

**INDEPENDENT INSPECTIONS
HOLDINGS LIMITED**

Report and Financial Statements

For the year ended 31 December 2009

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INDEPENDENT INSPECTIONS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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INDEPENDENT INSPECTIONS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C L Dickinson
N M Pollard
S D Maude
S J Watkins
S Lees

SECRETARY

C L Dickinson

REGISTERED OFFICE

6 Fulwood Park
Caxton Road
Fulwood
Preston
Lancashire
PR2 9NZ

BANKERS

NatWest
35 Fishergate
Preston
Lancashire
PR1 3BH

SOLICITORS

Cobbetts LLP
58 Mosley Street
Manchester
M2 3HZ

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

INDEPENDENT INSPECTIONS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the financial statements of Independent Inspections Holdings Limited, together with the auditors' report for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The company was acquired by Inhoco 3504 Limited, a private equity backed business, on 26th June 2009 and since that date it has continued as an intermediate holding company in the Inhoco 3504 Limited group of companies (the "group")

The company is dependent upon the results and financial position of its subsidiary, Independent Inspections Limited

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Further detail is given in Note 1 to the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The result for the year after taxation amounted to £nil (2008 profit £1,000,000). No dividend was proposed by the directors during the year (2008 £1,000,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a competitive marketplace and there is a risk that it could lose a contract to its competitors. The group manages this risk by delivering high quality services to its clients, with whom it has long standing relationships.

The volume of claims referred to the group by its clients, and therefore its revenue, can fluctuate depending on related weather factors, such as the severity of rainfall.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a number of financial risks, principally credit risk. The directors review and agree the process for managing these risks. Neither the company nor the group uses financial instruments for speculative purposes.

Credit Risk

The group's principal financial assets are cash and trade debtors. The group's credit risk is primarily related to its trade debtors which are presented in the balance sheet net of allowances for doubtful recovery. Appropriate credit control procedures are in place to monitor credit taken by clients and mitigate the risk of material bad debt.

DIRECTORS' REPORT (continued)

DIRECTORS

The following directors have held office since 1st January 2009, unless otherwise stated

S J Watkins	Appointed 1 st May 2009
K D Mahoney	Resigned 26 th June 2009
M Vincent	Resigned 26 th June 2009
C L Dickinson	Appointed 29 th June 2009
J V Barrett	Appointed 26 th June 2009, resigned 26 th June 2009
N M Pollard	Appointed 26 th June 2009
S D Maude	Appointed 26 th June 2009
T I McInnes	Appointed 24 th March 2009, resigned 26 th June 2009
S Lees	Appointed 27 th September 2010

Third party indemnity provision for the benefit of the directors was in force during the financial year

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 auditors.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP were appointed as the company's auditors during the year. A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board
and signed on its behalf



S Lees
Director

28 October 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). 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 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT INSPECTIONS HOLDINGS LIMITED

We have audited the financial statements of Independent Inspections Holdings Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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 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, 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 of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 December 2009 and of its result for the year 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.

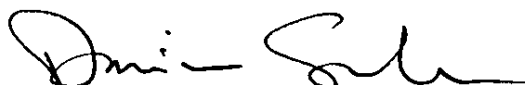
Opinion on other matter prescribed by the Companies Act 2006

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 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.



Damian Sanders (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Manchester

United Kingdom

29 October 2010

INDEPENDENT INSPECTIONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	Notes	2009 £	2008 £
OPERATING RESULT		-	-
Dividend receivable		-	1,000,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	1,000,000
Taxation	3	-	-
PROFIT AFTER TAXATION	10,11	-	1,000,000

All results in the year related to continuing operations

There are no recognised gains or losses in the year 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 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	5	122,200	122,200
CURRENT ASSETS			
Debtors	6	987,365	524,168
		987,365	524,168
CREDITORS : Amounts falling due within one year	7	(952,323)	(489,126)
NET CURRENT ASSETS		35,042	35,042
NET ASSETS		157,242	157,242
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	112,200
SHAREHOLDER'S FUNDS	11	157,242	157,242

The financial statements for Independent Inspections Holdings Limited (Company number 04575239) were approved and authorised for issue by the Board of Directors on *28 October 2010* and signed on their behalf by

C L Dickinson

C L Dickinson
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2009

1. ACCOUNTING POLICIES

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.

Basis of preparation

The directors are fully aware of their duty to assess the company's going concern status and have attended to this with particular care in consideration of the current economic outlook.

The directors have considered the forecast cash commitments for the company for a period of 12 months from the date of the audit report. The company has net current assets and the directors consider the debt receivable from the parent company to be recoverable.

The directors have concluded that the company has adequate resources to meet its liabilities as they fall due and accordingly the accounts have been prepared on a going concern basis.

Consolidation

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 400 of the Companies Act 2006 as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Inhoco 3504 Ltd, 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.

Dividend distributions

Dividend receipts and distributions from and to fellow group companies are recognised in the financial statements in the period in which the dividends are approved and paid.

Taxation

Current tax, including UK corporation tax and foreign 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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Long term investments representing interests in subsidiary undertakings are stated at cost less any provision for impairment in the value of the fixed asset investment.

INDEPENDENT INSPECTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's profit before taxation was entirely derived from its principal activity within the United Kingdom

Fees to the company's auditor for the audit of the company's financial statements were borne by another group company (2008 same) No non-audit fees were payable to the company's auditors in the year (2008 same)

The company has no employees other than directors No director received remuneration for services to this company (2008 same)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £	2008 £
The taxation charge is based on the profit for the year and represents Corporation tax at 28% (2008 28.5%)		
- current period	-	-

The tax assessed for the prior year is higher than the standard rate of corporation tax in the United Kingdom of 28% (2008 28.5%) The differences are explained as follows

	2009 £	2008 £
Profit on ordinary activities before taxation	-	1,000,000
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008 28.5%)	-	285,000
Effect of Income not taxable	-	(285,000)
	-	-

4. DIVIDENDS

A dividend of £nil was declared and paid in the year (2008 £1,000,000 at £99.99 per share)

5. FIXED ASSET INVESTMENT

	Shares in group undertakings £
Cost	
At 1 January 2009 and 31 December 2009	122,200

The company had the following subsidiary undertaking as at 31 December 2009

Name of subsidiary	Class of share capital held	Proportion held by parent company	Nature of business
Independent Inspections Limited	Ordinary	100%	Claims management

The above is a holding of ordinary shares and is registered in England and Wales

INDEPENDENT INSPECTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

6. DEBTORS

	2009 £	2008 £
Amounts owed by parent company	<u>987,365</u>	<u>524,168</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts owed to subsidiary undertaking	<u>952,323</u>	<u>489,126</u>

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 £8,730,526 at 31 December 2009 (2008 £36,006,400 relating to facilities in the Mavinwood plc group).

The assets of the company are pledged as security for the bank borrowings of Inhoco 3504 Limited, by way of a fixed and floating charge.

9. SHARE CAPITAL

	2009 £	2008 £
Authorised 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 10,001 Ordinary shares of £1 each	<u>10,001</u>	<u>10,001</u>

10. RESERVES

	Capital contribution account £	Profit and loss account £
Balance at 1 January 2009 and 31 December 2009	<u>112,200</u>	<u>35,041</u>

INDEPENDENT INSPECTIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	-	1,000,000
Dividends	-	(1,000,000)
	<hr/>	<hr/>
Share options granted in subsidiary undertaking	-	38,570
	<hr/>	<hr/>
Net addition to shareholders' funds	-	38,570
Opening shareholders' funds	157,242	118,672
	<hr/>	<hr/>
Closing shareholders' funds	157,242	157,242
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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 Inhoco 3504 Limited 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's immediate parent undertaking is Inhoco 3504 Limited. The directors consider that Inhoco 3504 Limited is the ultimate controlling party as a result of the acquisition of the company by Inhoco 3504 Limited on 26 June 2009.

The smallest and largest group of which Independent Inspections Holdings Limited is a member and for which group accounts are drawn up is that headed by Inhoco 3504 Limited.

Copies of the financial statements of Inhoco 3504 Limited, which include the company, and for which group accounts have been prepared are available from Companies House.

