

Innserve Limited

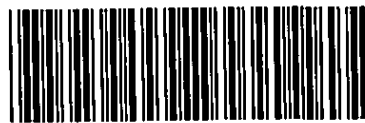
Report and Financial Statements

12 month period ended

1 January 2012

Company number 07226521

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Innserve Limited

Annual report and financial statements for the period ended 1 January 2012

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Director

NM Bryan

Registered office

The Old Maltings, Leeds Road, Tadcaster, LS24 9HB

Company number

7226521

Auditors

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Innserve Limited

Report of the director for the period ended 1 January 2012

The director presents his report together with the audited financial statements for the 12 month period ended 1 January 2012

Principal activities, trading review and future developments

The company's principal activity is the provision of technical services to the brewing industry and pub companies

The profit and loss account is set out on page 5 and shows turnover for the year of £37.1m (2010 £22.1m) and profit before tax for the period of £0.6m (2010 £0.2m). The director is pleased with the performance of the company during the period and is confident that the company will remain profitable in 2012.

The company monitors its performance with its customers through a series of key performance indicators that include, the measurement of technician on site visit attendance within pre agreed timescales and call capture data associated with our Customer Service Centre. The director is particularly pleased that the company has exceeded the levels agreed with its customers on all these indicators.

Dividends of £290,000 (2010 £nil) were paid during the period.

Principal risks and uncertainties

The company earned the majority of its income through one customer which is secured on a 10 year contract that was entered into during the year. The company looks to reduce this concentration by securing additional customers on long-term contracts.

Financial risks are minimal, as the company has no borrowings or exposure to foreign exchange fluctuations.

Operational risk largely concerns the systems required by the business to schedule and manage its mobile workforce and supply chain. The management of these systems is outsourced to a third party with appropriate disaster recovery procedures in the event of a systems failure.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

Employee involvement

Our staff newsletter has maintained the flow of information to staff. Members of the management team regularly discuss matters of current interest and concern to the business with members of staff.

Charitable donations

During the period the company made charitable donations of £nil (2010 £1,700).

Director

The director of the company during the period was

NM Bryan

Innserve Limited

Report of the director for the period ended 1 January 2012 (Continued)

Director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The director is also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the director to prepare financial statements for each financial year which 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that show and explain the company's transactions, 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 2006.

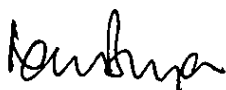
They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



**NM Bryan
Director**

Date 23 April 2012

Innserve Limited

Report of the independent auditors

TO THE MEMBER OF INNSERVE LIMITED

We have audited the financial statements of Innserve Limited for the period ended 1 January 2012 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Innserve Limited

Report of the independent auditors (*Continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ian Beaumont (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom

Date *3 May 2012*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Innserve Limited

Profit and loss account for the period ended 1 January 2012

	Note	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Turnover	2	37,128,200	22,123,858
Cost of sales		<u>7,804,231</u>	<u>5,108,105</u>
Gross profit		29,323,969	17,015,753
Administrative expenses		<u>28,752,021</u>	<u>16,834,337</u>
Operating profit	3	571,948	181,416
Interest receivable		<u>58,908</u>	<u>2,388</u>
Profit on ordinary activities before taxation		630,856	183,804
Taxation on profit from ordinary activities	6	<u>296,426</u>	<u>81,792</u>
Profit on ordinary activities after taxation	14	334,430	102,012

All amounts relate to continuing activities

All recognised gains and losses in the current period are included in the profit and loss account

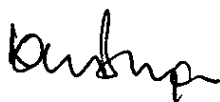
The notes on pages 7 to 14 form part of these financial statements

Innserve Limited

Balance sheet at 1 January 2012

Company number 07226521	Note	1 January 2012 £	1 January 2012 £	2 January 2011 £	2 January 2011 £
Fixed assets					
Tangible assets	8		124,432		107,490
Current assets					
Debtors	9	5,164,369		2,200,160	
Cash at bank and in hand		9,019,347		8,362,298	
		14,183,716		10,562,458	
Creditors: amounts falling due within one year	10	12,311,706		7,402,954	
Net current assets			1,872,010		3,159,504
Total assets less current liabilities			1,996,442		3,266,994
Creditors: amounts falling due after more than one year	11		-		1,314,982
			1,996,442		1,952,012
Capital and reserves					
Called up share capital	13		1,850,000		1,850,000
Profit and loss account	14		146,442		102,012
Shareholder's funds	15		1,996,442		1,952,012

The financial statements were approved and authorised for issue by the Board of Directors on 23 April 2012 and were signed on its behalf by



NM Bryan
Director

The notes on pages 7 to 14 form part of these financial statements

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the invoiced value of services performed less value added tax.

Installation income is recognised when the service is completed and related costs are matched with income.

Service income is recognised in the period in which it is receivable.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Hallriver Limited and the company is included in consolidated financial statements.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Dividend

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pension costs

The company operates a group personal pension plan. Contributions are charged to the profit and loss account in the period in which they become payable. Contributions are made to the plan by both the employee and the employer.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant & machinery	- 25% per annum
Computer equipment	- 20-33% per annum
Motor vehicles	- 25% per annum

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Operating profit

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
This has been arrived at after charging		
Depreciation of tangible fixed assets	52,412	23,062
Loss on disposal of fixed assets	-	1,843
Fees payable to the company's auditors for the audit of the company's accounts	25,000	24,500
Non-audit services – corporation tax compliance	5,200	4,800
Hire of other assets – operating leases	2,112,464	1,218,987
Hire of land and buildings – operating leases	235,528	170,127
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Wages and salaries	17,376,429	9,841,071
Social security costs	1,853,405	1,066,464
Other pension costs	799,433	504,086
	<u> </u>	<u> </u>
	20,029,267	11,411,621
	<u> </u>	<u> </u>

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (*Continued*)

4 Employees (*continued*)

The average number of employees during the period (including the directors) was as follows

	12 month period ended 1 January 2012 Number	8 month period ended 2 January 2011 Number
Senior management	5	7
Supply chain	33	34
Planning and administration	166	168
Technical	338	340
	542	549

5 Director's remuneration

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Director's emoluments	62,759	36,813

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (Continued)

6 Taxation on profit from ordinary activities

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
<i>Current tax</i>		
UK corporation tax	194,569	274,448
Adjustments in respect of prior periods	(14,369)	-
Total current tax	180,200	274,448
<i>Deferred tax</i>		
Origination and reversal of timing differences	(16,680)	(192,656)
Effect of rate change	13,244	-
Adjustments in respect of prior periods	13,856	-
Adjustments in respect of transferred deferred tax	105,806	-
Total deferred tax	116,226	(192,656)
Taxation on profit on ordinary activities	296,426	81,792

The tax assessed for the period is different than the standard rate of corporation tax in the UK. The differences are explained below.

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Profit on ordinary activities before tax	630,856	183,804
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.49% (2010: 28%)	167,134	51,465
Effects of		
Expenses not deductible for tax purposes	16,118	27,867
Short term timing differences	25,680	211,306
Capital allowances in excess of depreciation	(8,005)	(11,515)
R&D tax relief	(6,358)	-
Group relief	-	(4,675)
Adjustments in respect of prior periods	(14,369)	-
Current tax charge for period	180,200	274,448

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (*Continued*)

7 Dividends

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Ordinary shares		
Paid in the period of 15 6p (2010 - £nil) per share	290,000	-

8 Fixed assets

	Motor vehicles £	Plant and machinery £	Computer equipment £	Total £
<i>Cost</i>				
At 3 January 2011	15,988	68,282	46,283	130,553
Additions	-	3,233	66,121	69,354
	<u>15,988</u>	<u>71,515</u>	<u>112,404</u>	<u>199,907</u>
<i>At 1 January 2012</i>				
	<u>15,988</u>	<u>71,515</u>	<u>112,404</u>	<u>199,907</u>
<i>Depreciation</i>				
At 3 January 2011	1,734	10,632	10,697	23,063
Charge for the period	3,997	21,949	26,466	52,412
	<u>5,731</u>	<u>32,581</u>	<u>37,163</u>	<u>75,475</u>
<i>At 1 January 2012</i>				
	<u>5,731</u>	<u>32,581</u>	<u>37,163</u>	<u>75,475</u>
<i>Net book value</i>				
At 1 January 2012	10,257	38,934	75,241	124,432
	<u>10,257</u>	<u>38,934</u>	<u>75,241</u>	<u>124,432</u>
At 2 January 2011	14,254	57,650	35,586	107,490
	<u>14,254</u>	<u>57,650</u>	<u>35,586</u>	<u>107,490</u>

9 Debtors

	1 January 2012 £	2 January 2011 £
Trade debtors	2,740,395	78,202
Other debtors	658,236	521,733
Prepayments and accrued income	1,583,503	1,407,569
Deferred taxation (note 12)	182,235	192,656
	<u>5,164,369</u>	<u>2,200,160</u>

All amounts shown under debtors fall due for payment within one year, except the deferred tax asset which is recoverable in more than one year

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (*Continued*)

10 Creditors' amounts falling due within one year

	1 January 2012 £	2 January 2011 £
Trade creditors	944,801	986,712
Corporation tax	194,569	274,448
Other creditors	4,286,581	1,639,358
Taxation and social security	1,253,716	1,115,974
Accruals and deferred income	5,632,039	3,386,462
	<u>12,311,706</u>	<u>7,402,954</u>

11 Creditors' amounts falling after more than one year

	1 January 2012 £	2 January 2011 £
Other creditors	-	1,314,982
	<u>-</u>	<u>1,314,982</u>

Amounts shown in other creditors are due for payment in 1-2 years

12 Deferred taxation asset

	£
At 3 January 2011	192,656
Charged to profit and loss account	(10,421)
	<u>182,235</u>
At 1 January 2012	<u>182,235</u>

The deferred tax asset comprises

	1 January 2012 £	2 January 2011 £
Accelerated capital allowances	(17,835)	(11,104)
Sundry timing differences	200,070	203,760
	<u>182,235</u>	<u>192,656</u>

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (*Continued*)

13 Share capital

	1 January 2012 £	2 January 2011 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1,850,000	1,850,000
	<u> </u>	<u> </u>

14 Reserves

	Profit and loss account £
At 3 January 2011	102,012
Profit for the financial period	334,430
Dividends paid	(290,000)
	<u> </u>
	146,442
	<u> </u>

15 Reconciliation of movements in shareholder's funds

	12 month period ended 1 January 2012 £	8 month period ended 2 January 2011 £
Profit for the financial period	334,430	102,012
Shares issued in the period	-	1,849,999
	<u> </u>	<u> </u>
Net addition to shareholder's funds	334,430	1,952,011
Dividend paid	(290,000)	-
Opening shareholders funds	1,952,012	1
	<u> </u>	<u> </u>
Closing shareholder's funds	1,996,442	1,952,012
	<u> </u>	<u> </u>

Innserve Limited

Notes forming part of the financial statements for the period ended 1 January 2012 (Continued)

16 Related party disclosures

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related party disclosures", not to disclose any transactions with members of the group headed by Hallriver Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

During the period Innserve Limited made sales to Old Innserve Limited, a subsidiary of Serviced Dispense Holdings Limited (SDEHL), of £34,763,386 (2010 £20,992,217) and purchases of £4,039,643 (2010 £1,375,803) NM Bryan, a director and ultimate shareholder of Innserve Limited, is also a director of SDEHL

At 1 January 2012, Innserve Limited was owed £3,651,455 (2010 £1,482,701) from Old Innserve Limited (included within trade debtors and accrued income) and owed £3,197,808 (2010 £1,079,389) to Old Innserve Limited (included within trade creditors, accruals and deferred income).

During the period Innserve Limited made sales to Innserve Technical Solutions Limited of £2,432,186 (2010 £1,265,867) and purchases of £181,122 (2010 £29,563) NM Bryan, a director and ultimate shareholder of Innserve Limited, is also a director and ultimate shareholder of Innserve Technical Solutions Limited

At 1 January 2012, Innserve Limited was owed £575,759 (2010 £150,240) from Innserve Technical Solutions Limited (included within trade debtors and other debtors) and owed £14,698 (2010 £nil) to Innserve Technical Solutions Limited (included within trade creditors, accruals and deferred income)

17 Ultimate controlling party

The company is controlled by NM Bryan, the director and shareholder of the parent company, Hallriver Limited

18 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £799,433 (2010 £504,086). A balance of £89,789 (2010 £nil) was outstanding at the end of the period

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	1 January 2012 Other £	1 January 2012 Land and Buildings £	2 January 2011 Other £	2 January 2011 Land and buildings £
Operating leases which expire				
Within one year	151,430	-	353,307	-
In two to five years	1,626,619	-	526,252	-
After five years	-	190,882	-	190,882
	<u>1,778,049</u>	<u>190,882</u>	<u>879,559</u>	<u>190,882</u>