

Company Registration No. 01736684 (England and Wales)

IPS GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR



IPS GROUP LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | C B Dickman A M Chitnis A L Charlesworth A W Gartside J C C Cross |
| Secretary | A M Chitnis |
| Company number | 01736684 |
| Registered office | 6th Floor Bevis Marks House 24-26 Bevis Marks London EC3A 7JB |
| Auditor | CLB Coopers Audit Services Ship Canal House 98 King Street Manchester M2 4WU |

IPS GROUP LIMITED

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IPS GROUP LIMITED

BALANCE SHEET

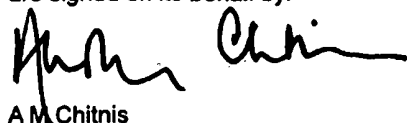
AS AT 31 DECEMBER 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|---|-------|-------------------------|--------------------|-------------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 3 | 175,333 | | 223,252 | |
| Investments | 4 | 393,660 | | 393,659 | |
| | | <u>568,993</u> | | <u>616,911</u> | |
| Current assets | | | | | |
| Debtors | 6 | 2,682,114 | 2,907,785 | | |
| Cash at bank and in hand | | 287,449 | 246,218 | | |
| | | <u>2,969,563</u> | <u>3,154,003</u> | | |
| Creditors: amounts falling due within one year | 7 | <u>(1,231,204)</u> | <u>(1,262,993)</u> | | |
| Net current assets | | <u>1,738,359</u> | | <u>1,891,010</u> | |
| Total assets less current liabilities | | <u>2,307,352</u> | | <u>2,507,921</u> | |
| Provisions for liabilities | | <u>(3,455)</u> | | <u>(5,101)</u> | |
| Net assets | | <u><u>2,303,897</u></u> | | <u><u>2,502,820</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 9 | 53,214 | 53,214 | | |
| Profit and loss reserves | | 2,250,683 | 2,449,606 | | |
| Total equity | | <u><u>2,303,897</u></u> | | <u><u>2,502,820</u></u> | |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 15 May 2018 and are signed on its behalf by:



A.M. Chitnis
Director

Company Registration No. 01736684

IPS GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|------------|
| Balance at 1 January 2016 | | 53,214 | 2,733,638 | 2,786,852 |
| Year ended 31 December 2016: | | | | |
| Loss and total comprehensive income for the year | | - | (294,173) | (294,173) |
| Credit to equity for equity settled share-based payments | | - | 10,141 | 10,141 |
| Balance at 31 December 2016 | | 53,214 | 2,449,606 | 2,502,820 |
| Year ended 31 December 2017: | | | | |
| Loss and total comprehensive income for the year | | - | (207,033) | (207,033) |
| Credit to equity for equity settled share-based payments | 8 | - | 8,110 | 8,110 |
| Balance at 31 December 2017 | | 53,214 | 2,250,683 | 2,303,897 |

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

IPS Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6th Floor, Bevis Marks House, 24-26 Bevis Marks, London, EC3A 7JB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As set out in the strategic report, the insurance markets in which the Group deals in the UK have been and continue to be challenging. Soft rates and reduced profits continue to dampen the hiring appetite of some of our traditional clients in the UK. Also, the continued uncertainty over Brexit had a negative impact on activity levels from both employers and candidates across the UK. The legal division had a disappointing year due to weaker hiring appetite from our clients, increased caution from candidates and a change of team personnel. The finance division continued to generate increased activity.

In light of these challenges, the Board has refocused the management team in the UK and further action has been taken to improve efficiencies and reduce fixed costs including reducing the number of staff employed.

The directors have considered the continuing impact of change within the insurance and financial services' markets which will present genuine opportunity. There will continue to be uncertainty as a result of the repercussions of the Brexit negotiations but clients are pushing forward their plans despite this uncertainty and a number have made decisions on the hiring of new staff in different European locations.

The directors have prepared profit and cash flow projections, taking account of these factors and of recent and expected trading performance across all markets. The financial projections depend on subjective judgements and assumptions and they are, according to the nature of the business and the period covered, subject to inherent uncertainty.

The projections indicate that the Group is expected to operate within its available working capital facilities. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Turnover consists of:

- Turnover from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff. This is recognised when the service has been provided.
- Turnover from permanent placements, which is typically based on a percentage of the candidate's remuneration package and is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised on the start date of the placement).
- Turnover from amounts billed to clients for expenses incurred on their behalf, which is recognised when the expense is incurred.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|-------------------------|----------------------|
| Leasehold improvements | Over period of lease |
| Furniture and equipment | 25% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.8 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The company has applied the requirements of Section 26 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" in respect of all share options. These share options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value determined at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the estimate of the shares that will eventually vest and adjusted for the effect of market vesting conditions. Fair value is measured using the Black-Scholes model. The company is compensated for this charge by way of a capital contribution from the parent company, IPS Holdings Limited which will bear the ultimate costs of issuing the shares.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 58 (2016 - 68).

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|-------------------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2017 | 240,302 | 114,994 | 355,296 |
| Additions | - | 399 | 399 |
| At 31 December 2017 | 240,302 | 115,393 | 355,695 |
| Depreciation and impairment | | | |
| At 1 January 2017 | 70,064 | 61,980 | 132,044 |
| Depreciation charged in the year | 25,333 | 22,985 | 48,318 |
| At 31 December 2017 | 95,397 | 84,965 | 180,362 |
| Carrying amount | | | |
| At 31 December 2017 | 144,905 | 30,428 | 175,333 |
| At 31 December 2016 | 170,238 | 53,014 | 223,252 |

4 Fixed asset investments

| | 2017 £ | 2016 £ |
|-------------|-----------|-----------|
| Investments | 393,659 | 393,659 |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--------------------------------------|---|
| Cost or valuation | |
| At 1 January 2017 & 31 December 2017 | 1,914,183 |
| Impairment | |
| At 1 January 2017 & 31 December 2017 | 1,520,524 |
| Carrying amount | |
| At 31 December 2017 | 393,659 |
| At 31 December 2016 | 393,659 |

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|---------------------------------------|-------------------|------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Anakin Seal Legal Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| Forsythe and Kayee Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| Insurance Career Consultants Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| Insurance Personnel Selection Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| IPS Consulting (Shanghai) Limited | China | Management Consultancy | Ordinary | | 100.00 |
| IPS Group (Asia) Limited | Hong Kong | Executive recruitment | Ordinary | 100.00 | |
| IPS Group (China) Limited | China | Executive recruitment | Ordinary | | 100.00 |
| IPS Group (Manchester) Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| IPS Group GmbH | Switzerland | Executive recruitment | Ordinary | 100.00 | |
| IPS Overseas Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| IPS Search Inc. | USA | Executive recruitment | Ordinary | 100.00 | |
| IPS Search Pte Limited | Singapore | Executive recruitment | Ordinary | 100.00 | |
| IPS Trustee Company Limited | England and Wales | Dormant | Ordinary | 100.00 | |
| Trevor James (City of London) Limited | England and Wales | Dormant | Ordinary | 100.00 | |

6 Debtors

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 531,043 | 721,321 |
| Corporation tax recoverable | 58,038 | 58,038 |
| Amounts owed by group undertakings | 1,800,380 | 1,946,506 |
| Other debtors | 292,653 | 181,920 |
| | <u>2,682,114</u> | <u>2,907,785</u> |

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 159,674 | 259,265 |
| Amounts due to group undertakings | 446,274 | 580,512 |
| Other taxation and social security | 223,251 | 206,472 |
| Other creditors | 402,005 | 216,744 |
| | <u>1,231,204</u> | <u>1,262,993</u> |

8 Share-based payment transactions

| | Number of share options | | Weighted average exercise price | |
|---------------------------------|-------------------------|----------------|---------------------------------|-------------|
| | 2017 Number | 2016 Number | 2017 £ | 2016 £ |
| Outstanding at 1 January 2017 | 88,400 | 55,400 | 2.79 | 2.91 |
| Granted | - | 63,000 | - | 2.63 |
| Expired | (16,250) | (30,000) | 2.87 | 2.69 |
| Outstanding at 31 December 2017 | <u>72,150</u> | <u>88,400</u> | <u>2.40</u> | <u>2.79</u> |
| Exercisable at 31 December 2017 | <u>72,150</u> | <u>66,200</u> | <u>2.40</u> | <u>2.72</u> |

The options outstanding at 31 December 2017 had an exercise price ranging from £2.46 to £3.50 and a remaining contractual life of 7 years.

The share based payment charge for the year was £8,110.

During the year, the company recognised total share-based payment expenses of £8,110 which related to equity settled share based payment transactions.

9 Called up share capital

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Ordinary share capital Issued and fully paid 53,214 Ordinary shares of £1 each | <u>53,214</u> | <u>53,214</u> |
| | <u>53,214</u> | <u>53,214</u> |

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

IPS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Audit report information

(Continued)

The senior statutory auditor was David Cliff.
The auditor was CLB Coopers Audit Services.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| 2017 | 2016 |
|---------|---------|
| £ | £ |
| 677,637 | 829,015 |

12 Related party transactions

In preparing these financial statements, advantage has been taken of the provision under Financial Reporting Standard 102 Section 33 which states that disclosure is not required of transactions with entities which are part of the group headed by IPS Holdings Limited.

13 Parent company

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 smallest and largest group to consolidate these financial statements. Copies of the financial statements of IPS Holdings Limited can be obtained from Bevis Marks House, 24-26 Bevis Marks, London, EC3A 7JB.

There is no single ultimate controlling party.