

INKFISH SERVICES LIMITED
(Registered No: 3789864)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

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COMPANIES HOUSE

The directors submit their report and the accounts of the Company for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The principal activities of the Company are fulfilment and mailing services in support of the Domestic and General Group and also to a wide range of external customers covering various business sectors. There have not been any significant changes in the Company's principal activities in the year under review.

RESULTS AND DIVIDENDS

As shown in the Company's profit and loss account on page 6, turnover in the year was £7.2 million (2007: £7.2 million) which generated a loss before tax for the year of £32,624 (2007: £19,835 loss). The Company made a loss on ordinary activities after taxation of £16,532 (2007: £10,773 loss).

The directors do not propose to recommend the payment of a dividend. Total dividends for the year amounted to £ nil (2007: £ nil).

The balance sheet on page 7 of the financial statements shows that the Company's financial position at the year end has remained fairly constant during the year with net assets of £151,522, down from £168,054 at the start of the year.

Domestic & General Group Holdings Limited considers key performance indicators (KPIs) on a Group basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business beyond that which is set out in the accounts of Domestic & General Group Holdings Limited, which is available on the website at www.domgen.com. The Group's report does not form part of this Report.

RISK MANAGEMENT

The Group risk management strategy is outlined in the accounts of Domestic & General Group Holdings Limited, which does not form part of these accounts.

A summary of the principal financial risks and uncertainties facing the Company is shown below.

- Competitive risk comes from changes in trading conditions, competition to win new business and the loss of key clients.
- Credit risk is the potential adverse financial impact of the loss in value of financial assets resulting from counterparties failing to meet all or part of their obligations.
- Liquidity risk is the possibility that there are insufficient available assets to meet obligations as they fall due.
- Operational risks arise as a result of internal processes, information security, systems availability, human error from external events or from fraud and compliance risks.

INKFISH SERVICES LIMITED
DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year ended 31 March 2008 were:

N R Alexander	Resigned 22 November 2007
S D Garbett	Resigned 20 July 2007
J Langford-Brown	Resigned 22 November 2007
P A Lee	
J J Pearmund	
J S Ritchie	Resigned 22 November 2007
K S Wilson	

DIRECTORS' AND OFFICERS' INSURANCE AND DIRECTORS' INDEMNITIES

The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of the Company and its directors. The directors are also entitled, under the Articles of Association, to be indemnified by the Company against costs, charges, losses, expenses and liability incurred in the discharge of their duties, unless prohibited by statute.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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.

INKFISH SERVICES LIMITED
DIRECTORS' REPORT

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with Section 386 of the Companies Act 1985 the shareholders approved the appointment of KPMG Audit Plc as auditors to the company, who are deemed to continue in office until such resolution is revoked.

By Order of the Board



P White
Secretary
9 June 2008

Registered Office
Swan Court
11 Worple Road
Wimbledon
London SW19 4JS

INKFISH SERVICES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INKFISH SERVICES LIMITED

We have audited the financial statements of Inkfish Services Limited for the year ended 31 March 2008, which comprise of 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 2 and 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

INKFISH SERVICES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INKFISH SERVICES LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

8 Salisbury Square
London
EC4Y 8BB

9 June 2008

INKFISH SERVICES LIMITED
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Note	Year to 31 March 2008 £	Year to 31 March 2007 £
TURNOVER	2	7,191,517	7,155,336
Direct costs		<u>(3,414,219)</u>	<u>(3,204,301)</u>
GROSS PROFIT		3,777,298	3,951,035
Administrative expenses		<u>(3,809,922)</u>	<u>(3,670,870)</u>
OPERATING PROFIT/(LOSS)		(32,624)	280,165
Reorganisation provision		<u>-</u>	<u>(300,000)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(32,624)	(19,835)
Tax on profit/(loss) on ordinary activities	6	<u>16,092</u>	<u>9,062</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>(16,532)</u>	<u>(10,773)</u>

All income and expenditure relates to continuing operations.

There are no recognised gains or losses other than those recognised in the profit and loss account.

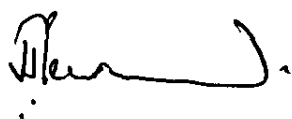
The notes on pages 8 to 14 form an integral part of these financial statements.

INKFISH SERVICES LIMITED
BALANCE SHEET AT 31 MARCH 2008

	Note	31 March 2008		31 March 2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		6,079,664		6,223,081
CURRENT ASSETS					
Stocks	8	131,458		25,449	
Debtors	9	576,814		816,861	
Cash at bank and in hand		<u>12,402</u>		<u>104</u>	
		720,674		842,414	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(6,509,885)</u>		<u>(6,414,358)</u>	
NET CURRENT LIABILITIES			<u>(5,789,211)</u>		<u>(5,571,944)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			290,453		651,137
PROVISIONS FOR OTHER RISKS AND CHARGES	11		-		(300,000)
DEFERRED TAXATION	12		<u>(138,931)</u>		<u>(183,083)</u>
			<u>151,522</u>		<u>168,054</u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account	14		<u>101,522</u>		<u>118,054</u>
			<u>151,522</u>		<u>168,054</u>

The notes on pages 8 to 14 form an integral part of these financial statements.

These accounts were approved by the Board of directors on 9 June 2008.



JJ PEARMUND Director

I. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of Preparation

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £5,789,211 (2007: £5,571,944), which the directors believe to be appropriate for the following reasons. Domestic and General Group Holdings Limited, the Company's ultimate parent company, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available funds as are needed by the Company, and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not.

(b) Turnover

Turnover represents amounts receivable for services provided, exclusive of Value Added Tax.

(c) Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life using the straight line method. The principal rates are as follows:

Buildings	2% per annum
Computer equipment	25% per annum
Motor vehicles	25% per annum
Fixtures, fittings, furniture & equipment	10% - 15% per annum

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

(e) Pension Scheme

The Company participates in the defined contribution pension scheme operated by Domestic & General Group Limited in whose accounts full disclosure of the pension arrangements are made.

The costs of providing pensions for employees are charged in the profit and loss account in the year to which they relate.

(f) Deferred Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences, between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

(g) Cash Flow Statement

The Company has taken advantage of the exemption within Financial Reporting Standard 1 (Revised) not to provide a cash flow statement because it is a wholly owned subsidiary undertaking of Domestic & General Group Holdings Limited ('the group').

(h) Related Party Transactions

The Company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) because it is a wholly owned subsidiary undertaking of Domestic & General Group Holdings Limited.

2. TURNOVER

	Year to 31 March 2008 £	Year to 31 March 2007 £
Mailing activities	7,168,666	6,377,962
Fulfilment activities	22,851	777,374
	<u>7,191,517</u>	<u>7,155,336</u>

All business originated in the United Kingdom.

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year to 31 March 2008 £	Year to 31 March 2007 £
Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	836,447	805,093
Profit on disposal of tangible assets	(20,175)	-
Auditors' remuneration – statutory audit fees	<u>7,500</u>	<u>8,000</u>

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year was as follows:

	Year to 31 March 2008	Year to 31 March 2007
Executive directors	2	2
Fulfilment	2	23
Mailing	<u>147</u>	<u>128</u>
	<u>151</u>	<u>153</u>

The aggregate payroll costs of these persons were as follows:

	Year to 31 March 2008 £	Year to 31 March 2007 £
Wages and salaries	2,618,768	2,782,481
Social security costs	237,112	243,430
Other pension costs - defined contribution schemes	<u>91,214</u>	<u>99,748</u>
	<u>2,947,094</u>	<u>3,125,659</u>

5. DIRECTORS' EMOLUMENTS

Some directors are employed by and receive their remuneration from Domestic & General Services Limited, a fellow group undertaking. The total emoluments received by directors for qualifying services to the Company for the year ended 31 March 2008 are shown below.

	Year to 31 March 2008 £	Year to 31 March 2007 £
Salaries including benefits in kind	175,920	217,903
Pension contributions – defined contribution scheme	14,767	18,316
	<u>190,687</u>	<u>236,219</u>

The number of directors accruing retirement benefits was 4 (2007: 4).

6. TAXATION

	Year to 31 March 2008 £	Year to 31 March 2007 £
(a) Analysis of charge for the year		
UK corporation tax on profits for the year at 30%	21,827	5,790
Adjustments in respect of prior periods	6,233	330
Total current tax	<u>28,060</u>	<u>6,120</u>
Deferred tax (note 12)	<u>(44,152)</u>	<u>(15,182)</u>
Tax on profit/(loss) on ordinary activities	<u>(16,092)</u>	<u>(9,062)</u>

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

	Year to 31 March 2008 £	Year to 31 March 2007 £
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- (b) Factors affecting the tax charge for the current year
The differences are explained below:

Current tax reconciliation:

Operating profit/(loss) before taxation	(32,624)	280,165
Provision for reorganisation	-	(300,000)
Profit/(loss) on ordinary activities before taxation	<u>(32,624)</u>	<u>(19,835)</u>
Corporation tax on operating profit/(loss) at 30% (2007: 30%)	(9,787)	84,049
Corporation tax on reorganisation provision	-	(90,000)
Expenses not deductible for tax purposes	7,455	1,727
Origination and reversal of timing differences	57,400	10,014
Other adjustments	(33,241)	-
Adjustment in respect of prior periods	<u>6,233</u>	<u>330</u>
Current tax charge for year	<u>28,060</u>	<u>6,120</u>

7. TANGIBLE ASSETS

	Freehold land & buildings £	Computer equipment £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost:					
At 1 April 2007	4,162,072	222,372	3,699,064	80,660	8,164,168
Additions*	(1,560)	28,217	721,287	-	747,944
Transfers within group	-	-	-	20,153	20,153
Disposals	-	(27,683)	(295,014)	(43,487)	(366,184)
At 31 March 2008	<u>4,160,512</u>	<u>222,906</u>	<u>4,125,337</u>	<u>57,326</u>	<u>8,566,081</u>
Depreciation:					
At 1 April 2007	148,689	129,596	1,622,098	40,704	1,941,087
Charge for the year	59,331	49,395	706,296	21,425	836,447
Transfers within group	-	-	-	18,893	18,893
Disposals	-	(26,703)	(240,792)	(42,515)	(310,010)
At 31 March 2008	<u>208,020</u>	<u>152,288</u>	<u>2,087,602</u>	<u>38,507</u>	<u>2,486,417</u>
Net book value:					
At 31 March 2008	<u>3,952,492</u>	<u>70,618</u>	<u>2,037,735</u>	<u>18,819</u>	<u>6,079,664</u>
At 31 March 2007	<u>4,013,383</u>	<u>92,776</u>	<u>2,076,966</u>	<u>39,956</u>	<u>6,223,081</u>

* Included in the additions to freehold land and buildings is £2,907 VAT reclaim relating to additions in the prior year.

INKFISH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

8. STOCKS

	31 March 2008 £	31 March 2007 £
Goods for resale	120,401	19,170
Brochures and packaging	11,057	6,279
	<u>131,458</u>	<u>25,449</u>

9. DEBTORS

	31 March 2008 £	31 March 2007 £
Trade debtors	547,203	662,264
Prepayments and accrued income	29,611	154,597
	<u>576,814</u>	<u>816,861</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2008 £	31 March 2007 £
Trade creditors	-	217,681
Corporation tax	21,827	-
Bank loans and overdrafts	-	28,196
Accruals and deferred income	562,628	255,011
Due to group companies	5,925,430	5,913,470
	<u>6,509,885</u>	<u>6,414,358</u>

11. REORGANISATION PROVISION

	31 March 2008 £	31 March 2007 £
Balance brought forward	300,000	-
Provision in the year	-	300,000
Utilised in year	(267,143)	-
Released in year	(32,857)	-
Balance carried forward	<u>-</u>	<u>300,000</u>

On 22 March 2007, following a period of employee consultation, the Board confirmed the closure of the Burnley fulfillment operation. All profitable business was transferred to the Coventry operation on 30 June 2007.

12. DEFERRED TAXATION

	31 March 2008 £	31 March 2007 £
Deferred tax has been provided as follows:		
Timing differences on capital allowances	<u>138,931</u>	<u>183,083</u>

Under FRS19, deferred tax is provided for in full on timing differences: -

	31 March 2008 £	31 March 2007 £
Balance brought forward	183,083	198,265
Provision in the year	(30,904)	(15,182)
Effect on change in tax rate	(13,248)	-
Balance carried forward	<u>138,931</u>	<u>183,083</u>

13. SHARE CAPITAL

	31 March 2008 £	31 March 2007 £
Authorised		
- Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
- Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

14. PROFIT AND LOSS ACCOUNT

	31 March 2008 £	31 March 2007 £
Balance brought forward	118,054	128,827
Profit/(loss) for the year	(16,532)	(10,773)
Balance carried forward	<u>101,522</u>	<u>118,054</u>

15. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Domestic & General Group Holdings Limited which is the ultimate parent company incorporated in Jersey.

The largest group in which the results of the Company are consolidated is that headed by Domestic & General Group Holdings Limited, incorporated in Jersey. The smallest group in which they are consolidated is that headed by Domestic & General Acquisition Holdings Limited, incorporated in Jersey. The consolidated financial statements of Domestic & General Group Holdings Limited are available to the public and may be obtained from the website at www.domgen.com.