

Independent Inspections Holdings Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2008

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Company Registration No. 04575239

Independent Inspections Holdings Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

SJ Watkins
K D Mahoney
M Vincent
TI McInnes

SECRETARY

N M Pollard

REGISTERED OFFICE

6 Fulwood Park
Caxton Road
Fulwood
Preston
Lancashire
PR2 9NZ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

BANKERS

NatWest
35 Fishergate
Preston
Lancashire
PR1 3BH

SOLICITORS

Brabners Chaffe Street
7-8 Chapel Street
Preston
Lancashire
PR1 8AN

Independent Inspections Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Independent Inspections Holdings Limited for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company.

REVIEW OF THE BUSINESS

The company operates as a holding company therefore the risks and uncertainties affecting the company are also those of its subsidiary undertaking. The key risk facing the company's subsidiary Independent Inspections Limited is customer relationship risk. The company has a number of large insurance customers. The loss of these key customer relationships could have a material impact on the company's profitability and cash flows. The risk is managed through good customer service, backed up by regular reviews with key management at these clients.

The results for the year and financial position of the company are as shown in the financial statements.

The directors are satisfied with the results for the year.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £1,000,000 (2007 - profit: £1,000,000). A dividend of £1,000,000 was paid during the year (2007: £1,000,000).

FUTURE OUTLOOK

The directors are optimistic about the company's and group's future prospects.

DIRECTORS

The following directors have held office since 1 January 2008:

SJ Watkins	Appointed 1st May 2009
KD Mahoney	
M Vincent	
TI McInnes	Appointed 24th March 2009

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

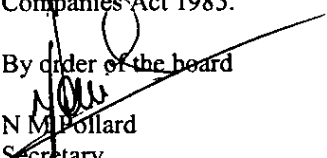
AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985.

By order of the board


N M Pollard
Secretary
5th June 2009

Independent Inspections Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 requirements of the Companies Act 1985. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT INSPECTIONS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 12.

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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its profit for the year then ended and 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.

Baker Tilly de Audit LLP
BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

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Independent Inspections Holdings Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
TURNOVER	1	-	-
Cost of sales		-	-
Gross Profit		-	-
Administrative expenses		-	-
OPERATING PROFIT		-	-
Income from shares in group undertakings	4	1,000,000	1,000,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	1,000,000	1,000,000
Taxation	3	-	-
PROFIT AFTER TAXATION		1,000,000	1,000,000

The operating profit for the year arises from the company's continuing operations.

There are no recognised gains or losses in the period other than those stated above and therefore no Statement of Total Recognised Gains and Losses has been presented.

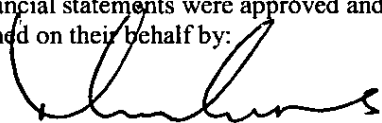
Independent Inspections Holdings Limited

BALANCE SHEET

As at 31 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	5	122,200	83,630
		<u>122,200</u>	<u>83,630</u>
CURRENT ASSETS			
Debtors	6	524,168	49,567
		<u>524,168</u>	<u>49,567</u>
CREDITORS : Amounts falling due within one year	7	(489,126)	(14,525)
NET CURRENT ASSETS		<u>35,042</u>	<u>35,042</u>
NET ASSETS		<u>157,242</u>	<u>118,672</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,001	10,001
Profit and loss account	10	35,041	35,041
Capital contribution account	10	112,200	73,630
SHAREHOLDER'S FUNDS	11	<u>157,242</u>	<u>118,672</u>

The financial statements were approved and authorised for issue by the Board of Directors on 5th June 2009 and signed on their behalf by:



T McInnes
Director

Independent Inspections Holdings Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The financial statements present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Mavinwood plc, a company registered in England and Wales.

CASH FLOW STATEMENT

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group and the parent company publishes a consolidated cash flow statement.

TURNOVER

Turnover represents invoiced management charges to other group undertakings.

SHARE BASED PAYMENTS

The parent company operates an equity-settled share-based compensation plan. The parent company issues equity-settled share-based payments to certain employees of Independent Inspections Holdings Limited.

The fair value is measured by use of the Stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

The fair value of providing Mavinwood plc share options to subsidiary company employees, determined at the grant date, is charged to the profit and loss account of the employing subsidiary over the vesting period of the option on a straight-line basis.

Share options that are made available to employees of the subsidiaries of Mavinwood plc are treated as increases in the capital contribution account over the vesting period of the award, with a corresponding increase in the Mavinwood investments in subsidiaries, based on the estimate of the number of shares that will vest.

Independent Inspections Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity within the United Kingdom.

2 DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Staff costs during the period were as follows:		
Wages and salaries	-	-
Social security costs	-	-
	<u>-</u>	<u>-</u>

	2008 Number	2007 Number
The average number of employees during the period was:		
Management	-	2
	<u>-</u>	<u>2</u>

	2008 £	2007 £
The total amounts for directors' remuneration and other benefits was as follows:		
Emoluments	-	-
	<u>-</u>	<u>-</u>

The directors are directors of and are remunerated by other group companies

3 TAX ON PROFIT ON ORDINARY ACTIVITIES	2008 £	2007 £
The taxation charge is based on the profit for the year and represents :		
Corporation tax at 28.5% (2007 : 30%)		
- current period	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
- current period	-	-
- prior period	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Independent Inspections Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

3 FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%). The differences are explained as follows:	2008 £	2007 £
Profit on ordinary activities before taxation	1,000,000	1,000,000
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%)	285,000	300,000
Effect of:		
Income not taxable	(285,000)	(300,000)
	<u>-</u>	<u>-</u>

4 DIVIDENDS

A dividend of £1,000,000 was paid in the year (2007: £1,000,000).

5 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2008	83,630
Additions – FRS 20 adjustment (note 14)	38,570
At 31 December 2008	<u>122,200</u>
NET BOOK VALUE	
At 31 December 2008	<u>122,200</u>
At 31 December 2007	<u>83,630</u>

The company had the following subsidiary undertaking as at 31 December 2008:

Name of subsidiary	Class of share capital held	Proportion held by parent company	Aggregate capital and reserves	Profit for the year	Nature of business
Independent Inspections Limited	Ordinary	100%	£1,666,981	£1,514,656	Flooring inspection services to the insurance industry

The above are holdings of ordinary shares and all undertakings are registered in England and Wales.

Independent Inspections Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

6	DEBTORS	At 31 December 2008 £	At 31 December 2007 £
	Amounts owed by parent company	524,168	49,567
7	CREDITORS: amounts falling due within one year	At 31 December 2008 £	At 31 December 2007 £
	Amounts owed to subsidiary undertaking	489,126	14,525
	Amounts owed to the subsidiary undertaking are interest free and repayable on demand.		
8	CONTINGENT LIABILITY		
	The company has entered into a bank cross guarantee with its parent company and fellow subsidiaries. The guarantee amounts to £36,006,400 at 31 December 2008 (2007: £32,337,000).		
	The assets of the company are pledged as security for the bank borrowings of Mavinwood plc, by way of a fixed and floating charge.		
9	SHARE CAPITAL	2008 £	2007 £
	Authorised 50,000 Ordinary shares of £1 each	50,000	50,000
	Allotted, called up and fully paid 10,001 Ordinary shares of £1 each	10,001	10,001
10	RESERVES	Capital contribution account £	Profit and reserve £
	Balance at 1 January 2008	73,630	35,041
	Profit in the period	-	1,000,000
	Dividend	-	(1,000,000)
	Share options granted in subsidiary	38,570	-
	Net addition to shareholders' funds	38,570	
	Opening shareholders' funds	118,672	59,808
	Closing shareholders' funds	157,242	118,672

Independent Inspections Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008 £	2007 £
	Profit for the year	1,000,000	1,000,000
	Dividends	(1,000,000)	(1,000,000)
		<u>-</u>	<u>-</u>
	Share options granted in subsidiary undertaking	38,570	58,864
		<u>38,570</u>	<u>58,864</u>
	Net addition to shareholders' funds	118,672	59,808
	Opening shareholders' funds	<u>157,242</u>	<u>118,672</u>
	Closing shareholders' funds	<u>157,242</u>	<u>118,672</u>

12 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption set out in Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Mavinwood plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

13 ULTIMATE CONTROLLING PARTY

The company is a subsidiary of Mavinwood plc. The directors consider that Geraldton Services Inc. is the parent company of Mavinwood plc and the controlling party. Copies of the group financial statements of Mavinwood plc can be obtained from Companies House or the Mavinwood website www.mavinwoodplc.com.

14 SHARE OPTION SCHEME

The Mavinwood share option scheme was introduced in May 2005 by Mavinwood plc. Under the scheme the remuneration committee can grant options over shares in the company to directors and senior employees of group companies. Options are granted at a fixed price equal to the market price of the shares under option at the date of the grant. The full vesting of each tranche of the share options granted will be subject to the Group achieving annually a performance target of growth of adjusted earnings per share. Full details of the scheme can be seen in the Mavinwood plc financial statements.

No options were granted to employees of Independent Inspections Limited during the year. The reconciliation of option movements over the year to 31 December 2008 was:

Share option scheme	2008		2007	
	Number	Weighted average exercise price Pence	Number	Weighted average exercise price Pence
Outstanding at 1 January	3,550,833	15.00	4,222,379	15.00
Granted	-	-	-	-
Forfeited	(398,000)	15.00	(671,546)	-
Exercised	-	-	-	-
	<u>3,152,833</u>	<u>15.00</u>	<u>3,550,833</u>	<u>15.00</u>
Outstanding at 31 December	<u>3,152,833</u>	<u>15.00</u>	<u>3,550,833</u>	<u>15.00</u>
Exercisable at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Independent Inspections Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

14 SHARE OPTION SCHEME (continued)

The total charge is £38,570 (2007: £58,864) which has been aggregated with the cost of the investment in the company's subsidiary undertaking, with a corresponding credit to capital contribution account.

The total charge associated with these share options is £38,570 (2007: £58,864) and is included in the accounts of the company's subsidiary undertaking, Independent Inspections Limited.