

Registered number
3789864

Inkfish Services Limited
Report and Accounts
for the year ended 31 March 2010



Inkfish Services Limited
Registered number' 3789864
Directors' Report

The directors present their report and accounts for the year ended 31 March 2010

Principal activities and review of the business

The principal activity of the Company is mailing services in support of the Domestic & General Group and also to a wide range of external customers covering various business sectors. There have been no changes to the Company's principal activity during the year.

Results

As shown in the Company's profit and loss account turnover in the year was £5,867,617 (2009 £6,631,998) which generated a profit before taxation for the year of £84,396 (2009 loss £1,667,833). The Company made a loss on ordinary activities after taxation of £345,575 (2009 £1,075,871).

The Company has net liabilities of £1,269,924.

As described in note 1 of the accounts, the Company's ultimate parent company has provided the Company, as a subsidiary of the Group, with an understanding 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.

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 are available on the website at www.domesticandgeneral.com. The Group's report does not form part of this report.

Risk management

The Group risk management strategy is outlined in the report and accounts of Domestic & General Group Holdings Limited, which do not form part of this report.

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

- Economic risk, reflects the continuing poor economic environment of the UK and its consequent impact on demand for the Company's services.
- 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 liquid 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.

Dividends

The directors do not propose to recommend the payment of a final dividend. Total dividends for the year amounted to £nil (2009 £nil).

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Domestic & General Group Holdings Limited accounts, which do not form part of this report.

Inkfish Services Limited
Registered number: 3789864
Directors' Report

Employees

The Group recognises the need to operate fairly and responsibly towards its employees. The Company operates in accordance with Group policies, which are described in the Domestic & General Group Holdings Limited accounts, which do not form part of this report.

Directors

The directors, who served throughout the year, were as follows:

P A Lee
J J Pearmund
K S Wilson

Directors' and Officers' insurance and Directors' indemnities

On behalf of the Company the Group 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

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). Under company law the directors must not approve the financial statements unless they are 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 period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements 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 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 them to ensure that the accounts comply with the Companies Act 2006. 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.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Inkfish Services Limited
Registered number: 3789864
Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that

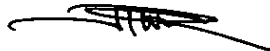
- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditors

KPMG Audit Plc have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

This report was approved by the board on 16 June 2010 and signed on its behalf



J-P Rabin
Company Secretary

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

Inkfish Services Limited
Independent auditors' report
to the shareholder of Inkfish Services Limited

We have audited the financial statements of Inkfish Services Limited for the year ended 31 March 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, 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 members those matters we are required to state to them in an auditors' 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

As explained more fully in the Statement of Directors' Responsibilities on page 2, the directors are 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 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' 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
- 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.



Tom Wolfenden (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
16 June 2010

8 Salisbury Square
London
EC4Y 8BB

Inkfish Services Limited
Profit and Loss Account
for the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	5,867,617	6,631,998
Direct Costs		(2,338,509)	(2,732,591)
Gross profit		<u>3,529,108</u>	<u>3,899,407</u>
Administrative expenses		(3,628,162)	(4,028,406)
Operating loss	3	<u>(99,054)</u>	<u>(128,999)</u>
Exceptional items			
Profit/(loss) on revaluation of tangible fixed assets	4	183,450	(1,538,834)
		<u>84,396</u>	<u>(1,667,833)</u>
Profit/(loss) on ordinary activities before taxation		<u>84,396</u>	<u>(1,667,833)</u>
Tax on profit/(loss) on ordinary activities	7	(429,971)	591,962
Loss for the financial year		<u>(345,575)</u>	<u>(1,075,871)</u>

Continuing operations

None of the Company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The Company has no recognised gains or losses other than the loss for the above two financial years

Inkfish Services Limited
Balance Sheet
as at 31 March 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	8	3,713,366	4,036,155
Current assets			
Stocks	9	-	12,443
Debtors	10	511,061	547,371
Cash at bank and in hand		101	101
		<u>511,162</u>	<u>559,915</u>
Creditors: amounts falling due within one year	11	(5,546,898)	(5,987,656)
Net current liabilities		<u>(5,035,736)</u>	<u>(5,427,741)</u>
Total assets less current liabilities		<u>(1,322,370)</u>	<u>(1,391,586)</u>
Provisions for liabilities			
Deferred taxation	12	52,446	467,237
Net liabilities		<u>(1,269,924)</u>	<u>(924,349)</u>
Capital and reserves			
Called up share capital	13	50,000	50,000
Profit and loss account	14	(1,319,924)	(974,349)
Shareholder's funds	15	<u>(1,269,924)</u>	<u>(924,349)</u>



P A Lee
Director

Approved by the board on 16 June 2010

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £5,035,736 (2009 £5,427,741), which the directors believe to be appropriate for the following reasons

Domestic & General Group Holdings Limited, the Company's ultimate parent company, has provided the Company, as a subsidiary of the Group, 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.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom Accounting Standards.

Cash flow statement

The Company has taken advantage of the exemption within FRS1 (revised) not to provide a cash flow statement because it is a wholly owned subsidiary undertaking of Domestic & General Group Holdings Limited.

Related party transactions

The Company has taken advantage of the exemption within FRS 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.

Turnover

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

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	2% per annum
Motor vehicles	25% per annum
Fixtures, fittings and equipment	10% - 25% per annum

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

Revaluation of properties

Individual freehold and leasehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Stocks

Stock is valued at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Pensions

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

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the value, net of value added tax, of work carried out in respect of services provided to customers.

Turnover is attributable to the Company's one continuing activity. All business originated in the United Kingdom.

3 Operating loss	2010	2009
	£	£
This is stated after charging/(crediting)		
Depreciation of owned fixed assets	537,147	726,024
Profit on disposal of tangible fixed assets	(712)	(6,566)
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>7,700</u>	<u>7,700</u>

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

4 Exceptional items	2010	2009
	£	£
Profit/(loss) on revaluation of land and buildings	<u>183,450</u>	<u>(1,538,834)</u>

The freehold land and building, which is owner-occupied, was valued at 31 March 2009 by external valuers, Colliers CRE, Chartered Surveyors, at their Existing Use Value (EUV) in accordance with the RICS Appraisal and Valuation Manual. The value was based on active market prices. Following these valuations the Directors took the decision to reduce the carrying value of land and buildings by £1,538,834. An interim valuation was performed at the 31 March 2010 which indicated that the value had increased by £183,450 since the previous valuation.

5 Directors' emoluments

All directors are employed by and receive their emoluments from another group undertaking. The directors holding office during the year consider that their services to the Company are incidental to their duties within the Domestic & General Group and accordingly no remuneration or other benefits have been apportioned to this Company.

6 Staff costs	2010	2009
	£	£
Wages and salaries	2,405,385	2,899,950
Social security costs	212,065	251,784
Other pension costs	<u>78,447</u>	<u>104,087</u>
	<u>2,695,897</u>	<u>3,255,821</u>

Average number of employees during the year	Number	Number
Mailing	<u>119</u>	<u>143</u>

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

7 Taxation	2010	2009
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on loss for the period	3,734	15,322
Adjustments in respect of previous periods	11,446	(1,116)
	<u>15,180</u>	<u>14,206</u>
 Deferred tax (note 12)		
Origination and reversal of timing differences	414,791	(606,168)
 Tax on loss on ordinary activities	<u>429,971</u>	<u>(591,962)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	<u>84,396</u>	<u>(1,667,833)</u>
 Standard rate of corporation tax in the UK	21%	28%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	17,723	(466,993)
 Effects of		
Expenses not deductible for tax purposes	434	(33,440)
Exceptional items	(40,521)	430,874
Capital allowances for period in excess of depreciation	26,098	84,881
Adjustments to tax charge in respect of previous periods	11,446	(1,116)
Current tax charge for period	<u>15,180</u>	<u>14,206</u>

It is expected that the tax payable will be extinguished by the surrender of losses from another group company, for which consideration of equal value will be made

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

8 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 April 2009	2,350,000	65,288	4,540,056	6,955,344
Additions	-	-	53,779	53,779
Surplus on revaluation	150,000	-	-	150,000
Disposals	-	(48,471)	-	(48,471)
At 31 March 2010	<u>2,500,000</u>	<u>16,817</u>	<u>4,593,835</u>	<u>7,110,652</u>
Depreciation				
At 1 April 2009	-	24,886	2,894,303	2,919,189
Charge for the year	33,450	6,670	497,027	537,147
Surplus on revaluation	(33,450)	-	-	(33,450)
On disposals	-	(25,600)	-	(25,600)
At 31 March 2010	<u>-</u>	<u>5,956</u>	<u>3,391,330</u>	<u>3,397,286</u>
Net book value				
At 31 March 2010	<u>2,500,000</u>	<u>10,861</u>	<u>1,202,505</u>	<u>3,713,366</u>
At 31 March 2009	<u>2,350,000</u>	<u>40,402</u>	<u>1,645,753</u>	<u>4,036,155</u>

	2010 £	2009 £
Freehold land and buildings		
Historical cost	<u>4,146,610</u>	<u>4,156,119</u>
Cumulative depreciation based on historical cost	<u>449,793</u>	<u>366,861</u>

9 Stocks	2010 £	2009 £
Brochures and packaging	<u>-</u>	<u>12,443</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

10 Debtors	2010 £	2009 £
Trade debtors	412,003	459,323
Amounts owed by group undertakings	49,440	-
Prepayments and accrued income	<u>49,618</u>	<u>88,048</u>
	<u>511,061</u>	<u>547,371</u>

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

11 Creditors amounts falling due within one year	2010	2009
	£	£
Trade creditors	34,039	39,801
Amounts owed to group undertakings	5,206,003	5,543,506
Accruals and deferred income	306,856	404,349
	<u>5,546,898</u>	<u>5,987,656</u>

12 Deferred taxation	2010	2009
	£	£
Accelerated capital allowances	(52,446)	(5,237)
On revaluation of land and buildings	-	(462,000)
Undiscounted provision for deferred tax	<u>(52,446)</u>	<u>(467,237)</u>

	2010	2009
	£	£
At 1 April	(467,237)	138,931
Deferred tax charge in profit and loss account	414,791	(606,168)
At 31 March	<u>(52,446)</u>	<u>(467,237)</u>

There is an unrecognised deferred tax asset of £420,000 (2009 £nil)

13 Share capital	2010	2009	2010	2009
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	50,000	50,000	<u>50,000</u>	<u>50,000</u>

14 Profit and loss account	2010
	£
At 1 April 2009	(974,349)
Loss for the financial year	(345,575)
At 31 March 2010	<u>(1,319,924)</u>

Inkfish Services Limited
Notes to the Accounts
for the year ended 31 March 2010

15 Reconciliation of movement in shareholder's funds	2010	2009
	£	£
At 1 April	(924,349)	151,522
Loss for the financial year	(345,575)	(1,075,871)
At 31 March	<u>(1,269,924)</u>	<u>(924,349)</u>

16 Controlling party

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.domesticandgeneral.com

The ultimate controlling party of the Group is AIDG Cayman Limited, an entity whose shareholders are Funds managed by Advent International Corporation