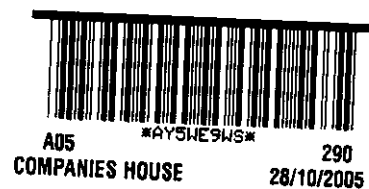


IPS Group Limited
Annual report and accounts
for the year ended 31 December 2004

Registered Number 1736684



IPS Group Limited

IPS Group Limited

Annual report and accounts

for the year ended 31 December 2004

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IPS Group Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activity

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

Review of the business and future developments

The directors are pleased to report that there was a considerable improvement in trading in 2004 which brought about an increase in sales and profitability. The directors believe that they can build on this and increase profitability further in 2005.

Trading results and dividend

The results for the year are set out in the profit and loss account on page 4. The directors recommend that a dividend of £1,200,000 be paid (2003: £500,000) and that the retained loss of £594,044 (2003: loss of £96,817) be taken to reserves.

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
R J Hodson
A W Gartside
J C C Cross

Directors' interests

The company is a wholly owned subsidiary of IPS Holdings Limited, the ultimate parent undertaking. The beneficial interests of the directors in the 25p ordinary shares of IPS Holdings Limited, were as follows:

	at 31 December 2004	at 31 December 2003
A L Charlesworth	85,697	85,650
E Snell	132,845	132,789
A M Chitnis	120,240	120,216
N P Burrell	100,000	100,000
C B Dickman	185,596	185,596
R J Hodson	32,003	32,003
A W Gartside	56,614	56,614
J C C Cross	19,538	19,538

IPS Group Limited

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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.

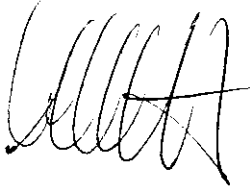
In preparing those accounts, the directors are required to select suitable accounting policies, as described on pages 6 and 7 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis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

The directors have appointed Rees Pollock as auditors of the company in succession to PricewaterhouseCoopers LLP. A resolution to reappoint Rees Pollock as auditors to the company will be proposed at the Annual General Meeting.

On behalf of the board



A L Charlesworth

Director

24 May 2005



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

Independent auditors' report to the members of IPS Group Limited

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 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 accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants and Registered Auditors
London

24 May 2005

IPS Group Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover		8,459,989	6,967,780
Cost of sales		(1,700,696)	(1,261,083)
Gross profit		6,759,293	5,706,697
Administrative expenses		(5,843,101)	(5,170,084)
Operating profit	1	916,192	536,613
Interest receivable and similar income		33,358	28,815
Interest payable and similar charges	3	(5,856)	(662)
Profit on ordinary activities before taxation		943,694	564,766
Tax on profit on ordinary activities	4	(337,738)	(161,583)
Profit on ordinary activities after taxation		605,956	403,183
Dividends - equity	5	(1,200,000)	(500,000)
Retained loss for the financial year	13	(594,044)	(96,817)

The above results are derived entirely from continuing operations.

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

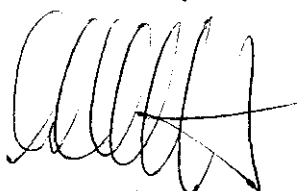
There is no difference between the profit on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents.

IPS Group Limited

Balance sheet as at 31 December 2004

	Note	2004	2003
		£	£
Fixed assets			
Tangible assets	6	350,339	402,018
Investments	7	963,277	625,272
		1,313,616	1,027,290
Current assets			
Debtors	8	4,877,981	3,001,742
Cash at bank and in hand		376,270	496,194
		5,254,251	3,497,936
Creditors - Amounts falling due within one year	9	(2,750,837)	(1,282,881)
Net current assets		2,503,414	2,215,055
Total assets less current liabilities		3,817,030	3,242,345
Creditors - Amounts falling due after more than one year	10	(1,168,729)	-
Net assets		2,648,301	3,242,345
Capital and reserves			
Called up equity share capital	12	53,214	53,214
Profit and loss account	13	2,595,087	3,189,131
Total equity shareholder's funds	14	2,648,301	3,242,345

The financial statements on pages 4 to 16 were approved by the board of directors on 24 May 2005 and were signed on its behalf by:



A L Charlesworth
Director

IPS Group Limited

Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

Consolidated accounts

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 depreciated so as to write off the cost of the assets over their estimated useful lives using the following rates per annum.

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 risk 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 diminutions 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.

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.

IPS Group Limited

Foreign currency translation

Assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the year end.

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

IPS Group Limited

Notes to the financial statements for the year ended 31 December 2004

1 Operating profit

This is stated after charging:

	2004	2003
	£	£
Staff costs:		
Wages and salaries	2,641,017	2,257,959
Social security costs	323,981	285,516
Pension costs	105,094	90,389
Depreciation	149,978	139,651
Operating lease charges:		
Plant and machinery	27,095	26,556
Other assets	229,295	255,887
Loss on disposal of tangible fixed assets	5,952	2,623
Auditors' remuneration:		
Audit services	10,000	13,467
Exceptional Items:		
Write-off of investment and loan	82,000	-

The average number of persons employed by the company during the year (excluding directors) was 44 (2003: 43).

2 Directors' remuneration

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

	2004	2003
	£	£
Aggregate emoluments	965,710	804,783
Pension contributions to money purchase pension schemes	59,222	40,266
	1,024,932	845,049

IPS Group Limited

Highest paid director

	2004	2003
	£	£
Aggregate emoluments	203,307	141,603

The remuneration of the highest paid director includes pension contributions to money purchase pension schemes of £13,621 (2003: £5,140). Pension benefits under money purchase pension schemes are accruing to seven directors at 31 December 2004 (2003: seven).

3 Interest payable and similar charges

	2004	2003
	£	£
Loan note interest	-	208
Bank and other interest	5,856	454
	5,856	662

4 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2004	2003
	£	£
Current tax:		
UK corporation tax at 30% (2003: 30%)	356,377	184,818
Adjustments in respect of prior periods	(17,043)	(9,760)
Total current tax	339,334	175,058
Deferred tax:		
Origination and reversal of timing differences	(1,596)	(13,475)
Tax on profit on ordinary activities	337,738	161,583

IPS Group Limited

(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 30% (2003: 30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	943,694	564,766
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	283,108	169,430
<i>Effects of:</i>		
Expenses not deductible for tax purposes	71,673	25,196
Accelerated capital allowances and other timing differences	1,596	6,864
Group relief claimed not paid	-	(16,672)
Adjustment to tax charge in respect of prior periods	(17,043)	(9,760)
Current tax charge for the year	339,334	175,058

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

5 Dividends – equity

	2004 £	2003 £
Proposed dividend £22.55 (2003: £9.39) per £1 share	1,200,000	500,000

IPS Group Limited

6 Tangible fixed assets

	Short leasehold property £	Furniture and equipment £	Total £
Cost			
At 1 January 2004	131,798	633,012	764,810
Additions	28,439	75,812	104,251
Disposals	-	(93,965)	(93,965)
At 31 December 2004	160,237	614,859	775,096
Depreciation			
At 1 January 2004	48,667	314,125	362,792
Charge for the year	16,054	133,924	149,978
Disposals	-	(88,013)	(88,013)
At 31 December 2004	64,721	360,036	424,757
Net book amount			
At 31 December 2004	95,516	254,823	350,339
At 31 December 2003	83,131	318,887	402,018

IPS Group Limited

7 Fixed asset investments

	Unlisted investments	Subsidiary companies	Total
	£	£	£
Cost			
At 1 January 2004	32,000	1,359,087	1,391,087
Additions	-	370,005	370,005
At 1 January and at 31 December 2004	32,000	1,729,092	1,761,092
Amounts written off			
At 1 January 2004	-	765,815	765,815
Written off in year	32,000	-	32,000
At 31 December 2004	32,000	765,815	797,815
Net book amount			
At 31 December 2004	-	963,277	963,277
At 31 December 2003	32,000	593,272	625,272

The investment in subsidiary companies at 31 December 2004 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

* 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. The principal activity of all trading subsidiary companies is that of an employment agency.

IPS Group Limited

The position and results of subsidiary companies as at 31 December 2004 were as follows:

	2004		2003	
	Results for the year £	Net Assets/ (liabilities) £	Results for the year £	Net Assets/ (liabilities) £
Insurance Personnel Selection Limited	-	1,620	-	1,620
IPS Overseas Limited	-	100	-	100
Trevor James (City of London) Limited	-	-	-	-
IPS Trustee Company Limited	-	(36,742)	-	(36,742)
Insurance Career Consultants Limited	-	-	-	-
Forsythe and Kayee Limited	-	100	-	100
IPS Search Inc.	(59,860)	(17,115)	(1,816)	42,779
Anakin Seal Legal Limited	67,111	67,111	(40,613)	(370,005)
IPS Group (Manchester) Limited	32,248	(70,396)	(3,000)	(102,644)

The company's investment in unlisted investments represents 32% (2003 - 50%) of the equity share capital of A Sure Talent UK Limited.

8 Debtors

	2004 £	2003 £
Trade debtors	894,894	824,026
Amounts due from group undertakings	3,862,292	1,921,436
Deferred tax asset (note 11)	15,071	13,475
Sundry debtors and prepayments	105,724	242,805
	4,877,981	3,001,742

IPS Group Limited

9 Creditors – Amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	25,575	-
Bank loan (Note 10)	292,100	-
Trade creditors	187,035	145,638
Corporation tax	181,877	97,818
Other taxation and social security	273,361	262,770
Amounts due to group undertakings	57,573	-
Other creditors and accruals	533,316	276,655
Proposed dividend	1,200,000	500,000
	2,750,837	1,282,881

10 Creditors – Amounts falling after more than one year

	2004	2003
	£	£
Bank loan	1,168,729	-

The bank loan is repayable in equal quarterly instalments commencing 13 March 2005 and carries interest at an initial rate of 2.75% over the Bank of Scotland base rate. This reduces to 2.35% over the Bank of Scotland base rate if the covenants applying to the loan are adhered to for three consecutive quarters. The loan is stated net of arrangement costs. The bank loan is secured by a fixed and floating charge over the company's assets.

The bank loan is repayable as follows:

	2004	2003
	£	£
Within one year	300,000	-
Between one and two years	300,000	-
After two but not more than five years	900,000	-
	1,500,000	-
Unamortised loan costs	(39,171)	-
	1,460,829	-

IPS Group Limited

11 Deferred tax asset

The deferred tax asset is analysed as follows:

	2004	2003
	£	£
Future capital allowances in excess of depreciation	(5,999)	(8,975)
Short term timing differences	(9,072)	(4,500)
	(15,071)	(13,475)
		£
At 1 January 2004		(13,475)
Deferred tax credited in profit and loss account (note 4)		(1,596)
At 31 December 2004		(15,071)

12 Called up equity share capital

	2004	2003
	£	£
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

13 Reserves

	Profit and loss account
	£
At 1 January 2004	3,189,131
Retained loss for the financial year	(594,044)
At 31 December 2004	2,595,087

IPS Group Limited

14 Reconciliation of movements in equity shareholder's funds

	2004	2003
	£	£
Opening equity shareholder's funds	3,242,345	3,339,162
Profit on ordinary activities after taxation	605,956	403,183
Dividends	(1,200,000)	(500,000)
Closing equity shareholder's funds	2,648,301	3,242,345

15 Operating lease commitments

Annual commitments under operating leases at 31 December 2004 amount to:

	2004		2003	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Lease expiry date:				
Within one year	-	11,807	-	5,218
Between two to five years	111,583	55,430	184,516	75,517
After five years	62,225	-	59,683	-
	173,808	67,237	244,199	80,735

16 Related party transactions

During the year IPS Group Limited paid for a number of expenses incurred by A Sure Talent UK Limited, which was under the company's joint control until 17 July 2004, totalling £59,011 (2003: £97,624) and A Sure Talent UK Limited repaid in cash expenses totalling £35,894 (2003: £96,802). The balance due from A Sure Talent UK Limited at 31 December 2004 was £25,261 (2003: £52,143) including VAT where appropriate after writing off £50,000 of the balance due.

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 accounts. Copies of the accounts of IPS Holdings Limited can be obtained from 6 Lloyds Avenue, London EC3N 3ES.