of foreign currency assets and liabilities are recorded in the profit and loss account.

Exchange differences on foreign currency borrowings to finance foreign equity investments have been taken to reserves to the extent of exchange differences arising on those equity investments, including loan balances, which are as permanent as equity.

### **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.

### **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 Interest**

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

## **3 Directors' emoluments and employee information**

No director of the company received any emoluments in respect of their services to the company during the year (2003: £nil).

The average monthly number of persons (including executive directors) employed by the company during the year was three (2003: three).

# BSI Inspectorate Holdings PLC

## 4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after (crediting)/charging:

	2004 £	2003 £
Auditors' remuneration (statutory audit fees)	68,000	68,000
Impairment of investments	(4,241,000)	-
Foreign exchange (gain)/loss	(793,184)	50,097
	<u>          </u>	<u>          </u>

No amounts were recharged to other group companies for auditors' remuneration.

The investment impairment has arisen as a result of the reduction in value of the underlying investment.

Exchange gains arise from the company's hedging of the US Dollar exposures in other group companies.

## 5 Taxation on (loss)/profit on ordinary activities

	2004 £	2003 £
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	315	261,455
	<u>315</u>	<u>261,455</u>
Deferred tax:		
Origination and reversal of timing differences	10,718	315
Adjustments in respect of prior periods	(433)	-
	<u>10,600</u>	<u>261,770</u>

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

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	(2,825,645)	1,028,202
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003:30%)	(847,694)	308,460
Effects of:		
Expenses not allowable for tax purposes	1,270,258	-
Capital allowances for period in excess of depreciation	(236)	315
Effect of short-term timing differences	(10,482)	-
Group relief received for no payment	(411,846)	(219,814)
Impact of exchange movement taken to reserves	-	(88,961)
Adjustments to tax in respect of previous periods	315	261,455
Current tax charge for period	<u>315</u>	<u>261,455</u>

# BSI Inspectorate Holdings PLC

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

## 6 Fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
<b>Cost or valuation</b>			
At 1 January 2004 and 31 December 2004	<u>4,862,224</u>	<u>3,548,000</u>	<u>8,410,224</u>
<b>Impairment</b>			
At 1 January 2004	-	-	-
Charged in the year	(4,241,000)	-	(4,241,000)
At 31 December 2004	<u>(4,241,000)</u>	<u>-</u>	<u>(4,241,000)</u>
Net book value at 31 December 2003	<u>4,862,224</u>	<u>3,548,000</u>	<u>8,410,224</u>
Net book value at 31 December 2004	<u>621,224</u>	<u>3,548,000</u>	<u>4,169,224</u>

The company's major subsidiaries at 31 December 2004, 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

## 7 Debtors

	2004 £	2003 £
<b>Amounts falling due within one year</b>		
Amounts owed by group companies	3,448,882	5,753,733
Other debtors	1,382,586	5,831
Deferred tax assets	709	10,994
	<u>4,832,177</u>	<u>5,770,558</u>
<b>Amounts falling due after more than one year</b>		
Amount owed by group undertakings	25,008,984	29,641,041
	<u>29,841,161</u>	<u>35,411,599</u>

# BSI Inspectorate Holdings PLC

## 7 Debtors (continued)

The company's deferred tax assets comprise:

	2004 £	2003 £
Arising on short term timing differences	-	10,048
Accelerated capital allowances	709	946
	<u>709</u>	<u>10,994</u>

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

	£
At 1 January 2004	10,994
Deferred tax charge in the profit and loss account	(10,718)
Adjustment in respect of prior years	433
At 31 December 2004	<u>709</u>

The company has no unrecognised deferred tax.

## 8 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	5,370,074
Amounts owed to group undertakings	23,806,439	17,852,494
Other creditors	-	3,194
Accruals	69,700	117,108
	<u>23,876,139</u>	<u>23,342,870</u>

## 9 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts due to parent undertaking	-	3,562,500
	<u>-</u>	<u>3,562,500</u>

# BSI Inspectorate Holdings PLC

## 10 Called up share capital

	2004 £	2003 £
<b>Authorised, allotted, called up and fully paid</b>		
11,250,000 (2003: 11,250,000) ordinary shares of £1 each	<u>11,250,000</u>	<u>11,250,000</u>

## 11 Profit and loss account

	£
At 1 January 2004	5,666,453
Loss for the year	<u>(2,836,245)</u>
<b>At 31 December 2004</b>	<u><b>2,830,208</b></u>

## 12 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
(Loss)/profit for the financial year	(2,836,245)	766,432
Currency translation difference on foreign currency net investments	-	(296,538)
Opening shareholders' funds	<u>16,916,453</u>	<u>16,446,559</u>
<b>Closing shareholders' funds</b>	<u><b>14,080,208</b></u>	<u><b>16,916,453</b></u>

## 13 Financial commitments

At 31 December 2004, the company had annual commitments under a non-cancellable operating lease as follows:

	2004 £	2003 £
<b>Land and buildings</b>		
Expiring in more than five years	<u>46,095</u>	<u>46,095</u>

Along with other group undertakings, the company has guaranteed certain loans of the British Standards Institution, which at 31 December 2004 amounted to £16.4 million (2003: £18.3 million), and the bank overdrafts of certain other group undertakings, which at 31 December 2004 amounted to £10.3 million (2003: £nil).

# **BSI Inspectorate Holdings PLC**

## **14 Immediate and ultimate parent undertaking**

The company is a wholly-owned subsidiary of BSI Investments B.V., which is registered in the Netherlands.

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.