

IPS Group Limited
Annual report and financial statements
for the year ended 31 December 2008

Registered Number 1736684

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IPS Group Limited

Annual report and financial statements

for the year ended 31 December 2008

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IPS Group Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activity

The company's principal activity is that of an employment agency.

Review of the business and future developments

The company did well to increase its revenue and profits in 2008. Business performance became weaker in the final quarter of year largely due to uncertainties caused by well-documented problems in the banking sector that emerged in September 2008. The company is facing much harsher trading conditions in 2009 and will have to adjust its cost base accordingly. The directors are confident that the company is well-placed to handle the expected harsher economic conditions and remain profitable.

Trading results and dividend

The results for the year are set out in the profit and loss account on page 4. The directors have paid an interim dividend of £750,000 (2007 - £750,000) but do not propose a final dividend (2007 - £nil).

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to clients' recruitment plans, the availability of suitable candidates and the acquisition and retention of staff capable of executing recruitment projects.

Key performance indicators

The key performance indicators to which management refers when directing the business are the number and type of job vacancies notified to the company by clients, the number and suitability of applicants for vacancies, the quantity of Curricula Vitae submitted to client vacancies, the number of interviews arranged by recruitment consultants and the number and value of placements made. These key performance indicators were adequately achieved throughout the year and this resulted in the good financial result shown in the profit and loss account on page 4.

Directors

The directors who held office during the year are given below:

A L Charlesworth

E Snell

A M Chitnis

N P Burrell

C B Dickman

A W Gartside

J C C Cross

IPS Group Limited

Directors' report for the year ended 31 December 2008 (contd.)

Statement of directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 and 7 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

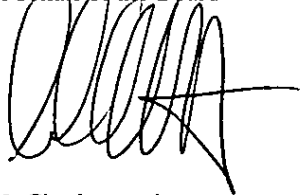
Each of the persons who is a director at the date of approval of this annual report confirms that :

- so far as he are aware, there is no relevant audit information of which the company's auditors are unaware; and
- he have taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Rees Pollock have expressed their willingness to continue in office and they will be re-appointed in accordance with the provisions of the Companies Act 2006.

On behalf of the Board



A L Charlesworth
Director

28 April 2009



REES POLLOCK

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IPS GROUP LIMITED

We have audited the financial statements of IPS Group Limited for the year ended 31 December 2008 on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Report is not 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 transactions with the company 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 the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year 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.

Rees Pollock
Chartered Accountants and Registered Auditors
28 April 2009

IPS Group Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008	2007
		£	£
Turnover		10,642,275	9,437,261
Cost of sales		(2,408,449)	(1,688,350)
Gross profit		8,233,826	7,748,911
Administrative expenses		(6,941,163)	(7,014,367)
Operating profit	1	1,292,663	734,544
Income from shares in group companies		-	1,318
Interest receivable and similar income		60,395	72,802
Interest payable and similar charges	3	-	(1,122)
Amounts written off investments		-	(333,158)
Profit on ordinary activities before taxation		1,353,058	474,384
Tax on profit on ordinary activities	4	(432,944)	(247,888)
Profit for the financial year		920,114	226,496

The above results are derived entirely from continuing operations.

The company has no recognised gains or losses other than the profit above therefore no separate statement of total recognised gains and losses has been presented.

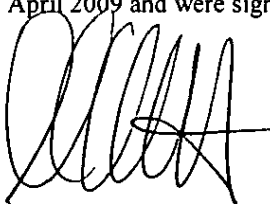
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

IPS Group Limited

Balance sheet as at 31 December 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible assets	6	136,466	158,956
Investments	7	379,362	379,362
		515,828	538,318
Current assets			
Debtors	8	1,852,913	2,341,776
Cash at bank and in hand		1,568,862	1,479,130
		3,421,775	3,820,906
Creditors - Amounts falling due within one year	9	(1,682,116)	(2,301,204)
Net current assets		1,739,659	1,519,702
Net assets		2,255,487	2,058,020
Capital and reserves			
Called up equity share capital	11	53,214	53,214
Profit and loss account	13	2,202,273	2,004,806
Total equity shareholder's funds	14	2,255,487	2,058,020

The financial statements on pages 4 to 16 were approved by the board of directors and authorised for issue on 28 April 2009 and were signed on its behalf by:



A L Charlesworth
Director

IPS Group Limited

Accounting policies

These financial statements are prepared under the historical cost accounting rules in accordance with the Companies Act 1985 and applicable accounting standards.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The principal accounting policies, which have been applied consistently where material, are set out below.

Consolidated financial statements

The financial statements contain information about IPS Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, IPS Holdings Limited, a company registered in England.

Turnover

Turnover represents the invoiced value of services rendered, exclusive of value added tax, and is derived entirely in the United Kingdom from the principal activity.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost and are depreciated so as to write off the cost of the assets over their estimated useful lives as follows:

Short leasehold property	Over period of lease
Furniture and equipment	25% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Leased assets

Rentals payable under operating leases where substantially all of the benefits or risks of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis over the lease term.

Investments in group undertakings

Investments in group undertakings are stated at cost less amounts written off for permanent diminution in value.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of IPS Holdings Limited and is included in the consolidated financial statements of IPS Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the IPS Holdings Limited group or investees of the IPS Holdings Limited group.

IPS Group Limited

Pension costs

Pension payments to money purchase pension arrangements are charged to the profit and loss account as they fall due in accordance with the rules of the scheme.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the year-end. All differences are taken to the profit and loss account.

The transactions of overseas subsidiaries operating as agents for the group are treated as if they are foreign currency transactions of the company.

Share based payments

The company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

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

IPS Group Limited
Notes to the financial statements
for the year ended 31 December 2008

1 Operating profit

This is stated after charging:

	2008	2007
	£	£
Staff costs:		
Wages and salaries	3,649,271	3,930,402
Social security costs	431,130	472,118
Pension costs	142,318	120,285
Share based payments (Note 12)	27,353	-
Depreciation	87,595	82,081
Operating lease charges:		
Plant and machinery	25,231	17,045
Other assets	334,196	273,657
Auditors' remuneration:		
Audit services	14,100	8,000
Other services	2,300	4,300

The average number of persons employed by the company during the year (excluding directors) was 60 (2007: 47).

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2 Directors' remuneration

Staff costs include the following in respect of the directors of the company:

	2008	2007
	£	£
Aggregate emoluments	1,025,369	1,743,809
Pension contributions to money purchase pension schemes	72,514	65,907
	1,097,883	1,809,716

Highest paid director

	2008	2007
	£	£
Aggregate remuneration	244,904	338,845

The remuneration of the highest paid director includes pension contributions to money purchase pension schemes of £14,550 (2007: £6,941). Pension benefits under money purchase pension schemes are accruing to six directors at 31 December 2008 (2007: six).

3 Interest payable and similar charges

	2008	2007
	£	£
Interest on corporation tax	-	1,122

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4 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2008	2007
	£	£
Current tax:		
UK corporation tax at 28.5% (2007: 30%)	414,123	261,850
Adjustments in respect of prior periods	18,821	(49)
Total current tax	432,944	261,801
Deferred tax:		
Origination and reversal of timing differences	-	(13,913)
Tax on profit on ordinary activities	432,944	247,888

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008	2007
	£	£
Profit on ordinary activities before tax	1,353,058	474,384
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	385,622	142,315
<i>Effects of:</i>		
Expenses not deductible for tax purposes	28,501	-
Amounts written off investments	-	99,947
Dividend income not liable for tax	-	(395)
Accelerated capital allowances and other timing differences	-	13,913
Adjustment with respect of withholding tax	-	6,070
Adjustment to tax charge in respect of prior periods	18,821	(49)
Current tax charge for the year	432,944	261,801

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5 Dividends – paid and proposed

	2008	2007
	£	£
Declared and paid during the year		
Equity Dividends on ordinary shares:		
Interim dividend for 2008: £14.09 (2007: £14.09)	750,000	750,000

6 Tangible fixed assets

	Short leasehold property £	Furniture and equipment £	Total £
Cost			
At 1 January 2008	198,349	702,333	900,682
Additions	-	65,105	65,105
Disposals	(17,390)	-	(17,390)
At 31 December 2008	180,959	767,438	948,397
Depreciation			
At 1 January 2008	120,600	621,126	741,726
Charge for the year	35,452	52,143	87,595
Disposals	(17,390)	-	(17,390)
At 31 December 2008	138,662	673,269	811,931
Net book amount			
At 31 December 2008	42,297	94,169	136,466
At 31 December 2007	77,749	81,207	158,956

IPS Group Limited

7 Fixed asset investments

	Unlisted investments	Subsidiary companies	Total
	£	£	£
Cost			
At 1 January 2008 and 31 December 2008	32,000	1,899,787	1,931,787
Amounts written off			
At 1 January 2008 and 31 December 2008	32,000	1,520,425	1,552,425
Net book value			
At 31 December 2007 and 31 December 2008	-	379,362	379,362

The investment in subsidiary companies at 31 December 2008 comprises shares in:	% of ordinary shares held
Insurance Personnel Selection Limited *	100
IPS Overseas Limited *	100
Trevor James (City of London) Limited *	100
IPS Trustee Company Limited *	100
Insurance Career Consultants Limited *	100
Forsythe and Kayee Limited*	100
IPS Search Inc.	100
Anakin Seal Legal Limited*	100
IPS Group (Manchester) Limited*	100
IPS Business Management Consulting (Shanghai) Limited	100
IPS Group (Asia) Limited	100

* Indicates non-trading companies

All the above companies are registered in England with the exception of IPS Search Inc. which is registered in the USA, IPS Group (Asia) Limited which is registered in Hong Kong and IPS Business Management Consulting (Shanghai) Limited which is registered in the Peoples' Republic of China. The business and assets of Anakin Seal Legal Limited were transferred to the company on 31 December 2007. The principal activity of IPS Search Inc. and IPS Group (Asia) Limited is executive recruitment and the principal activity of IPS Business Management Consulting (Shanghai) Limited is management consultancy.

The company's investment in unlisted investments represents 30.5% (2007 – 30.5%) of the equity share capital of Talent & Pro UK Limited, a company registered in England and Wales which operates in the management consultancy sector.

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8 Debtors

	2008	2007
	£	£
Trade debtors	844,245	1,015,702
Amounts due from group undertakings	755,580	1,123,360
Deferred tax asset (note 10)	43,652	43,652
Sundry debtors and prepayments	209,436	159,062
	1,852,913	2,341,776

9 Creditors – Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	254,654	310,895
Corporation tax	270,668	49,660
Other taxation and social security	380,855	742,558
Amounts due to group undertakings	370,105	370,105
Other creditors and accruals	405,834	827,986
	1,682,116	2,301,204

Included within other creditors is an amount of £17,690 (2007: £36,509) relating to unpaid pension contributions.

10 Deferred tax asset

The deferred tax asset is analysed as follows:

	2008	2007
	£	£
Future capital allowances in excess of depreciation	(16,132)	(16,132)
Short term timing differences	(27,520)	(27,520)
	(43,652)	(43,652)
	2008	2007
	£	£
At 1 January 2008	(43,652)	(29,739)
Deferred tax credited in profit and loss account (note 4)	-	(13,913)
At 31 December 2008	(43,652)	(43,652)

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11 Called up equity share capital

	2008	2007
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted, issued and fully paid		
53,214 ordinary shares of £1 each	53,214	53,214

12 Share based payments

Company and group	2008	2007
	£	£
Share based payment	27,353	-

The company has an Enterprise Management Incentive ("EMI") share option scheme. This scheme entitles employees to purchase shares in the company. Exercise prices are based on the directors' valuation of the shares at the date of grant. Options are conditional upon the employee remaining in the company's service for the period up to and including the vesting date. The options lapse if the employee leaves the employment of the company before the vesting date.

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The significant inputs into the model for the options granted during the year ended 31 December 2008 were:

	2007
Share value at grant date	£7.36
Exercise price	£3.50
Expected option life	5 Years
Price volatility	40%
Risk free interest rate	5.0%

IPS Group Limited

13 Reserves

	Profit and loss account £
At 1 January 2008	2,004,806
Capital contribution from parent	27,353
Profit for the financial year	920,114
Dividends	(750,000)
At 31 December 2008	2,202,273

14 Reconciliation of movements in equity shareholder's funds

	2008 £	2007 £
Opening equity shareholder's funds	2,058,020	2,581,524
Capital contribution from parent	27,353	-
Profit for the financial year	920,114	226,496
Dividends	(750,000)	(750,000)
Closing equity shareholder's funds	2,255,487	2,058,020

15 Operating lease commitments

Annual commitments under operating leases at 31 December 2008 amount to:

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Lease expiry date:				
Within one year	100,033	6,506	22,000	2,617
Between two to five years	118,524	28,922	185,762	36,800
After five years	-	-	64,766	-
	218,557	35,428	272,528	39,417

IPS Group Limited

16 Related party transactions

The company owns 30.48% of the issued ordinary shares of Talent & Pro UK Limited. Two directors of the company, AL Charlesworth and E Snell, were also directors of Talent & Pro UK Limited until 31 August 2007. The directors therefore consider that Talent & Pro UK Limited is a related party to the company.

During the year Talent & Pro UK Limited traded from the company's premises. The company also provided accounting, IT and general office services throughout the year.

In the year the company recharged a total of £52,950 (2007: £49,956) including VAT where appropriate in providing these services. Of these and other amounts owed to the company, £52,426 was repaid in 2008 (2007: £49,687).

The amounts due to the company from Talent & Pro UK Limited at 31 December 2008 were an interest bearing loan of £50,000 (2007: £50,000) (this was written off in 2004) and an interest-free balance of £8,726 (2007: £8,326) including VAT where appropriate.

17 Ultimate controlling party

The company's immediate and ultimate parent undertaking, and the ultimate controlling party, is IPS Holdings Limited, a company registered in England, which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of IPS Holdings Limited can be obtained from 6 Lloyds Avenue, London EC3N 3ES.