

KRS Services Limited

(formerly Hallco 1575 Limited)

Report and Financial Statements

Period Ended

31 December 2008

THURSDAY



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COMPANIES HOUSE

BDO

BDO Stoy Hayward
Chartered Accountants

KRS Services Limited
(formerly Hallco 1575 Limited)

Annual report and financial statements
for the period ended 31 December 2008

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Directors

Colin Taylor
James Clark

Secretary and registered office

Stephen Kilgallon
Harbour House
Port Way
Preston
PR2 2PR

Company number

06473775

Auditors

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

KRS Services Limited (formerly Hallco 1575 Limited)

Report of the directors for the period ended 31 December 2008

The directors present their report together with the audited financial statements for the period ended 31 December 2008.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the period.

The directors do not recommend the payment of a dividend.

The company was incorporated on 15 January 2008 under the name of Hallco 1575 Limited. The name of the company was changed to KRS Services Limited and began trading on 15 January 2008.

Principal activities and future developments

The principal activity of the company is that of a service company providing support functions for other group companies. These functions encompass Compliance, HR & Training, Finance, Information Technology and Marketing & Operations. Directors' remuneration costs in relation to the group are also shown within KRS Services Limited.

In 2007 these costs and the associated headcount were shown in Key Retirement Solutions Limited. Staff were transferred to KRS Services Limited in January 2008.

Income is derived entirely from recharges to other group companies. During 2008 the company made a small operating loss of £173,413.

Average headcount for the period was 61, starting the period with 65 staff and ending with 61.

Directors

The directors of the company during the period were:

Colin Taylor (appointed 6 February 2008)

James Clark (appointed 6 February 2008)

Halliwells Directors Limited (appointed 15 January 2008, resigned 6 February 2008)

No director had any interest in the ordinary shares of the company.

Both the directors are also directors of KRS Investment Holdings Limited, the parent of the smallest group of which the company is a member, and their interests in the share capital of that company are shown in its financial statements.

KRS Services Limited (formerly Hallco 1575 Limited)

Report of the directors for the period ended 31 December 2008 (Continued)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the period and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



**Stephen Kilgallon
Secretary**

Date 24/3/09

KRS Services Limited (formerly Hallco 1575 Limited)

Report of the independent auditors

Independent auditor's report to the shareholders of KRS Services Limited (formerly Hallco 1575 Limited)

We have audited the financial statements of KRS Services Limited (formerly Hallco 1575 Limited) for the period from 15 January 2008 to 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

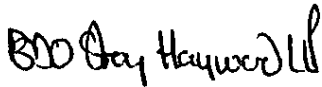
**KRS Services Limited
(formerly Hallco 1575 Limited)**

Report of the independent auditors

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 as at 31 December 2008 and of its loss for the period 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.



*BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Manchester*

Date 

KRS Services Limited
(formerly Hallco 1575 Limited)

Profit and loss account
for the period ended 31 December 2008

| | Note | 11½ month period ended 31 December 2008 £ |
|--|-----------|--|
| Administrative expenses | | (3,548,396) |
| Other operating income | | 3,353,611 |
| | | <hr/> |
| Loss on ordinary activities before taxation | | (194,785) |
| Taxation on loss on ordinary activities | 5 | - |
| | | <hr/> |
| Loss on ordinary activities after taxation | 10 | (194,785) |
| | | <hr/> |

All amounts relate to continuing activities.

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

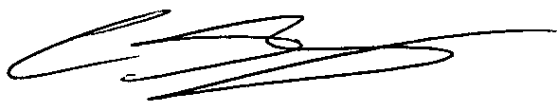
The notes on pages 8 to 14 form part of these financial statements.

KRS Services Limited
(formerly Hallco 1575 Limited)

Balance sheet at 31 December 2008

| | Note | 2008 £ | 2008 |
|--|------|-------------|-----------|
| Current assets | | | |
| Debtors | 6 | 934,348 | |
| Cash at bank and in hand | | 5,753 | |
| | | <hr/> | |
| | | 940,101 | |
| Creditors: amounts falling due within one year | 7 | (1,134,884) | |
| | | <hr/> | |
| Net current liabilities | | | (194,783) |
| | | | <hr/> |
| Total assets less current liabilities | | | (194,783) |
| Creditors: amounts falling due after more than one year | | | - |
| | | | <hr/> |
| Net liabilities | | | (194,783) |
| | | | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 8 | | 2 |
| Profit and loss account | 9 | | (194,785) |
| | | | <hr/> |
| Equity shareholders' deficit | 10 | | (194,783) |
| | | | <hr/> |

The financial statements were approved by the Board of Directors and authorised for issue on 24/3/09



Colin Taylor
Director

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

KRS Services Limited
(formerly Hallco 1575 Limited)

Cash flow statement for the period ended 31 December 2008

| | | 11½ month period ended 31 December 2008 £ | 11½ month period ended 31 December 2008 £ |
|---|------|--|--|
| | Note | | |
| Net cash inflow from operating activities | 11 | | 5,751 |
| Cash inflow before use of liquid resources and financing | | | 5,751 |
| Financing | | | |
| New share capital subscribed | | | 2 |
| Increase in cash | 13 | | <u>5,753</u> |

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

KRS Services Limited **(formerly Hallco 1575 Limited)**

Notes forming part of the financial statements for the period ended 31 December 2008

1 Accounting policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis. The directors have prepared detailed trading and cash flow forecasts covering the period to December 2013 which indicate that the company will have sufficient resource. Due to this, and the provision of financial support to the company by a fellow group undertaking for a period of at least twelve months from the date of approval of these financial statements, the directors consider the going concern basis of preparation to be appropriate.

The following principal accounting policies have been applied:

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund. Any amounts outstanding at the year end are shown as a separately identifiable asset or liability in the balance sheet.

Taxation

The charge for taxation is based on the loss for the year and taking into account taxation deferred.

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand held in qualifying financial institutions.

KRS Services Limited
(formerly Hallco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 (*Continued*)

2 Employees

**11½ month
period
ended
31 December
2008
£**

Staff costs consist of:

| | |
|-----------------------|-----------|
| Wages and salaries | 1,849,364 |
| Social security costs | 198,169 |
| Other pension costs | 108,470 |
| | <hr/> |
| | 2,156,003 |
| | <hr/> |

The average number of employees, including directors, analysed by category were

**11½ month
period
ended
31 December
2008
No**

| | |
|----------------|-------|
| Management | 11 |
| Administration | 50 |
| | <hr/> |
| | 61 |
| | <hr/> |

KRS Services Limited (formerly Hallco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 (*Continued*)

3 Directors

**11½ month
period
ended
31 December
2008
£**

Directors' remuneration consists of:

| | |
|---|---------|
| Emoluments | 599,635 |
| Payments to money purchase pension scheme | 84,240 |
| | <hr/> |
| | 683,875 |
| | <hr/> |

Highest paid director

| | |
|------------|---------|
| Emoluments | 253,146 |
| | <hr/> |

| | |
|---|--------|
| Amounts paid to the company's money purchase pension scheme | 36,300 |
| | <hr/> |

There were 4 directors in the company's money purchase pension scheme during the period.

4 Operating loss

**11½ month
period
ended
31 December
2008
£**

This has been arrived at after charging:

| | |
|--|--------|
| Auditors' remuneration: Audit services | 29,000 |
| Non-audit services | 49,000 |
| | <hr/> |

KRS Services Limited
(formerly Hallco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 *(Continued)*

5 Taxation on loss on ordinary activities

**11½ month
period
ended
31 December
2008
£**

Current tax

UK corporation tax on loss of the period

-

Total current tax

-

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

**11½ month
period
ended
31 December
2008
£**

Loss on ordinary activities before tax

(194,785)

Loss on ordinary activities at the standard rate
of corporation tax in the UK of 20.75%

(40,418)

Effects of:

Expenses not deductible for tax purposes

805

Losses carried forward

39,350

Group relief

263

Current tax charge/(credit) for period

-

Factors that may affect future tax charges

The company has tax losses of £189,639 available for carry forward.

KRS Services Limited (formerly Hallco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 *(Continued)*

6 Debtors

| | 2008 £ |
|-------------------------------------|-----------|
| Amounts due from group undertakings | 841,542 |
| Other debtors | 375 |
| Other tax and social security | 2,953 |
| Prepayments and accrued income | 89,478 |
| | <hr/> |
| | 934,348 |
| | <hr/> |

All amounts shown under debtors fall due for payment within one year.

7 Creditors: amounts falling due within one year

| | 2008 £ |
|-----------------------------------|-----------|
| Trade creditors | 18,715 |
| Amounts due to group undertakings | 600,000 |
| Accruals | 516,169 |
| | <hr/> |
| | 1,134,884 |
| | <hr/> |

8 Share capital

| | 2008 Number | Authorised 2008 £ |
|----------------------------|----------------|---------------------------------------|
| Ordinary shares of £1 each | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| | | Allotted, called up and fully paid |
| | 2008 Number | 2008 £ |
| Ordinary shares of £1 each | 2 | 2 |
| | <hr/> | <hr/> |
| | 2 | 2 |
| | <hr/> | <hr/> |

On 6 February 2008, Key Retirement Solutions Limited, a fellow group company, acquired 100% of the share capital of the company for consideration of £2.

KRS Services Limited
(formerly Halco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 *(Continued)*

9 Reserves

**Profit
and loss
account
£**

| | |
|------------------------|-----------|
| Loss for the period | (194,785) |
| As at 31 December 2008 | (194,785) |

10 Reconciliation of movements in shareholders' deficit

**2008
£**

| | |
|-------------------------------|-----------|
| Loss for the period | (194,785) |
| Issue of share capital | 2 |
| Closing shareholders' deficit | (194,783) |

11 Reconciliation of operating loss to net cash inflow from operating activities

**2008
£**

| | |
|--|-----------|
| Operating loss | (194,785) |
| Increase in debtors | (92,806) |
| Increase in creditors | 534,884 |
| Increase in intercompany trading debtors | (841,542) |
| Increase in intercompany trading creditors | 600,000 |
| Net cash inflow from operating activities | 5,751 |

KRS Services Limited (formerly Hallco 1575 Limited)

Notes forming part of the financial statements
for the period ended 31 December 2008 (*Continued*)

12 Reconciliation of net cash inflow to movement in net funds

| | 2008 £ |
|--|-----------|
| Increase in cash in the period | 5,753 |
| Change in net funds resulting from cash flows | 5,753 |
| Changes in net funds resulting from non-cash flows | - |
| Closing net funds | 5,753 |

13 Analysis of net funds

| | Cash flow £ | At 31 December 2008 £ |
|--------------------------|-------------------|--------------------------------|
| Cash in hand and at bank | 5,753 | 5,753 |

14 Related Party transactions

The company has taken advantage of the related party transaction disclosure exemption available to it under Financial Reporting Standard 8. Under Financial Reporting Standard 8, in the financial statements of subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the group, transactions with entities that are part of the group or investees of the group qualifying as related parties do not require disclosure, provided that the consolidated financial statements in which that subsidiary is included are publicly available.

As the results of the company are consolidated into those of KRS Investment Holdings Limited, the company's intermediate parent company, which are publicly available, the company has taken advantage of this exemption.

15 Ultimate parent company

At 31 December 2008 the company's ultimate parent company was Cabot Square Partners Holdings Limited which is the parent of the largest group of which the company is a member.

KRS Investment Holdings Limited is the parent of the smallest group of which the company is a member.

The company's immediate parent is KRS Group Limited (formerly Key Retirement Solutions (Holdings) Limited).