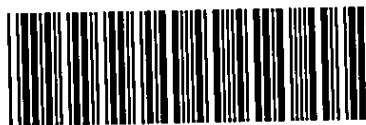


IPS Group Limited
Annual report and financial statements
for the year ended 31 December 2009

Registered Number 1736684

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IPS Group Limited
Annual report and financial statements
for the year ended 31 December 2009
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IPS Group Limited

Registered Number 1736684

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

Principal activity

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

Review of the business and future developments

2009 was a very difficult year due to the International Financial Crisis. The company suffered a fall in gross profit of 33% but was able to remain profitable by reducing the cost base. The directors' aim was to ensure the balance sheet remained strong and to ensure the company had the capacity to grow again when markets improve. 2010 is likely to be a year of consolidation and the directors expect a small increase in gross profit but a more significant increase in profits before tax. The strategy of the group is to return its core businesses to a more normal level of profit and to grow the businesses that have been set up in Hong Kong, Singapore, Shanghai and Chicago. This will provide the business with greater international reach and presence than ever before.

The company also suffered the tragic loss of Edward Snell, one of the group's founder members and directors, who died on 25 December 2009 following a sudden stroke.

Trading results and dividend

The results for the year are set out in the profit and loss account on page 5. The directors have paid an interim dividend of £nil (2008 - £750,000) and do not propose a final dividend (2008 - £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.

Directors

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

A L Charlesworth

E Snell (Deceased 25 December 2009)

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 2009 (contd.)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' 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 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 7 and 8 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Provision of Information to Auditors

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

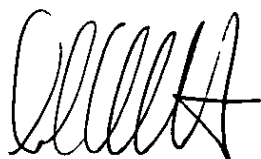
- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware and
- he has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

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

27 April 2010

IPS Group Limited

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 2009 which comprise the profit and loss account, the balance sheet, the accounting policies, and the related notes. 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 which 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 this report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Practice Board'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 company's affairs as at 31 December 2009 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.

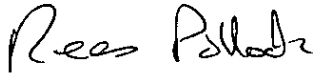
IPS Group Limited

Independent auditors' report to the members of IPS Group Limited (contd.)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements and 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



Catherine Kimberlin (Senior statutory auditor)

For and on behalf of Rees Pollock, Statutory Auditor

London

27 April 2010

IPS Group Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009	2008
		£	£
Turnover		8,039,196	10,642,275
Cost of sales		(2,508,543)	(2,408,449)
Gross profit		5,530,653	8,233,826
Administrative expenses		(5,425,127)	(6,941,163)
Operating profit	1	105,526	1,292,663
Interest receivable and similar income		12,302	60,395
Interest payable and similar charges	3	(1,644)	-
Profit on ordinary activities before taxation		116,184	1,353,058
Tax on profit on ordinary activities	4	(29,828)	(432,944)
Profit for the financial year		86,356	920,114

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

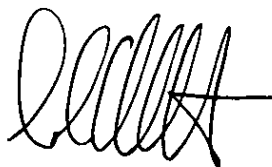
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

IPS Group Limited

Balance sheet as at 31 December 2009

	Note	2009	2008
		£	£
Fixed assets			
Tangible assets	6	74,948	136,466
Investments	7	379,362	379,362
		454,310	515,828
Current assets			
Debtors	8	1,643,505	1,852,913
Cash at bank and in hand		1,466,730	1,568,862
		3,110,235	3,421,775
Creditors - Amounts falling due within one year	9	(1,222,702)	(1,682,116)
Net current assets		1,887,533	1,739,659
Net assets		2,341,843	2,255,487
Capital and reserves			
Called up equity share capital	11	53,214	53,214
Profit and loss account	13	2,288,629	2,202,273
Total equity shareholder's funds	14	2,341,843	2,255,487

The financial statements on pages 5 to 17 were approved by the board of directors and authorised for issue on 27 April 2010 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 2006 and applicable United Kingdom 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 400 of the Companies Act 2006 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 2009

1 Operating profit

This is stated after charging

	2009	2008
	£	£
Staff costs		
Wages and salaries	2,775,258	3,649,271
Social security costs	323,937	431,130
Pension costs	140,804	142,318
Share based payments (Note 12)	-	27,353
Depreciation	70,480	87,595
Operating lease charges		
Plant and machinery	20,766	25,231
Other assets	208,416	334,196
Auditors' remuneration		
Audit services	14,100	14,100
Other services	1,800	2,300

The average number of persons employed by the company during the year (excluding directors) was 53 (2008 60)

IPS Group Limited

2 Directors' remuneration

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

	2009	2008
	£	£
Aggregate emoluments	832,284	1,025,369
Pension contributions to money purchase pension schemes	58,150	72,514
	890,434	1,097,883

Highest paid director

	2009	2008
	£	£
Aggregate remuneration	209,631	244,904

The remuneration of the highest paid director includes pension contributions to money purchase pension schemes of £14,280 (2008 £14,550) Pension benefits under money purchase pension schemes are accruing to five directors at 31 December 2009 (2008 six)

3 Interest payable and similar charges

	2009	2008
	£	£
Interest on corporation tax	1,644	-

IPS Group Limited

4 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2009 £	2008 £
Current tax:		
UK corporation tax at 28% (2008 28.5%)	42,238	414,123
Adjustments in respect of prior periods	(12,410)	18,821
Total current tax	29,828	432,944
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	29,828	432,944

(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% (2008 28.5%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	116,184	1,353,058
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	32,532	385,622
<i>Effects of</i>		
Expenses not deductible for tax purposes	12,580	28,501
Accelerated capital allowances and other timing differences	(417)	-
Marginal rate relief	(2,457)	-
Adjustment to tax charge in respect of prior periods	(12,410)	18,821
Current tax charge for the year	29,828	432,944

IPS Group Limited

5 Dividends – paid and proposed

	2009	2008
	£	£
Declared and paid during the year		
Equity Dividends on ordinary shares		
Interim dividend for 2009 £nil (2008 £14 09)	-	750,000

6 Tangible fixed assets

	Short leasehold property £	Furniture and equipment £	Total £
Cost			
At 1 January 2009	180,959	767,438	948,397
Additions	-	8,962	8,962
Disposals	(41,217)	-	(41,217)
At 31 December 2009	139,742	776,400	916,142
Depreciation			
At 1 January 2009	138,662	673,269	811,931
Charge for the year	25,967	44,513	70,480
Disposals	(41,217)	-	(41,217)
At 31 December 2009	123,412	717,782	841,194
Net book amount			
At 31 December 2009	16,330	58,618	74,948
At 31 December 2008	42,297	94,169	136,466

IPS Group Limited

7 Fixed asset investments

	Unlisted investments	Subsidiary companies	Total
	£	£	£
Cost			
At 1 January 2009 and 31 December 2009	32,000	1,899,787	1,931,787
Amounts written off			
At 1 January 2009 and 31 December 2009	32,000	1,520,425	1,552,425
Net book value			
At 31 December 2008 and 31 December 2009	-	379,362	379,362

The investment in subsidiary companies at 31 December 2009 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
IPS Search Pte 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, IPS Business Management Consulting (Shanghai) Limited which is registered in the Peoples Republic of China and IPS Search Pte Limited which is registered in Singapore. The principal activity of IPS Search Inc, IPS Search Pte Limited 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% (2008 – 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.

IPS Group Limited

8 Debtors

	2009	2008
	£	£
Trade debtors	523,066	844,245
Amounts due from group undertakings	914,509	755,580
Deferred tax asset (note 10)	43,652	43,652
Sundry debtors and prepayments	162,278	209,436
	1,643,505	1,852,913

9 Creditors – Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	232,326	254,654
Corporation tax	46,445	270,668
Other taxation and social security	284,909	380,855
Amounts due to group undertakings	370,105	370,105
Other creditors and accruals	288,917	405,834
	1,222,702	1,682,116

Included within other creditors is an amount of £16,575 (2008 £17,690) relating to unpaid pension contributions

10 Deferred tax asset

The deferred tax asset is analysed as follows

	2009	2008
	£	£
Future capital allowances in excess of depreciation	(16,132)	(16,132)
Short term timing differences	(27,520)	(27,520)
	(43,652)	(43,652)
	2009	2008
	£	£
At 1 January 2009	(43,652)	(43,652)
Deferred tax credited in profit and loss account (note 4)	-	-
At 31 December 2009	(43,652)	(43,652)

IPS Group Limited

11 Called up equity share capital

	2009	2008
	£	£
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

	2009	2008
	£	£
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. No options were granted during the year (2008: nil).

13 Reserves

	Profit and loss account
	£
At 1 January 2009	2,202,273
Profit for the financial year	86,356
At 31 December 2009	2,288,629

IPS Group Limited

14 Reconciliation of movements in equity shareholder's funds

	2009	2008
	£	£
Opening equity shareholder's funds	2,255,487	2,058,020
Capital contribution from parent	-	27,353
Profit for the financial year	86,356	920,114
Dividends	-	(750,000)
Closing equity shareholder's funds	2,341,843	2,255,487

15 Operating lease commitments

Annual commitments under operating leases at 31 December 2009 amount to

	2009		2008	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Lease expiry date.				
Within one year	-	3,672	100,033	6,506
Between two to five years	222,163	22,097	118,524	28,922
After five years	-	-	-	-
	222,163	25,769	218,557	35,428

16 Related party transactions

The company owns 30.5% of the issued ordinary shares of Talent & Pro UK Limited. 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 until May 2009. The company also provided accounting, IT and general office services throughout the year.

In the year the company recharged a total of £32,611 (2008: £52,950) including VAT where appropriate in providing these services. Of these and other amounts owed to the company, £40,170 was repaid in 2009 (2008: £52,426).

The amounts due to the company from Talent & Pro UK Limited at 31 December 2009 were an interest-bearing loan of £50,000 (2008: £50,000) (this was written off in 2004) and an interest-free balance of £1,167 (2008: £8,726) including VAT where appropriate.

IPS Group Limited

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.