Company Number 5783400

Machine Insite Limited

Annual Report

Year ended 31 March 2010

Contents

Company Information

Directors	J W Dickson M H Foster
Secretary	M H Foster
Registered office	One Surtees Way Surtees Business Park Stockton on Tees TS18 3HR
Registered number	5783400
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
Bankers	Bank of Scotland 41/51 Grey Street Newcastle NE1 6EE

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2010

Principal activities

The principal activities of the company are those of machine data management

Review of business and future developments

The directors are pleased with the results for the year ended 31 March 2010, which show a profit before tax of £205,169 (2009 £222,933)

Given the challenging market conditions the company operates in, the business has performed satisfactorily in the year, and the directors now expect further progress in the coming 12 months

Financial risk management

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk

The company does not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures

The company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations

The main risks arising from the company's financial instruments can be analysed as follows

Price risk
The company has no significant exposure to securities price risk, as it holds no listed equity investments

Credit risk
The company's principal financial assets are bank balances, cash and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets

The company's credit risk is primarily attributable to its trade debtors Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Cash flow interest rate risk
Interest bearing assets comprise cash and bank deposits, all of which earn interest at base rate

Dividends

The directors do not recommend payment of a dividend

Report of the Directors (continued)

Directors

The current directors of the company are shown on page 1 All served throughout the year

Directors Indemnity

Qualifying third party indemnity provisions are in force for the benefit of the directors

Statement of directors' responsibilities for the 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 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
- 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 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office, and will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Approval

The report of the directors was approved by the Board on 9 June 2010 and signed on its behalf by

M H Foster
Director

Independent auditor's report to the members of Machine Insite Limited

We have audited the financial statements of Machine Insite Limited for the year ended 31 March 2010 which comprise the principal accounting policies, profit and loss account, balance sheet and the notes 2 to 16 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the APB's website 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 profit 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

Grant Thornton UK LLP

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds, England
9 June 2010

Profit and Loss Account
for the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover continuing operations	2	610,165	677,714
Cost of sales		(356,218)	(378,080)
Gross profit		253,947	299,634
Administrative expenses		(51,233)	(87,183)
Operating profit continuing operations	3	202,714	212,451
Interest receivable	6	2,455	10,482
Profit on ordinary activities before taxation		205,169	222,933
Tax on profit on ordinary activities	7	(18,000)	17,717
Profit on ordinary activities after taxation	14	187,169	240,650

The accompanying accounting policies and notes form part of these financial statements

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

Balance Sheet
at 31 March 2010

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	8	42,000	-
Tangible assets	9	6,088	8,511
		48,088	8,511
Current assets			
Debtors	10	116,471	104,482
Cash at bank and in hand		629,405	403,256
		745,876	507,738
Creditors amounts falling due within one year	11	(131,268)	(40,722)
Net current assets		614,608	467,016
Total assets less current liabilities		662,696	475,527
Provisions for liabilities	12	(10)	(10)
Net assets		662,686	475,517
Equity shareholders' funds			
Called up share capital	13	1	1
Profit and loss account	14	662,685	475,516
	15	662,686	475,517

The accompanying accounting policies and notes form part of these financial statements

The financial statements were approved by the Board on 9 June 2010 and signed on its behalf by

J W Dickson
Director

Notes to the financial statements
for the year ended 31 March 2010

1. Accounting policies

Basis of preparation

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

Research and Development

Research expenditure is charged to the profit and loss account in the year in which it is incurred Expenditure incurred in the development phase is capitalised as an intangible asset on the balance sheet and amortised over the useful economic life of the asset

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Research & Development	20% straight line

Where there is evidence of impairment, intangible assets are written down to their recoverable values

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Office equipment	33% per annum straight line

Where there is evidence of impairment, fixed assets are written down to their recoverable amount

Taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes

In accordance with FRS19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course

Notes to the financial statements
for the year ended 31 March 2010

1. Accounting policies (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods provided in the normal course of business, net of all related discounts and sales tax

Machine monitoring data management services
The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements

Interest income
Interest income is accrued on a time basis using the effective interest method

Cashflow statement

During the year the company was a wholly owned subsidiary of Brulines Group plc and its cash flows are included in the consolidated cash flow statement of that company which are publicly available Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing its own cash flow statement

2. Turnover

Turnover relates to the principal activity and is all within the United Kingdom

3. Operating profit

	2010	2009
	£	£
Operating profit is stated after charging		
Depreciation and other amounts written off tangible fixed assets		
- owned	4,698	4,062

The audit fee is borne by the parent undertaking

4. Directors

No emoluments were paid to the Directors in respect of their services to this company in the current or preceding year

Notes to the financial statements
for the year ended 31 March 2010

5. Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	2010	2009
	Number of employees	Number of employees
Management and administration	7	7

The aggregate payroll costs of these persons were as follows	£	£
Wages and salaries	227,001	208,704
Social security costs	24,854	22,039
Pension contributions	4,727	4,124
	256,582	234,867

6. Interest receivable

	2010	2009
	£	£
Bank interest	2,455	10,482
	2,455	10,482

Notes to the financial statements
for the year ended 31 March 2010

7. Taxation

(a) Analysis of charge in period

	2010 £	2009 £
Current Tax		
UK corporation tax on profits of the period	9,000	-
Adjustments in respect of prior periods	9,000	(17,717)
Total current tax (note 7b)	18,000	(17,717)
Deferred tax (note 12)		
Origination and reversal of timing differences	-	-
	18,000	(17,717)

(b) Factors affecting tax charge for period

The tax assessed differs from the standard rate of corporation tax in the UK (21%) The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before tax	205,169	222,933
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 21%)	43,085	46,816
Effects of		
Expenses not deductable	383	-
Depreciation in excess of capital allowances	242	277
Group relief	(34,710)	(62,698)
Rate difference	-	15,605
Adjustment in respect of prior periods	9,000	(17,717)
Current tax charge/(credit) for period (note 7a)	18,000	(17,717)

Notes to the financial statements
for the year ended 31 March 2010

8. Intangible fixed assets

	Research & Development £	Total £
Cost		
At 1 April 2009	-	-
Additions	42,000	42,000
At 31 March 2010	42,000	42,000
Amortisation		
At 1 April 2009	-	-
Charge for year	-	-
At 31 March 2010	-	-
Net book value		
At 31 March 2010	42,000	42,000
At 31 March 2009	-	-

9. Tangible fixed assets

	Office Equipment £	Total £
Cost		
At 1 April 2009	16,845	16,845
Additions	2,275	2,275
At 31 March 2010	19,120	19,120
Depreciation		
At 1 April 2009	8,334	8,334
Charge for year	4,698	4,698
At 31 March 2010	13,032	13,032
Net book value		
At 31 March 2010	6,088	6,088
At 31 March 2009	8,511	8,511

Notes to the financial statements
for the year ended 31 March 2010

10. Debtors

	2010 £	2009 £
Trade debtors	100,075	97,723
Amounts due from parent undertaking	1	1
Prepayments and accrued income	16,395	6,758
	116,471	104,482

11. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	25,026	8,626
Corporation tax	9,000	-
Other taxation and social security	22,015	13,899
Amounts due to group undertaking	42,000	-
Accruals and deferred income	33,227	18,197
	131,268	40,722

12. Provisions for liabilities

	2010 £	2009 £
Accelerated capital allowances	10	10
Provision for deferred tax	10	10
Provision at start of period		10
Deferred tax charge in profit and loss account for period (note 7)		-
Provision at end of period		10

Notes to the financial statements
for the year ended 31 March 2010

13. Called up share capital

	2010	2009
	£	£
Authorised		
Equity ordinary shares of £1 each	1,000	1,000
	£	£
Allotted, called up and fully paid		
Equity ordinary shares of £1 each	1	1

14. Reserves

	Profit and loss account
	£
At 1 April 2009	475,516
Profit for the year	187,169
At 31 March 2010	662,685

15. Reconciliation of movements in equity shareholders' funds

	2010	2009
	£	£
Total recognised gains and losses	187,169	240,650
Increase in shareholders' funds	187,169	240,650
Opening shareholders' funds	475,517	234,867
Closing shareholders' funds	662,686	475,517

16. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking is Brulines Group plc (Company number 5345684), a company registered in England and Wales, into whose financial statements the company's results are consolidated

The company has taken advantage of the FRS 8 exemption not to disclose related party transactions between group undertakings as these will be eliminated within the consolidated financial statements

Copies of the parent's group financial statements can be obtained from the following address One Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR