

**IDRS Limited**  
**REPORT AND FINANCIAL STATEMENTS**

31 December 2007

Company Registration No 5945499

THURSDAY



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COMPANIES HOUSE

# IDRS Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

A J Canham (Chairman)  
A Connarty (Managing Director)  
M F Smith  
J Wan

### SECRETARY

V Seymour

### REGISTERED OFFICE

12 Bloomsbury Square  
London  
WC1A 2LP

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
1st Floor  
46 Clarendon Road  
Watford  
Herts WD17 1JJ

### BANKER

HSBC Bank Plc  
31 Holborn  
London EC1N 2HR

# IDRS Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of IDRS Limited for the period ended 31 December 2007

### PRINCIPAL ACTIVITIES

The business of the company is the provision of services for the avoidance, management and / or resolution of complaints and disputes. The company's primary activities are aimed at serving the market for consumer redress services in the UK, the market for the resolution of disputes between commercial businesses operating in the UK and the resolution of disputes occurring within the UK public sector, including provision of advice and consultancy services to all 3 markets as to how conflict and disputes can either be avoided or better managed. The company specialises in offering tailor made solutions to meet the needs of customers and users in each of its key areas of activity.

### REVIEW OF BUSINESS DEVELOPMENTS

IDRS Ltd was formed on 25 September 2006 and began trading as of 1 January 2007. The activities and staff of the former dispute resolution services department of the Chartered Institute of Arbitrators (CIArb) were formally transferred to the company on 16 February 2007. On 5 March 2007 the company moved to its current operating location at 24 Angel Gate, London EC1V 2PT.

The objectives and targets for the company's first full year of trading were set down in its business plan for the period 2007 – 2011. The objectives were consistent with the company's strategy to first establish a solid trading base and then to adapt its structures and staffing to accommodate planned growth in each of its main areas of business. The company also made initial investments including improving quality assurance for its service processes.

The company increased turnover in 2007 by 53% over that achieved by its predecessor at the CIArb in 2006. Gross operating margin also increased by over 8%.

### FUTURE OF THE BUSINESS

Key management programmes are in place and underway to ensure profitability in 2008. Promising new business opportunities are expected to come on stream during the year. A clearly focused long-term sales and marketing plan is also being implemented across a broad range of markets.

### RESULTS AND DIVIDENDS

The company commenced trading on 1 January 2007 and made a loss for the year of £203,300. No dividend will be paid.

In those years when there are taxable profits, an amount equal to the taxable profits shall be donated by way of Gift Aid to the parent undertaking, The Chartered Institute of Arbitrators, unless the directors at their discretion wish to withhold any amount in the interests of the maintenance of reasonable working capital and other operating requirements.

### DIRECTORS

The following directors have held office since 25 September 2006

A J Canham (Appointed 16 January 2007)

A Connarty (Appointed 25 September 2006)

T Oyre (Appointed 25 September 2006 – Resigned 16 January 2007)

MF Smith (Appointed 16 January 2007)

J Wan (Appointed 16 January 2007)

# IDRS Limited

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director had any interest in the shares of the company during the year

### RISK ANALYSIS

The directors and the management consider and monitor the range of risks to which the company is exposed, directing appropriate action to minimise the realisation of such risks and their effects. The principal risks to which the Board has paid particular attention are

- Risks with direct potential to adversely affect the customer's interests,
- Risks with direct potential to adversely affect the financial viability of the company,
- Risks which might adversely affect the ability of the company to sustain its operations,
- Risks to the health, safety or welfare of the company's employees,
- Risks which, if realised, might adversely affect either the company's reputation or that of its shareholder

The company maintains appropriate insurance cover as part of its risk management strategy, and on a regular basis, with its advisers, reviews the scope of cover and premiums

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

### AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

This report was approved by the Board on 4 April 2008 and signed on its behalf by



V Seymour  
Secretary

4 April 2008

# IDRS Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- d 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDRS LIMITED

We have audited the financial statements on pages 6 to 14

This report is made solely to the company's members, 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 members those matters we 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 our audit work, for this report or for the opinions we have formed.

### Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its loss for the period then ended and 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

1<sup>st</sup> Floor

46 Clarendon Road

Watford

Herts

WD17 1JJ

14 April 2008

**IDRS Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the period ended 31 December 2007

	Notes	Period 25 September 2006 to 31 December 2007 £
Turnover	1	1,283,818
Cost of sales		786,346
GROSS PROFIT		<u>497,472</u>
Administration expenses		691,053
OPERATING LOSS		<u>(193,581)</u>
Interest payable	2	9,719
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(203,300)</u>
Taxation	5	-
RETAINED LOSS FOR THE YEAR		<u><u>(203,300)</u></u>

The operating loss for the year arises from the company's continuing operations

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

IDRS Limited  
BALANCE SHEET  
at 31 December 2007

	Notes	2007 £
FIXED ASSETS		
Tangible assets	6	51,435
CURRENT ASSETS		
Stocks		17,640
Debtors	7	441,100
Cash at bank and in hand		42,670
		501,410
CREDITORS Amounts falling due within one year	8	(453,438)
NET CURRENT ASSETS		47,972
TOTAL ASSETS LESS CURRENT LIABILITIES		99,407
CREDITORS Amounts falling due in more than one year	9	(301,707)
NET LIABILITIES		£(202,300)
CAPITAL AND RESERVES		
Called up share capital	10	1,000
Profit and loss account	12	(203,300)
SHAREHOLDERS' FUNDS	13	£(202,300)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

These financial statements on pages 6 to 14 were approved by the Board of Directors on 4 April 2008 and were authorised for issue by



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



# IDRS Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Small Entities FRSSE (effective January 2007)

### GOING CONCERN

For the Company's first trading period, an initial budget was established prior to the business being transferred to the Company from its parent undertaking, The Chartered Institute of Arbitrators on 1 January 2007. The Company's business is such that there can be considerable unpredictable variation in the volume of cash inflows. Certain original budget assumptions proved inaccurate and significant investment was made in order to adapt the Company's operating structures to accommodate anticipated growth in its business. This resulted in some non-recurring costs and a loss for the period ended 31 December 2007 being incurred. Although the Company's turnover increased during this period, the Directors are confident that further profitable new business will be achieved in the year ending 31 December 2008.

The Company meets its day to day working capital requirements through investment provided by its parent undertaking, The Chartered Institute of Arbitrators. This is currently provided by means of an interest-bearing investment and a working capital inter-entity balance. The Company has no bank overdraft or loan facilities of its own. As such, the Company is dependent on its parent undertaking for continued financial support. The Company's directors have prepared detailed forecasts and cashflow projections covering the period of 12 months from the date of approval of these financial statements. These forecasts indicate that if the Company's income budget is achieved, then the Company should be able to continue to operate within the facilities currently available, although the margin of facilities over requirements is not large and, inherently there can be no certainty in relation to these matters. As a result, the Company has agreed with its parent undertaking, The Chartered Institute of Arbitrators, that it will continue to provide facilities in order to support the Company for a period of at least 12 months from the accounts approval date. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

### STOCKS

All stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

### WORK IN PROGRESS

Work in Progress represents work carried out on the administration of arbitrations for which awards have not been made by the Balance Sheet date.

### DEPRECIATION

The cost of fixed assets is depreciated over the expected useful lives of the assets at the following rates on a straight line basis:

Leasehold improvements	5 years
Furniture and equipment	10 years
Computer and electronic equipment	3 years

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as recoverable and it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### OPERATING LEASE COMMITMENTS

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

# IDRS Limited

## ACCOUNTING POLICIES

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### FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the contract rate ruling at the date of the transaction

### RECOGNITION OF INCOME

Appointment and scheme arbitration income from administered schemes is recognised when awards have been made by the appointed arbitrators

Income from all other activities is recognised as earned

**IDRS Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 December 2007

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1	<b>TURNOVER</b>	
	Turnover, stated net of value added tax, consists of UK sales	
2	<b>INTEREST PAYABLE</b>	2007 £
	On interest bearing investment from parent undertaking (see note 9)	9,719
		<hr/>
3	<b>LOSS ON ORDINARY ACTIVITIES</b>	2007 £
	Loss on ordinary activities before taxation is stated after charging/(crediting)	
	Depreciation and amounts written off tangible fixed assets	
	Charge for the period	24,712
	Auditor's remuneration – audit – Baker Tilly UK Audit LLP	4,000
	Auditor's remuneration – other - Baker Tilly Tax & Advisory LLP	2,000
		<hr/>
4	<b>EMPLOYEES</b>	2007 No
	The average monthly number of persons (including directors) employed by the company during the year was	
	Management	3
	Trading and administration	10
		<hr/>
		13
		<hr/>
	Staff costs for above persons	
	Wages and salaries	417,465
	Social security costs	43,785
	Other pension costs	22,060
		<hr/>
		483,310
		<hr/>
	<b>DIRECTORS' REMUNERATION</b>	2007 £
	Emoluments	89,114
	Pension contributions	4,784
		<hr/>
		Number
	The number of directors to whom relevant benefits are accruing under	
	Money purchase scheme	1
		<hr/>

# IDRS Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 2007

5	TAXATION	2007 £
	Corporation Tax	
	UK corporation tax (credit)/charge for the year	-
	Deferred Tax	
	Deferred tax (credit)/charge for the year	-
		-
		-
	Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19%	40,660
	Effect of	
	Capital allowances in excess of depreciation	(11)
	Tax losses carried forward	(40,649)
		-

6	TANGIBLE FIXED ASSETS			
		Furniture & equipment £	Computer & electronic equipment £	Total £
	Cost			
	25 September 2006	-	-	-
	Additions	27,326	32,954	60,280
	Transfers	11,886	8,434	20,320
	31 December 2007	39,212	41,388	80,600
	Depreciation			
	25 September 2006	-	-	-
	Charged in the year	3,866	13,353	17,219
	Transfers	7,541	4,405	11,946
	31 December 2007	11,407	17,758	29,165
	Net book value			
	31 December 2007	27,805	23,630	51,435
	25 September 2006	-	-	-

# IDRS Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 2007

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7	DEBTORS	2007 £
	Due within one year	
	Trade debtors	397,806
	Other debtors	3,809
	Prepayments and accrued income	39,485
		<hr/> 441,100 <hr/>
8	CREDITORS Amounts falling due within one year	2007 £
	Trade creditors	175,587
	Other taxation and social security	42,468
	Other creditors	1,339
	Accruals	24,738
	Deferred income	209,306
		<hr/> 453,438 <hr/>
9	CREDITORS Amounts falling due in more than one year	
	Inter-company account with parent undertaking	2007 £
	Interest bearing investment	200,000
	Other investment	101,707
		<hr/> 301,707 <hr/>

The parent undertaking has agreed that these amounts are payable on written notice of at least 12 months. The interest bearing investment carries interest at the rate of one half of one per cent per annum above the HSBC Bank Plc base lending rate or such other rate as may be agreed from time to time.

There is a cross guarantee of £9,396 in favour of HM Revenue and Customs in respect of the company's membership of the Chartered Institute of Arbitrators VAT group.

**IDRS Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 31 December 2007**

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10	SHARE CAPITAL	2007 £
	Authorised share capital	
	100,000 ordinary shares of £1 each	100,000
		<hr/>
	Issued share capital	
	1,000 ordinary shares of £1 each	1,000
		<hr/>
11	COMMITMENTS UNDER OPERATING LEASES	
	At the year end the company had annual commitments under non-cancellable operating leases as follows	
		2007 £
	Office equipment - between 2 and 5 years	16,473
		<hr/>
12	PROFIT AND LOSS ACCOUNT	
		2007 £
	At start of the period	-
	Retained loss for the period	(203,300)
	Profit and loss account at 31 December 2007	<hr/> (203,300) <hr/>
13	RECOGNITION OF MOVEMENT IN SHAREHOLDER'S FUNDS	
		2007 £
	Loss for the financial period	(203,300)
	Share capital subscribed	1,000
	Net deduction from shareholder's funds	<hr/> (202,300) <hr/>
	Opening shareholder's funds	-
	Closing shareholder's funds	<hr/> (202,300) <hr/>

# IDRS Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 2007

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### 14 PENSION COMMITMENTS

The company operates one pension scheme, a defined contribution scheme

The profit and loss charge for the scheme is determined as the contributions paid by the company during the financial year. During the accounting period contributions of £22,060 were paid to the scheme

### 15 RELATED PARTY DISCLOSURES

During the financial period, the company's parent undertaking charged for the following services on an arm's length basis

	£
Occupancy costs	14,484
Management charges	37,000
Other associated administrative expenses	11,700

### 16 ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is The Chartered Institute of Arbitrators, which produces group accounts that are available from the company's registered office

### 17 ACQUISITIONS

#### (a) The Chartered Institute of Arbitrators

At the commencement of trading, the company acquired the following assets and liabilities from The Chartered Institute of Arbitrators at net book value, which is also fair value

	£
Fixed assets	8,374
Work in progress	13,280
Deferred income	(67,572)
Other assets	200
	<u>£(45,718)</u>

#### (b) The City Disputes Panel

The business and net assets of The City Disputes Panel were transferred to The Chartered Institute of Arbitrators on 31 January 2007 who then transferred them to the company less certain net liabilities, which were settled by The Chartered Institute of Arbitrators and excluded from the transfer to the company. The consideration for the transfer to the company was £nil. The company has benefited significantly from contracts so transferred