Co House

Innserve Limited

Report and Financial Statements

Year ended

28 December 2014

Company Number 07226521

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Innserve Limited

Report and financial statements
for the year ended 28 December 2014

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Director

N M 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

Strategic report
for the year ended 28 December 2014

The director presents his strategic report together with the audited financial statements for the year ended 28 December 2014.

Principal activities

The company's principal activity is the provision of technical services to the brewing industry.

Review of the business

The profit and loss account is set out on page 6 and shows turnover of £43.1m (2013 - £42.3m) and profit before tax of £1,274k (2013 - £572k). Turnover and gross profit remained consistent with 2013 which was in line with the director's expectations.

The director believes the company remains well positioned for the future.

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 in 2011.

Financial risks are minimal, as the company has no borrowings or exposure to foreign exchange fluctuations. The company maintains cash balances at a number of reputable financial institutions following an assessment of the counter-party risk.

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.

Key performance indicators

The company uses a range of key performance indicators to monitor performance of the business.

	2014	**2013**
Turnover	**£43.1m**	£42.3m
Gross Profit	**£32.7m**	£32.1m
Gross Profit %	**76%**	76%
Operating Profit	**£1.2m**	£0.5m
Profit Before Tax	**£1.3m**	£0.6m

Approval

This strategic report was approved by order of the Board on 31/3/15

N M Bryan
Director

Innserve Limited

Report of the director
for the year ended 28 December 2014

The director presents his report together with the audited financial statements for the year ended 28 December 2014.

Information included in the strategic report

The following information is included in the strategic report:

- Details of the principal activity of the company
- A review of the business including developments in the year, its performance and current position
- A summary of the principal risks and uncertainty affecting the position, and
- Information relating to the KPIs monitored by the company

Dividends

The director does not recommend the payment of a dividend for the year.

Director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they 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 year.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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

The company's 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 year the company made charitable donations of £1,120 (2013 - £4,400).

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

N M Bryan
Director

Date: 31/3/15

TO THE MEMBER OF INNSERVE LIMITED

We have audited the financial statements of Innserve Limited for the year ended 28 December 2014 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 28 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 strategic report and director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

BDO LLP

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

Date: 1 April 2015

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

Innserve Limited

Profit and loss account
for the year ended 28 December 2014

	Note	2014 £	2013 £
Turnover	2	**43,090,750**	42,309,672
Cost of sales		**10,372,957**	10,240,085
Gross profit		**32,717,793**	32,069,587
Administrative expenses - excluding non-recurring items		**31,498,319**	30,796,476
Non-recurring items		**-**	775,238
Total administrative expenses		**31,498,319**	31,571,714
Operating profit	3	**1,219,474**	497,873
Interest receivable		**54,422**	73,985
Profit on ordinary activities before taxation		**1,273,896**	571,858
Taxation on profit from ordinary activities	6	**268,936**	164,274
Profit on ordinary activities after taxation	14	**1,004,960**	407,584

All amounts relate to continuing activities.
All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

Innserve Limited

Balance sheet
at 28 December 2014

Company number 07226521	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	7		**134,665**		147,716
Current assets					
Debtors	8	**5,280,329**		5,352,530	
Cash at bank and in hand		**11,568,034**		8,082,322	
		16,848,363		13,434,852	
Creditors: amounts falling due within one year	9	**12,769,858**		9,585,300	
Net current assets			**4,078,505**		3,849,552
Total assets less current liabilities			**4,213,170**		3,997,268
Creditors: amounts falling due after more than one year	10	-		759,947	
Provisions for liabilities	11	**225,459**		254,570	
			225,459		1,014,517
			3,987,711		2,982,751
Capital and reserves					
Called up share capital	13		**1,850,000**		1,850,000
Profit and loss account	14		**2,137,711**		1,132,751
Shareholder's funds	15		**3,987,711**		2,982,751

The financial statements were approved and authorised for issue by the Board of Directors on 31/3/15 and were signed on its behalf by

N M Bryan
Director

The notes on pages 8 to 16 form part of these financial statements.

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 year 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 shareholder 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 year 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.

1 Accounting policies *(continued)*

Non-recurring items

These are material items which derive from events or transactions that fall within the ordinary activities of the company and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

2 Turnover

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

3 Operating profit

	2014 £	2013 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	**75,267**	66,843
Fees payable to the company's auditors for the audit of the company's accounts	**26,500**	25,750
Non-audit services - corporation tax compliance	**6,500**	6,500
Hire of other assets - operating leases	**1,706,234**	1,823,783
Hire of land and buildings - operating leases	**206,181**	208,903

The non-recurring items in the previous year relate to reorganisation costs as a result of a review of the business.

4 Employees

Staff costs (including the director) consist of:

	2014 £	2013 £
Wages and salaries	**16,917,626**	19,393,100
Social security costs	**1,723,618**	1,883,084
Other pension costs	**803,729**	948,975
	19,444,973	22,225,159

4 Employees *(continued)*

The average number of employees during the year (including the director) was as follows:

	2014 Number	2013 Number
Senior management	**7**	6
Supply chain	**33**	36
Planning and administration	**159**	183
Technical	**350**	367
	549	592

5 Director's remuneration

	2014 £	2013 £
Director's emoluments	**159,080**	63,108

6 Taxation on profit from ordinary activities

	2014 £	2013 £
Current tax		
UK corporation tax	**227,957**	-
Adjustments in respect of prior years	**(5,091)**	(35,328)
Total current tax	**222,866**	(35,328)
Deferred tax		
Origination and reversal of timing differences	**46,660**	200,052
Effect of rate change	**-**	63,089
Adjustments in respect of prior years	**(590)**	(68,315)
Adjustments in respect of transferred deferred tax	**-**	4,776
Total deferred tax	**46,070**	199,602
Taxation on profit on ordinary activities	**268,936**	164,274

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

	2014 £	2013 £
Profit on ordinary activities before tax	**1,273,896**	571,858
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	**273,800**	132,957
Effects of:		
Expenses not deductible for tax purposes	**3,666**	2,547
Short term timing differences	**(50,000)**	(232,526)
Capital allowances in deficit/(excess) of depreciation	**491**	(5,551)
Adjustments in respect of prior years	**(5,091)**	(35,328)
Losses carried back	**-**	102,573
Current tax charge for year	**222,866**	(35,328)

7 Fixed assets

	Motor vehicles £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 30 December 2013	15,988	139,330	199,162	354,480
Additions	17,156	-	45,060	62,216
At 28 December 2014	**33,144**	**139,330**	**244,222**	**416,696**
Depreciation				
At 30 December 2013	13,725	87,856	105,183	206,764
Charge for the year	6,551	20,093	48,623	75,267
At 28 December 2014	**20,276**	**107,949**	**153,806**	**282,031**
Net book value				
At 28 December 2014	**12,868**	**31,381**	**90,416**	**134,665**
At 29 December 2013	2,263	51,474	93,979	147,716

8 Debtors

	2014 £	2013 £
Trade debtors	**2,587,393**	2,675,628
Other debtors	**409,867**	361,292
Prepayments and accrued income	**1,863,209**	1,754,464
Corporation tax recoverable	**250,164**	345,380
Deferred taxation (note 12)	**169,696**	215,766
	5,280,329	5,352,530

9 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	**1,176,332**	954,761
Amounts due to group undertaking	**40,758**	40,758
Taxation and social security	**1,406,993**	2,027,534
Other creditors	**2,253,597**	1,220,491
Accruals and deferred income	**7,892,178**	5,341,756
	12,769,858	9,585,300

10 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Other creditors	-	759,947

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

11 Provisions for liabilities

	Vehicle damage £	Early termination £	Total £
At 30 December 2013	93,349	161,221	254,570
Charged/(credited) to profit and loss account	28,540	(57,651)	(29,111)
At 28 December 2014	**121,889**	**103,570**	**225,459**

The vehicle damage provision represents expected vehicle repair costs to be charged by the lease company at the end of the lease. Charges are based on estimated future costs which are expected to be paid over the next 3 years.

The early termination provision represents charges on vehicle leases where the contract mileage will be reached prior to the lease end date. Charges are based on estimated future costs which are expected to be paid over the next 4 years.

12 Deferred taxation asset

	£
At 30 December 2013	215,766
Adjustment in respect of prior years	590
Effect of rate change on opening balance	-
Charged to profit and loss account	(46,660)
At 28 December 2014	**169,696**

The deferred tax asset comprises:

	2014 £	2013 £
Accelerated capital allowances	**(17,124)**	(17,580)
Sundry timing differences	**186,820**	233,346
	169,696	215,766

13 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	**1,850,000**	1,850,000

14 Reserves

	Profit and loss account £
At 30 December 2013	1,132,751
Profit for the financial year	1,004,960
At 28 December 2014	**2,137,711**

15 Reconciliation of movements in shareholder's funds

	2014 £	2013 £
Profit for the financial year	1,004,960	407,584
Opening shareholder's funds	2,982,751	2,575,167
Closing shareholder's funds	**3,987,711**	2,982,751

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 year Innserve Limited made sales to Old Innserve Limited, a subsidiary of Serviced Dispense Equipment Holdings Limited (SDEHL), of £36,862,969 (2013 - £35,786,199) and purchases of £3,214,451 (2013 - £3,637,042). N M Bryan, a director and ultimate shareholder of Innserve Limited, is also a director of SDEHL.

At 28 December 2014, Innserve Limited was owed £3,499,811 (2013 - £3,547,090) from Old Innserve Limited (included within trade debtors and accrued income) and owed £6,456,766 (2013 - £3,763,785) to Old Innserve Limited (included within trade creditors, accruals and deferred income).

During the year Innserve Limited made sales to Innserve Technical Solutions Limited of £6,098,720 (2013 - £6,271,793) and purchases of £355,719 (2013 - £305,164). N M Bryan, a director and ultimate shareholder of Innserve Limited, is also a director and ultimate shareholder of Innserve Technical Solutions Limited.

At 28 December 2014, Innserve Limited was owed £459,469 (2013 - £460,980) from Innserve Technical Solutions Limited (included within trade debtors and other debtors) and owed £776 (2013 - £21,894) to Innserve Technical Solutions Limited (included within trade creditors, accruals and deferred income).

17 Ultimate controlling party

The company is controlled by N M 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 £803,729 (2013 - £948,975). A balance of £102,722 (2013 - £280,991) was outstanding at the end of the year.

19 Commitments under operating leases

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

	2014 Other £	2014 Land and buildings £	2013 Other £	2013 Land and buildings £
Operating leases which expire:				
Within one year	**504,286**	**-**	120,002	-
In two to five years	**1,055,521**	**190,882**	1,869,311	190,882
	1,559,807	**190,882**	1,989,313	190,882