



## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## Financial Highlights

- Group revenues increase by 16% to £4,604,409, up from £3,972,725
- Profit before taxation rises to £102,613 from £10,846
- Profit after taxation increased by £94,651 to £99,430
- Closing cash balance of £375,015

## Operational Highlights

- CallScripter OEM (Original Equipment Manufacturer) licences now exceed 10,000
- CallScripter has 9 language files - the latest addition being Hungarian
- Ansaback billable minutes increased by 21% in the year
- IP3 Telecom has 251 clients live on the Network Platform (2009 53)
- Commercial Finance Brokers (UK) Limited (an associate company) commenced trading

## Financial Summary

The board is pleased to report an improved performance compared with the difficult economic conditions of the previous year, although our market remains incredibly tough with continued aggressive competition for all business

In the second half of the year the General Election brought unexpected disquiet with virtually all sectors holding their breath during April and May pending the voting outcome. This caused some aberrations in the contact centre minutes which quickly dipped to 2009 levels, requiring immediate staffing realignments, before returning to higher levels

In the December interim report we commented that sales of 3<sup>rd</sup> party software had affected the profitability of the CallScripter division. This issue has now been rectified

The Group achieved a profit before taxation for the year to June 2010 of £102,613 (2009 £10,846), on a turnover of £4,604,409 (2009 £3,972,725)

The Company has a strong cash position. This has enabled the company to invest during the year under review in the sales team of CallScripter through the recruitment of a senior Sales Executive. The Board also expects to recruit a further senior CallScripter Sales Executive during the current year

## Dividend

The Company will not be declaring a dividend



**CHAIRMAN'S STATEMENT (continued)**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

**Registrars**

Due to cost and service considerations the company changed its registrars from Equiniti Limited to Capita Registrars Limited on 26<sup>th</sup> June 2010

**People**

I would like to thank all of the Directors and employees for their efforts during the past year. Their commitment, loyalty and support are appreciated and are vital to achieving further positive progress.

**Outlook**

The Group has a clear strategy and looks forward to building on the momentum achieved this year. The year ahead is poised to be a defining one for the company and have now set our sights on pushing forward to improved profitability.

The Group has built a strong position within certain sectors of the call centre markets and remains well placed to continue building on these, whilst CallScripter has a strong product offering, enhanced with new functionality, which will be driven forwards by the strengthened sales team.

Whilst the outlook remains challenging, the Directors are confident about the future prospects for the Group and I look forward to reporting further progress.



**Philip Dayer**  
**12<sup>th</sup> August 2010**

# **IPPlus PLC**

## **BUSINESS REVIEW**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

### **Business Summary**

IPPlus PLC operates through two principal subsidiaries, CallScripter Limited and IPPlus (UK) Limited

The Group trades under three trading styles namely CallScripter, Ansaback and IP3 Telecom

In addition the company owns a 40% stake in Commercial Finance Brokers (UK) Limited

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Our clients gain major benefits by introducing CallScripter's dynamic scripting environment and advanced reporting software into their organisations. The software facilitates the rapid set-up, handling and reporting of sophisticated inbound, outbound and e-mail campaigns.

Ansaback is a 24 hours a day, 7 days a week bureau telephony service providing order lines, overflow and out of hours call handling, emergency cover, dedicated phone resource, non-geographic, low call and Freephone telephone facilities as well as disaster recovery lines and other ancillary telecommunication services.

IP3 Telecom is the telephony services arm of the Ansaback business providing a range of network level interactive call services. With options for self-sufficiency or fully managed services, the platform gives the user the ability to run a professional call handling operation without the necessity for expensive hardware, installation, and on-going maintenance costs. Clients can route their required services through our web portal, allowing them to monitor their call traffic in real time or have reports sent periodically by email, fax or text.

Commercial Finance Brokers (UK) Limited is a business involved in procuring commercial property finance, and is the exclusive commercial mortgage broker provider to one of the largest networks of independent financial advisors in the country. The rationale behind IPPlus's small investment is to build the business which will in turn increase the utilisation of our contact centre.

### **The Market**

Despite continued turbulence in the UK economy, and more widely in the international market place, contact centres remain an important characteristic of the modern business enterprise. Contact centre technology continues to evolve and the options available to prospective clients are ever changing with the recent trend being to opt for some dedicated fixed seats and then spill over into the bureau thereby maximising the time of the dedicated agents.

The diversity of clients using CallScripter software does however provide a cushion from being too sector specific. Our contact centre, which operates as a 24/7 bureau service, is also well positioned as its broad range of clients require different services which again provides a similar degree of insulation from movements in specific markets.

**Business Summary (continued)**

**The Market (continued)**

IP3 Telecom now has 251 clients on the network platform giving the customer the ability to set up sophisticated call ringing plans whereby we can route their calls at network level from office to office and then if needed to field workers with some calls being diverted to home workers or ultimately an outsourced contact centre such as Ansaback. In addition supplementary services such as IVR (Interactive Voice Response) and call recording enhance the sticky nature of the service. Whilst the market for this type of service is quite mature the key to winning clients is quality and ease of the service provision.

**Risks**

The risks to the CallScripter division remain unchanged – principally the ability of our sales team and the partner resellers to achieve market penetration. The channels to market, be they via OEM arrangements, or integrated with a dialler as part of a tailored call handling solution need constant attention to preserve existing market share and avoid competitors offering more favourable and solicitously advantageous offers.

The main risk within Ansaback is the exposure to the failure of a major client, as the top 20 clients represent 62% of turnover. Continued vigilance is taken with credit control to minimise this exposure, with Bad Debts remaining at a low level in the year.

Additional risks include the technology utilised in the contact centre and as such we have installed a 'state of the art' modern telephone switch. This new switch includes fail-over systems to further increase our business continuity/disaster recovery readiness whilst also enabling us to offer additional services to clients. Looking at other risks, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, whilst our main computer systems have been upgraded to improve their resilience and minimise any down-time should a problem arise.

IP3 Telecom could be affected if there was a major carrier breakdown affecting the entire network.

**Business Summary (continued)**

**Review of Operations**

In a challenging year for global markets, we are pleased to announce continued growth in turnover of the Group. A summary of the operational highlights in the year to 30<sup>th</sup> June 2010 follows

**CallScripter**

The division sells our software to other call and contact centres, both domestically and internationally, on a direct basis and through various reseller channels. CallScripter OEM licence sales now exceed 10,000 seats and are set to continue to grow with both ININ (Interactive Intelligence, Inc.) and Nixxis Group SA adding our scripting solution more regularly to their package. CallScripter now has 9 language files, the latest addition being Hungarian. The language files provide localisation, which enhances its appeal, and we expect further languages to be added as more contact centres start up to serve emerging markets. Whilst language itself is not a unique selling point, the ability to convert a new language file quickly is a major benefit to the sales team.

With its comprehensive functionality and ease of use, CallScripter's solutions address the requirements for the most demanding clients using the most up to date applications. Our solutions are proven and tested in some of the most frenetic business environments and regularly enhanced in line with both the latest industry standards and the evolving needs of our customers. These can be seamlessly integrated with other business applications, such as order entry systems and accounting systems, and linked to external data sources providing key management information, improved data quality and better time management tools.

As previously we still consider that attending selected trade conferences pays dividends in enhancing brand awareness and acquiring genuine new enquiries. This year followed a similar pattern with attendance at both the Call Centre Expo in Birmingham, the Call Centre Expo in Berlin and the Government Contract Expo, which pleasingly led to some serious enquiries from Government departments anxious to consider software that could improve departmental efficiencies.

Part of CallScripter channels to market is the network hosted ASP (Application Service Provider) route now commonly referred to as SaaS (Software as a Service) which allows businesses to use the product on a "needs basis" without either complex licensing or in house technical support. Clients who use this method have access to a low cost entry model which suits a number of organisations where internal IT resources are limited. Internationally this also enables us to offer a low cost direct channel and, like many other software vendors, we anticipate further growth via this route in the coming years.

***Professional Services***

Using proven methodologies our highly experienced team of consultants provide the guidance and expertise to ensure a successful implementation. We are committed to expediting a rapid return on investment for the clients buying our solution by offering a comprehensive range of services that help them achieve results.

**Review of Operations (continued)**

**CallScripter (continued)**

***Educational Services***

CallScripter provides dedicated classroom and on-site training as well as optional customised training courses that can be developed to meet the client's specific business users' requirements

***Support & Maintenance***

CallScripter offers a range of support packages, providing fast, efficient and comprehensive support designed to match the particular needs of our client's organisation and complement their existing skills and resources

***Outlook***

Despite the market being nervous, the outlook for our contact centre software division remains positive as contact centres look to their software solution providers for increasing agent performance and maximising their profitability. The sales force has also been strengthened and an air of optimism pervades the division.

***Ansaback***

Turnover has risen with continued client loyalty and new clients increasing the billable minutes which, when combined with diligent cost control, has assisted the increase in the Group's profitability.

The retail sector bounced back in our seasonal run up to Christmas and some snowy weather in early January helped to push the minutes up. Despite our Call Centre Partners handling more calls themselves, resulting in less overflow traffic, the sectors all held up well. The majority of the call centre partners continue using Ansaback for overflow, weekend, business continuity and disaster recovery plans.

The outlook for new business remains positive allowing us to continue growing the division. These contracts, along with the retention of our Blue Chip client base, are key to the continued profitable progress.

Our client services team takes responsibility for ensuring the smooth flow of data and day to day account management with their respective client counterparts – we see this close co-operation as pivotal in retaining major clients. Price may be important but for some clients quality of service is always going to be the deciding factor. We have steered away from the high volume churn and burn philosophy and whilst at peak periods of the day our agents may talk for 45 minutes in the hour, the average is somewhat less resulting in us having a lower than average staff churn. This ultimately benefits our clients who know the workforce is knowledgeable and stable.

# **IPPlus PLC**

## **BUSINESS REVIEW**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

### **Review of Operations (continued)**

#### **Ansaback (continued)**

We naturally use our in-house developed CallScripter software package, which enables our agents to handle the vast array of calls presented. Scripts have a client graphic or picture on the front screen providing an auto-cognitive focus helping the agent identify with the client's business activity. We continue to provide clients with detailed data and Ansaback is monitored and controlled on the actual and predicted billable minutes. This Key Performance Indicator, as well as the number of agent call minutes per hour, is reviewed on a daily basis to ensure the correct levels of staff efficiencies within the contact centre. We also scrutinise our Grade of Service and Percentage of Calls Answered to maintain our contracted Service Level Agreements of answering 80% of calls presented within 20 seconds.

As in previous years we have made additional investment in new infrastructure with the network being upgraded and the new telephony switch now fully commissioned.

# IPPlus PLC

## BUSINESS REVIEW

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

### Review of Operations (continued)

#### Ansaback (continued)

##### *IP3Telecom*

IP3Telecom is the telecoms arm of the Ansaback Division. We have made good progress and currently provide a range of network based interactive call services to 251 clients. With this service our platform clients can manage to route their call requirements through our web portal. This allows fast and efficient configuration of services with detailed logging for reviewing changes. Our services are hosted across resilient platforms with triple redundancy for location, infrastructure and service providers. Web access allows remote management from anywhere in the world, without any proprietary software requirements. Clients have the ability to monitor call traffic in real time or have periodic reports sent via e mail. This adds another layer of resilience to the Ansaback disaster recovery plan. Overall we are now routing over 190,000 minutes per month through our telephony portals.

In addition, the most exciting development of recent months has been the IP3/CallScripter hosted contact centre solution, combining hosted telephony and hosted scripting into one easy-to-use, low-cost contact centre package. We sold our first IP3/CallScripter integrated package in December 2009.

The business appears to be on a firm footing and we expect continued growth from this niche service.

#### Employee Relations and Social Responsibilities

The Group was delighted to have its Investor in People award renewed. The report was very complimentary about the work environment as well as the open management style and employee involvement.

The Group's employees support a designated charity every year and raised £911 for the East Anglian Children's Hospice (EACH). In addition we launched the bike to work initiative which encourages employees to cycle to work by funding the acquisition of a new bike. We currently have had 5 members of staff who have taken up this scheme.

#### Office Lease

The office lease was renegotiated and signed in the new financial year. This was agreed at a reduced rate of £80,000 per annum over ten years, with a five year break clause, along with the return of our rent deposit (£81,075).

#### Summary and Outlook

The Board is satisfied with the Group's progress in 2010. The investments made in the Group's sales and delivery capability and the increased commercial focus prepares a strong foundation to support further growth in 2010 and beyond.

William A Catchpole  
12<sup>th</sup> August 2010



# **IPPlus PLC**

## **Directors and Advisers**

|                                          |                                                                                                                                                                                                |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company registration number              | 3869545                                                                                                                                                                                        |
| Registered office                        | Melford Court<br>The Havens<br>Ransomes Europark<br>Ipswich<br>Suffolk IP3 9SJ                                                                                                                 |
| Directors                                | Philip John Dayer<br>William Alexander Catchpole<br>Geoffrey Forsyth<br>Robert Stuart McWhinnie Gordon<br>Stephen John Allen<br>Peter Michael Brown (resigned 29 <sup>th</sup> September 2009) |
| Secretary                                | Robert Stuart McWhinnie Gordon BA FCMA                                                                                                                                                         |
| Bankers                                  | Barclays Bank PLC<br>National Westminster Bank PLC                                                                                                                                             |
| Solicitors                               | Fasken Martineau LLP                                                                                                                                                                           |
| Auditors                                 | Grant Thornton UK LLP                                                                                                                                                                          |
| Nominated Advisers<br>and Brokers        | Brewin Dolphin Limited                                                                                                                                                                         |
| Registrars                               | Capita Registrars Limited                                                                                                                                                                      |
| Financial statements<br>are available at | <a href="http://www.ipplusplc.com">http //www ipplusplc com</a>                                                                                                                                |

# IPPlus PLC

## DIRECTORS' REPORT

The directors present their report together with the financial statements for the year to 30<sup>th</sup> June 2010

### 1. Principal activity

The Company (company number 3869545) operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of contact centre call relationship management software.

### 2. Results, dividends, future prospects

The trading results of the Group are set out in the annexed accounts and are summarised as follows:

|                        | 2010<br>£ | 2009<br>£ |
|------------------------|-----------|-----------|
| Revenue                | 4,604,409 | 3,972,725 |
| Profit before taxation | 102,613   | 10,846    |

The Chairman's Statement and Business Review contain a full explanation of developments during the year, key performance indicators, principal risks and uncertainties and the Group's future prospects, which are requirements of the Directors' Report.

The directors do not recommend payment of a dividend (2009: £nil).

### 3. Directors

The present membership of the Board who, apart from Peter Brown, served through the year is set out below:

The beneficial and other interests of the directors and their families in the shares of the Company at 30<sup>th</sup> June 2010 and 1<sup>st</sup> July 2009 were as follows:

|                                                                         | 30 <sup>th</sup> June<br>2010<br>Ordinary shares<br>of 1p each | 1 <sup>st</sup> July<br>2009<br>Ordinary shares<br>of 1p each |
|-------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|
| W A Catchpole                                                           | 1,773,645                                                      | 1,486,145                                                     |
| R S M Gordon                                                            | 763,122                                                        | 659,122                                                       |
| G Forsyth                                                               | 746,324                                                        | 658,824                                                       |
| P J Dayer (non-executive)                                               | 293,619                                                        | 293,619                                                       |
| S J Allen (non-executive)                                               | -                                                              | -                                                             |
| P M Brown (non executive)<br>(resigned 29 <sup>th</sup> September 2009) | 2,129,779                                                      | 2,129,779                                                     |

The above interests include 33,220 (2009: 33,220) ordinary shares held by or on behalf of Mr Catchpole's wife.

# IPPlus PLC

## DIRECTORS' REPORT

### 3. Directors (continued)

The Director's Remuneration in the year was as follows

|                           | Salary  | Benefits | Total   | Pension |
|---------------------------|---------|----------|---------|---------|
|                           | £       | £        | £       | £       |
| W A Catchpole             | 146,084 | 2,595    | 148,679 | 12,092  |
| R S M Gordon              | 110,022 | 2,325    | 112,347 | 8,869   |
| G Forsyth                 | 104,878 | 1,575    | 106,453 | 8,745   |
| P J Dayer (non-executive) | 24,375  | -        | 24,375  | -       |
| S J Allen (non-executive) | 20,531  | -        | 20,531  | -       |
| P M Brown (non-executive) | 5,625   | -        | 5,625   | -       |

On 12<sup>th</sup> September 2002, directors were granted options to subscribe for ordinary shares in the Company as follows

|               | Number of Shares | Exercise Price (pence) |
|---------------|------------------|------------------------|
| W A Catchpole | 1,000,000        | 12 36                  |
| R S M Gordon  | 1,000,000        | 12 36                  |
| G Forsyth     | 1,000,000        | 12 36                  |

These options can be realised on the following formula between three and ten years from their grant

| If the share price<br>Is at or above | Percentage of options<br>realisable |
|--------------------------------------|-------------------------------------|
| 25p                                  | 25%                                 |
| 40p                                  | 50%                                 |
| 65p                                  | 75%                                 |
| 100p                                 | 100%                                |

### 4. Share price and substantial shareholdings

During the year, the share price fluctuated between 8 75 pence and 6 pence and closed at 6 75 pence on 30<sup>th</sup> June 2010

The beneficial and other interests of other substantial shareholders and their families in the shares of the Company at 30<sup>th</sup> June 2010 and 1<sup>st</sup> July 2009 were as follows

|             | 30 <sup>th</sup> June 2010<br>Ordinary shares<br>of 1p each | 1 <sup>st</sup> July 2009<br>Ordinary shares<br>of 1p each |
|-------------|-------------------------------------------------------------|------------------------------------------------------------|
| P Wildey    | 5,650,000                                                   | 5,075,000                                                  |
| A Catchpole | 2,410,000                                                   | 2,410,000                                                  |

## DIRECTORS' REPORT

### 5. Directors' responsibilities for the financial statements

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 Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 6. Qualifying third party indemnity provision

During the financial year, a qualifying third party indemnity provision for the benefit of the directors was in force.

### 7. Research and development

The Group continues to develop CallScripter, a web based workflow management software suite for modern contact centres.

**DIRECTORS' REPORT (continued)**

**8. Payment practice**

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of the terms and to abide by them. Trade payables at the year-end amount to 46 days (2009: 50 days) of average supplies for the year.

**9. Employee policy**

The Group operates a policy of non-discrimination in respect of ethnicity, sexual orientation, gender, religion and disability and encourages the personal and professional development of all persons working within the Group by giving full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

**10. Corporate governance**

The Group recognises the requirement for high standards of corporate governance but is restricted by having a small board of directors, 40% of which are non-executive directors.

As an AIM listed Company, we are not obliged to comply with the Combined Code on Corporate Governance, but we do acknowledge the overall importance of the guidelines and apply as many of the principles therein as appropriate to a Group of our size and nature.

**Internal financial control**

The board is responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet particular needs of the Group concerned and the risks to which it is exposed and by their nature can provide reasonable, but not absolute, assurance against misstatement or loss. The directors confirm that they have established such procedures as necessary to implement the Group's internal controls.

The full board meets on at least six occasions each year to review trading performance and discuss strategy and policy issues. Budgets are approved annually and management accounts are produced on a monthly basis. All directors review these accounts. The executive board meet on a regular basis to discuss the Group's performance, inviting input from the non-executive directors as appropriate. The Group reports to shareholders twice a year. The board considers that a separate internal audit function is not justified having regard to the size of the Group.

The Chairman, who carries out his duties on a part-time basis, is primarily responsible for running the board. The Managing Director is responsible for the day-to-day running of the Group and for implementing Group strategy.

All directors are aware of their right to seek independent professional advice at the Company's expense to assist them in their duties and to have access to the services of the Company Secretary.

**DIRECTORS' REPORT (continued)**

**10. Corporate governance (continued)**

**Internal financial control (continued)**

**Audit committee**

Whilst the Audit Committee formally consists of Philip Dayer and Stephen Allen, due to the size of the Group, any business relating to the audit has been considered by the full board

Our auditors can however raise any issues and request a meeting of the committee if it is felt that any governance or other issues need to be discussed without the executive directors' attendance

**Remuneration committee**

The Remuneration Committee consists of Philip Dayer and Stephen Allen

The committee is responsible for setting the terms and conditions of employment for the executive directors and met on two occasions during the year. The current policy is to set remuneration in accordance with market conditions in order to attract, retain and motivate the executive board. The committee reviews Group performance and arising from those reviews may determine performance related bonuses.

No director is involved in deciding his or her own remuneration level or performance related bonuses.

The fees for non-executive directors are set at smaller turnover AIM quoted market rates to attract individuals with the necessary experience and ability to make a substantial contribution to the Group's affairs and its continued development.

**11. Financial risk management**

The financial risk management policies and objectives are disclosed in note 20, along with information regarding exposure to credit risk, interest rate risk and liquidity risk.

**12. Going concern**

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

**13. Auditors**

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with S489 (4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 29<sup>th</sup> September 2010.

Melford Court  
The Havens  
Ransomes Europark  
Ipswich, Suffolk  
IP3 9SJ

BY ORDER OF THE BOARD

R S M Gordon  
Secretary  
12<sup>th</sup> August 2010



# **IPPlus PLC**

## **Independent auditor's report to the members of IPPlus PLC**

We have audited the financial statements of IPPlus PLC for the year ended 30<sup>th</sup> June 2010 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position and parent company balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 12, 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 Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30<sup>th</sup> June 2010 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## IPPlus PLC

### Independent auditor's report to the members of IPPlus PLC (continued)

#### 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

#### 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 parent company financial statements 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

Grant Thornton UK LLP

MARK HANDLEY  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

IPSWICH  
12<sup>th</sup> August 2010

**IPPlus PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

|                                                                                                   | <b>Note</b> | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|---------------------------------------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| <b>Revenue</b>                                                                                    |             | <b>4,604,409</b>        | <b>3,972,725</b>        |
| <b>Cost of sales</b>                                                                              |             | <b>(2,634,201)</b>      | <b>(2,201,305)</b>      |
|                                                                                                   |             | -----                   | -----                   |
| <b>Gross profit</b>                                                                               |             | <b>1,970,208</b>        | <b>1,771,420</b>        |
| <b>Administrative expenses</b>                                                                    |             | <b>(1,868,199)</b>      | <b>(1,768,348)</b>      |
|                                                                                                   |             | -----                   | -----                   |
| <b>Operating profit</b>                                                                           |             | <b>102,009</b>          | <b>3,072</b>            |
| <b>Finance income</b>                                                                             | <b>6</b>    | <b>764</b>              | <b>9,028</b>            |
| <b>Finance expenditure</b>                                                                        | <b>7</b>    | <b>(160)</b>            | <b>(1,254)</b>          |
|                                                                                                   |             | -----                   | -----                   |
| <b>Profit before taxation</b>                                                                     | <b>5</b>    | <b>102,613</b>          | <b>10,846</b>           |
| <b>Income tax expense</b>                                                                         | <b>11</b>   | <b>(3,183)</b>          | <b>(6,067)</b>          |
|                                                                                                   |             | -----                   | -----                   |
| <b>Profit and total comprehensive income attributable to equity holders of the parent company</b> |             | <b>99,430</b>           | <b>4,779</b>            |
|                                                                                                   |             | -----                   | -----                   |
| <b>Basic &amp; diluted earnings per share</b>                                                     | <b>10</b>   | <b>0 33p</b>            | <b>0 02p</b>            |

All activities of the Group are classed as continuing

There were no recognised gains or losses for the year other than the profit disclosed above

The accompanying accounting policies and notes form an integral part of these financial statements

**IPPlus PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

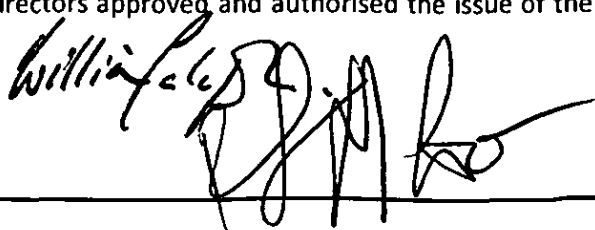
**AS AT 30<sup>th</sup> JUNE 2010**

|                                                            | <b>Note</b> | <b>2010</b>      | <b>2009</b>      |
|------------------------------------------------------------|-------------|------------------|------------------|
|                                                            |             | <b>£</b>         | <b>£</b>         |
| <b>ASSETS</b>                                              |             |                  |                  |
| <b>Non-current assets</b>                                  |             |                  |                  |
| Plant and equipment                                        | 13          | 193,292          | 215,542          |
| Other intangible assets                                    | 12          | 249,271          | 240,910          |
| Investment in associate company                            | 17          | 40               | -                |
| Deferred taxation                                          | 16          | 280,000          | 280,000          |
|                                                            |             | -----            | -----            |
| <b>Non-current assets</b>                                  |             | <b>722,603</b>   | <b>736,452</b>   |
|                                                            |             | -----            | -----            |
| <b>Current assets</b>                                      |             |                  |                  |
| Trade and other receivables                                | 14          | 965,994          | 851,155          |
| Cash and cash equivalents                                  |             | 375,015          | 421,119          |
|                                                            |             | -----            | -----            |
| <b>Current assets</b>                                      |             | <b>1,341,009</b> | <b>1,272,274</b> |
|                                                            |             | -----            | -----            |
| <b>Total assets</b>                                        |             | <b>2,063,612</b> | <b>2,008,726</b> |
|                                                            |             | -----            | -----            |
| <b>LIABILITIES</b>                                         |             |                  |                  |
| <b>Current liabilities</b>                                 |             |                  |                  |
| Trade and other payables                                   | 15          | (584,203)        | (628,149)        |
| Current portion of long-term borrowings                    | 15          | -                | (3,781)          |
|                                                            |             | -----            | -----            |
| <b>Current liabilities</b>                                 |             | <b>(584,203)</b> | <b>(631,930)</b> |
|                                                            |             | -----            | -----            |
| <b>Non-current liabilities</b>                             |             |                  |                  |
| Deferred taxation                                          | 16          | (67,410)         | (64,227)         |
|                                                            |             | -----            | -----            |
| <b>Non-current liabilities</b>                             |             | <b>(67,410)</b>  | <b>(64,227)</b>  |
|                                                            |             | -----            | -----            |
| <b>Total liabilities</b>                                   |             | <b>(651,613)</b> | <b>(696,157)</b> |
|                                                            |             | -----            | -----            |
| <b>Net assets</b>                                          |             | <b>1,411,999</b> | <b>1,312,569</b> |
|                                                            |             | -----            | -----            |
| <b>EQUITY</b>                                              |             |                  |                  |
| <b>Equity attributable to equity holders of the parent</b> |             |                  |                  |
| Share capital                                              | 19          | 297,908          | 297,908          |
| Other reserves                                             |             | 18,396           | 18,396           |
| Profit and loss account                                    |             | 1,095,695        | 996,265          |
|                                                            |             | -----            | -----            |
| <b>Total equity</b>                                        |             | <b>1,411,999</b> | <b>1,312,569</b> |
|                                                            |             | -----            | -----            |

The accompanying accounting policies and notes form an integral part of these financial statements

The Board of Directors approved and authorised the issue of the financial statements on 12<sup>th</sup> August 2010

W A Catchpole  
R S M Gordon



Director  
Director

**IPPlus PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

| Note                                                | 2010<br>£        | 2009<br>£        |
|-----------------------------------------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>         |                  |                  |
| Profit after taxation                               | 99,430           | 4,779            |
| Adjustments for                                     |                  |                  |
| Depreciation                                        | 76,237           | 55,412           |
| Amortisation of intangible assets                   | 116,357          | 103,151          |
| Interest income                                     | (764)            | (9,028)          |
| Interest expense                                    | 78               | 298              |
| Interest element of finance leases                  | 82               | 956              |
| Deferred tax provision                              | 3,183            | 6,067            |
| Profit on sale of fixed assets                      | (225)            | -                |
| (Increase)/decrease in trade and other receivables  | (114,839)        | 92,671           |
| (Decrease)/increase in trade and other payables     | (33,263)         | 92,640           |
|                                                     | -----            | -----            |
| <b>Cash generated from operations</b>               | <b>146,276</b>   | <b>346,946</b>   |
| Interest paid                                       | (78)             | (298)            |
| Interest element of finance leases                  | (82)             | (956)            |
|                                                     | -----            | -----            |
| <b>Net cash generated from operating activities</b> | <b>146,116</b>   | <b>345,692</b>   |
|                                                     | -----            | -----            |
| <b>Cash flows from investing activities</b>         |                  |                  |
| Purchase of property, plant & equipment             | (64,670)         | (90,523)         |
| Capitalisation of development costs                 | (124,718)        | (121,809)        |
| Interest received                                   | 764              | 9,028            |
| Investment in associate company                     | (40)             | -                |
| Proceeds from sale of fixed assets                  | 225              | -                |
|                                                     | -----            | -----            |
| <b>Net cash used in investing activities</b>        | <b>(188,439)</b> | <b>(203,304)</b> |
|                                                     | -----            | -----            |
| <b>Cash flows from financing activities</b>         |                  |                  |
| Repayment of borrowings                             | -                | (15,000)         |
| Payment of finance lease liabilities                | (3,781)          | (15,783)         |
|                                                     | -----            | -----            |
| <b>Net cash used in financing activities</b>        | <b>(3,781)</b>   | <b>(30,783)</b>  |
|                                                     | -----            | -----            |
| <b>Net (decrease)/ increase in cash</b>             | <b>(46,104)</b>  | <b>111,605</b>   |
|                                                     | -----            | -----            |
| Cash and cash equivalents at beginning of year      | 421,119          | 309,514          |
| Net (decrease)/ increase in cash                    | (46,104)         | 111,605          |
|                                                     | -----            | -----            |
| <b>Cash and cash equivalents at end of year</b>     | <b>375,015</b>   | <b>421,119</b>   |
|                                                     | -----            | -----            |

The accompanying accounting policies and notes form an integral part of these financial statements

**IPPlus PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

|                                                                | <b>Share<br/>Capital<br/>£</b> | <b>Other<br/>Reserves<br/>£</b> | <b>Profit and<br/>Loss Account<br/>£</b> | <b>Total<br/>Equity<br/>£</b> |
|----------------------------------------------------------------|--------------------------------|---------------------------------|------------------------------------------|-------------------------------|
| Balance at 1 <sup>st</sup> July 2008                           | 297,908                        | 18,396                          | 991,486                                  | <b>1,307,790</b>              |
| Profit and total recognised income<br>and expense for the year | -                              | -                               | 4,779                                    | <b>4,779</b>                  |
|                                                                | -----                          | -----                           | -----                                    | -----                         |
| Balance at 30 <sup>th</sup> June 2009                          | 297,908                        | 18,396                          | 996,265                                  | <b>1,312,569</b>              |
| Profit and total recognised income<br>and expense for the year | -                              | -                               | 99,430                                   | <b>99,430</b>                 |
|                                                                | -----                          | -----                           | -----                                    | -----                         |
| Balance at 30 <sup>th</sup> June 2010                          | 297,908                        | 18,396                          | 1,095,695                                | <b>1,411,999</b>              |
|                                                                | -----                          | -----                           | -----                                    | -----                         |

The accompanying accounting policies and notes form an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

**1. Authorisation of Financial Statements**

The Group's consolidated financial statements (the "financial statements") of IPPlus PLC (the "Company") and its subsidiaries (together the "Group") for the year ended 30<sup>th</sup> June 2010 were authorised for issue by the Board of Directors on 12<sup>th</sup> August 2010 and the Managing Director, William Catchpole and the Financial Director, R Stuart Gordon signed the balance sheet

**2. Nature of Operations and General Information**

IPPlus PLC is the Group's ultimate parent company. It is a public limited company incorporated and domiciled in the United Kingdom. IPPlus PLC's shares are quoted and publicly traded on the AIM division of the London Stock Exchange. The address of IPPlus PLC's registered office is also its principal place of business.

The Company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

**3. Statement of Compliance with IFRS**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The principal accounting policies adopted by the Group are set out in Note 4. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these financial statements.

**Changes in accounting policies**

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning 1<sup>st</sup> January 2009.

*IAS 1 • Presentation of Financial Statements (Revised 2007)*

*IFRS 8 • Operating Segments*

***IAS 1 (Revised 2007)***

The adoption of the standard does not affect the financial position or results of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'. The Statement of Comprehensive Income has been shown in a single statement.

IAS 1 (Revised 2007) requires, in some circumstances, presentation of a comparative balance sheet as at the beginning of the first comparative period. Management considers that this is not necessary this year because the 2007 balance sheet is the same as that previously published.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

**3. Statement of Compliance with IFRS (continued)**

**Changes in accounting policies (continued)**

**IFRS 8**

IFRS 8 – operating segments, is effective for accounting periods beginning on or after 1<sup>st</sup> January 2009. IFRS 8 represents a change in the reporting segmental information compared to the previous standard IAS 14. The standard requires entities to adopt a “management approach” to reporting on its operating segments. The information generally to be reported is what the Chief Operating Decision Maker uses internally for evaluating segment performance. The introduction of IFRS 8 has not changed the reported segments of the company from IAS 14, as the segments used in the management approach are the same as those disclosed under IAS 14 – being Ansaback and CallScripter. Please refer to note 9 for further information.

As of 30<sup>th</sup> June 2010, the following Standards and Interpretations are in issue but not yet effective and have not been adopted early by the Group:

- IFRS 9 Financial Instruments (effective 1<sup>st</sup> January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1<sup>st</sup> January 2011)
- Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1<sup>st</sup> January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1<sup>st</sup> July 2009, but mostly 2010)
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1<sup>st</sup> January 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1<sup>st</sup> February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1<sup>st</sup> July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1<sup>st</sup> January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1<sup>st</sup> July 2010, others effective 1<sup>st</sup> January 2011)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the Group.

The Group has also adopted IFRS3 (revised) and IAS27 (revised), which came into effect on 1<sup>st</sup> July 2009, but these had no impact on the financial statements.

**4. PRINCIPAL ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements have been prepared in accordance with the accounting policies set out below. These are based on the International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS”) in issue as adopted by the European Union (EU).

The financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company and under the historical cost convention.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**4. PRINCIPAL ACCOUNTING POLICIES (continued)**

**b) Basis of consolidation**

The Group financial statements consolidate those of the Company and its subsidiary undertakings (see note 18) drawn up to 30<sup>th</sup> June 2010. A subsidiary is a company controlled directly by the Group and all of the subsidiaries are 100% owned by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of the investee entity to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group has utilised the exemption (within IFRS 1) not to apply IFRS to pre-transition business combinations. The results of IPPlus (UK) Limited are consolidated using merger accounting principles. All other subsidiaries are accounted for using the acquisition method.

**c) Revenue**

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or the transfer of risk to the customer.

Contact centre turnover is recognised based on billable minutes in the month, along with standing monthly charges and any specific supplementary service charges.

Software turnover is recognised at the point of sale for contracts sold in perpetuity, as it is at this point that the Group has performed all of its obligations. Turnover from annual software licences and maintenance contracts may be received in a single amount or in monthly instalments. Such turnover is recognised over the period to which it relates, reflecting the fact that customers could cancel the maintenance contract if there were any disputes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

4. PRINCIPAL ACCOUNTING POLICIES (continued)

d) Significant judgements and estimates

The Group makes estimates concerning the future in assessing the carrying amounts of capitalised development costs. To substantiate the carrying amount the directors have applied the criteria of IAS 38 and considered the future economic benefit likely as a result of the investment.

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

The calculation of the deferred tax asset involved the estimation of future taxable profits.

e) Intangible assets

**Customer contracts**

Customer contracts are included at cost and cost less estimated residual amount is amortised on a straight-line basis over their useful economic lives. The amortisation charge is shown within administrative expenses. The rate generally applicable is

- Customer Contracts 20%

**Research and development**

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred are capitalised when all of the following conditions are satisfied

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset
- the Group is able to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the expenditure attributable to the intangible asset during the development can be measured reliably

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

4. PRINCIPAL ACCOUNTING POLICIES (continued)

e) Intangible assets

Research and development (continued)

The costs of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include development engineer's salary and on-costs incurred on software development. The cost of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired software. However, until completion of the development project, the assets are subject to impairment testing only.

Amortisation commences upon completion of the asset, and is shown within Administrative Expenses in the statement of comprehensive income. Amortisation is calculated to write down the cost less estimated residual value of all intangible assets by equal annual instalments over their expected useful lives. The rates generally applicable are

- Development Costs 33%

f) Plant and equipment

Plant and equipment is stated at cost, net of depreciation and any provision for impairment. Leased plant is included in plant and equipment only where it is held under a finance lease.

Disposal of assets

The gain or loss arising on disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all plant and equipment assets by equal annual instalments over their expected useful lives. The rates generally applicable are

- Motor vehicles 33%
- Fixtures and fittings 20% to 50%
- Computer equipment 33%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**4. PRINCIPAL ACCOUNTING POLICIES (continued)**

**g) Impairment testing of other intangible assets, plant and equipment**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use based on an internal discounted cash flow evaluation. Any impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists.

**h) Leased assets**

In accordance with IAS17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit or loss on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**4. PRINCIPAL ACCOUNTING POLICIES (continued)**

**i) Taxation**

Current tax is the tax payable based on the profit for the year

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related tax charge is also charged or credited directly to equity.

**j) Dividends**

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**4. PRINCIPAL ACCOUNTING POLICIES (continued)**

**k) Financial assets and liabilities**

The Group's financial assets comprise cash and trade and other receivables, which under IAS39 are classed as "loans and receivables". Financial assets are recognised on inception at fair value plus transaction costs. Loans and receivables are non-derivative financial liabilities and assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss in the year.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

As the Group has not entered into any derivative contracts it does not have any financial liabilities, which are carried at fair value through profit or loss. The Group has a number of financial liabilities including trade and other payables and bank borrowings. These are classed as "other financial liabilities" in IAS39. These financial liabilities are carried on inception at fair value net of transaction costs, and are thereafter carried at amortised cost under the effective interest method.

**l) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**m) Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Other Reserves" represents the Merger Reserve resulting from the demerger from KDM International PLC in November 1999 and represents the difference between the value of the shares acquired (nominal value plus related share premium) and the nominal value of shares issued
- "Profit and loss reserve" represents retained profits

**n) Contribution to defined contribution pension schemes**

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

**o) Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**

**4. PRINCIPAL ACCOUNTING POLICIES (continued)**

**p) Share options**

All material share-based payment arrangements granted after 7<sup>th</sup> November 2002 that had not vested prior to 1<sup>st</sup> July 2006 are recognised in the financial statements

All equity-settled share-based payments are ultimately charged to profit or loss as an expense

If vesting periods apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transactions are credited to share capital, and where appropriate share premium.

The fair value of the share options granted after 7<sup>th</sup> November 2002 and not vested at 1<sup>st</sup> July 2006 has been assessed in accordance with IFRS 2 - Share-based Payments. The directors do not consider that the amounts involved are material and therefore no charge has been recognised.

**q) Capital management**

The capital structure of the Group consists of debt, cash and equity. The Group's objective when managing capital is to maintain the cash position to protect the future on-going profitable growth which will reflect in shareholder value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 5. PROFIT BEFORE TAXATION

Profit on ordinary activities is stated after

|                                                                                       | 2010<br>£ | 2009<br>£ |
|---------------------------------------------------------------------------------------|-----------|-----------|
| <b>Auditors' remuneration</b>                                                         |           |           |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | 6,000     | 5,800     |
| <b>Fees payable to the Group's auditors for other services</b>                        |           |           |
| The audit of the Company's subsidiaries pursuant to legislation                       | 9,850     | 9,550     |
| Taxation services                                                                     | 3,350     | 3,970     |
| All other services                                                                    | 1,385     | 3,850     |
| <br>Depreciation and amortisation – charged in administrative expenses                |           |           |
| Intangible assets                                                                     | 116,357   | 103,151   |
| Plant and equipment - owned                                                           | 72,846    | 41,184    |
| Plant and equipment - leased                                                          | 3,391     | 14,228    |
| Rents payable                                                                         | 112,434   | 103,773   |
| Foreign exchange cost                                                                 | 2,918     | 1,767     |
| Profit on sale of fixed asset                                                         | 225       | -         |
|                                                                                       | -----     | -----     |

## 6. FINANCE INCOME

|                          | 2010<br>£ | 2009<br>£ |
|--------------------------|-----------|-----------|
| Bank interest receivable | 764       | 9,028     |
|                          | -----     | -----     |

## 7. FINANCE EXPENDITURE

|                                              | 2010<br>£ | 2009<br>£ |
|----------------------------------------------|-----------|-----------|
| Interest on bank borrowings                  | 78        | 298       |
| Finance charges in respect of finance leases | 82        | 956       |
|                                              | -----     | -----     |
|                                              | 160       | 1,254     |
|                                              | -----     | -----     |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

8. DIRECTORS AND EMPLOYEES

Staff costs of the Group, including the directors who are considered to be key management personnel, during the year were as follows

|                       | 2010      | 2009      |
|-----------------------|-----------|-----------|
|                       | £         | £         |
| Wages and salaries    | 3,110,236 | 2,794,104 |
| Social security costs | 273,058   | 245,701   |
| Other pension costs   | 29,715    | 25,895    |
|                       | -----     | -----     |
|                       | 3,413,009 | 3,065,700 |
|                       | -----     | -----     |

|                                                 | 2010  | 2009  |
|-------------------------------------------------|-------|-------|
|                                                 | Heads | Heads |
| Average number of employees during the year was | 208   | 181   |
|                                                 | ----- | ----- |

Remuneration in respect of directors was as follows

|                                                         | 2010    | 2009    |
|---------------------------------------------------------|---------|---------|
|                                                         | £       | £       |
| Emoluments                                              | 418,010 | 406,157 |
| Pension contributions to money purchase pension schemes | 29,706  | 27,088  |
|                                                         | -----   | -----   |
|                                                         | 447,716 | 433,245 |
|                                                         | -----   | -----   |

During the year 3 (2009 3) directors participated in money purchase pension schemes  
The amounts set out above include remuneration in respect of the highest paid director as follows

|                                                         | 2010    | 2009    |
|---------------------------------------------------------|---------|---------|
|                                                         | £       | £       |
| Emoluments                                              | 148,679 | 134,569 |
| Pension contributions to money purchase pension schemes | 12,092  | 10,878  |
|                                                         | -----   | -----   |

A detailed breakdown of the Directors' Emoluments, in line with the AIM rules, appears in the Directors' Report

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

9. SEGMENTAL INFORMATION

IPPlus PLC operates two business sectors, Ansaback and CallScripter. These divisions are the basis on which the Group reports its segment information. The inter-segment sales are insignificant. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets comprise items such as cash and cash equivalents, taxation and borrowings. All liabilities are unallocated. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period. The method of allocating directors' costs between the reportable segments has changed in 2010 with additional directors' costs being allocated to the CallScripter division. This represents additional management time required to grow the business. The Group has adopted IFRS8 in calculating the segmental analysis.

|                                                | Ansaback<br>£ | CallScripter<br>£ | Unallocated<br>£ | Total<br>£ |
|------------------------------------------------|---------------|-------------------|------------------|------------|
| <b>2010</b>                                    |               |                   |                  |            |
| Revenue                                        | 3,795,716     | 808,693           | -                | 4,604,409  |
|                                                | -----         | -----             | -----            | -----      |
| Segment result                                 | 499,211       | (397,202)         | -                | 102,009    |
|                                                | -----         | -----             | -----            |            |
| Finance income                                 |               |                   |                  | 764        |
| Finance costs                                  |               |                   |                  | (160)      |
|                                                |               |                   |                  | -----      |
| Profit before taxation                         |               |                   |                  | 102,613    |
| Taxation                                       |               |                   |                  | (3,183)    |
|                                                |               |                   |                  | -----      |
| Profit for the year from continuing operations |               |                   |                  | 99,430     |
|                                                |               |                   |                  | -----      |
| Segment assets                                 | 780,174       | 599,922           | 683,516          | 2,063,612  |
| Segment liabilities                            | -             | -                 | (651,613)        | (651,613)  |
| Other segment items:                           |               |                   |                  |            |
| Capital Expenditure                            |               |                   |                  |            |
| - Plant and Equipment                          | 53,987        | -                 | -                | 53,987     |
| - Intangible Assets                            | -             | 124,718           | -                | 124,718    |
| Depreciation (note 13)                         | 74,905        | 1,332             | -                | 76,237     |
| Amortisation                                   |               |                   |                  |            |
| of intangible assets (note 12)                 | 3,008         | 113,349           | -                | 116,357    |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

9. SEGMENTAL INFORMATION (continued)

|                                                   | Ansaback<br>£ | CallScripter<br>£ | Unallocated<br>£ | Total<br>£ |
|---------------------------------------------------|---------------|-------------------|------------------|------------|
| <b>2009</b>                                       |               |                   |                  |            |
| Revenue                                           | 3,203,315     | 769,410           | -                | 3,972,725  |
|                                                   | -----         | -----             | -----            | -----      |
| Segment result                                    | 40,757        | (37,685)          | -                | 3,072      |
|                                                   | -----         | -----             | -----            | -----      |
| Finance income                                    |               |                   |                  | 9,028      |
| Finance costs                                     |               |                   |                  | (1,254)    |
|                                                   |               |                   |                  | -----      |
| Profit before taxation                            |               |                   |                  | 10,846     |
| Taxation                                          |               |                   |                  | (6,067)    |
|                                                   |               |                   |                  | -----      |
| Profit for the year<br>from continuing operations |               |                   |                  | 4,779      |
|                                                   |               |                   |                  | -----      |
| Segment assets                                    | 882,507       | 389,714           | 736,505          | 2,008,726  |
| Segment liabilities                               | -             | -                 | (696,157)        | (696,157)  |
| Other segment items                               |               |                   |                  |            |
| Capital Expenditure                               |               |                   |                  |            |
| - Plant and Equipment                             | 51,625        | -                 | -                | 51,625     |
| - Prior year credit note (note 13)                | (40,386)      | -                 | -                | (40,386)   |
| - Intangible Assets                               | -             | 121,809           | -                | 121,809    |
| Depreciation (note 13)                            | 55,290        | 122               | -                | 55,412     |
| Amortisation<br>of intangible assets (note 12)    | 3,008         | 100,143           | -                | 103,151    |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

Revenue can be split by location of customers into the following geographical segments

|                     | 2010<br>£ | 2009<br>£ |
|---------------------|-----------|-----------|
| <b>Ansaback</b>     |           |           |
| United Kingdom      | 3,641,663 | 3,078,874 |
| North America       | 134,536   | 75,101    |
| Europe              | 19,517    | 49,340    |
|                     | -----     | -----     |
|                     | 3,795,716 | 3,203,315 |
| <b>CallScripter</b> |           |           |
| United Kingdom      | 659,535   | 557,638   |
| North America       | 119,885   | 58,015    |
| Africa              | 11,088    | -         |
| Europe              | -         | 124,936   |
| Australia           | 18,185    | 28,112    |
| Asia                | -         | 709       |
|                     | -----     | -----     |
|                     | 808,693   | 769,410   |
|                     | -----     | -----     |
|                     | 4,604,409 | 3,972,725 |
|                     | -----     | -----     |

No single external customer generates more than 10% of the Group's revenues

**10. EARNINGS PER SHARE**

The calculation of the earnings per share is based on the profit after taxation added to reserves divided by the weighted average number of ordinary shares in issue during the relevant period. No diluted profit per share is shown because all options are non-dilutive. Details of potential share options are disclosed in note 19.

|                                                                          | 12 months<br>ended<br>30 <sup>th</sup> June<br>2010 | 12 months<br>ended<br>30 <sup>th</sup> June<br>2009 |
|--------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Profit after taxation added to reserves                                  | £99,430                                             | £4,779                                              |
| Weighted average number of ordinary shares<br>in issue during the period | 29,790,743                                          | 29,790,743                                          |
| Basic earnings per share                                                 | 0.33p                                               | 0.02p                                               |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 11. TAXATION

|                                                                           | 2010<br>£ | 2009<br>£ |
|---------------------------------------------------------------------------|-----------|-----------|
| <b>Analysis of charge in the year</b>                                     |           |           |
| Current tax                                                               |           |           |
| In respect of the year                                                    |           |           |
| UK Corporation tax based on the results for the year<br>at 28% (2009 28%) | -         | -         |
|                                                                           | -----     | -----     |
| Total current tax                                                         | -         | -         |
|                                                                           | -----     | -----     |
| Deferred tax                                                              |           |           |
| Origination and reversal of temporary differences                         | -         | -         |
| Liability on capitalised intangibles                                      | 3,183     | 6,067     |
|                                                                           | -----     | -----     |
| Charge                                                                    | 3,183     | 6,067     |
|                                                                           | -----     | -----     |

**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year was higher than the standard rate of corporation tax in the UK of 28% (2009 28%)

|                                                                                                             | 2010<br>£ | 2009<br>£ |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities before tax                                                                    | 102,613   | 10,846    |
|                                                                                                             | -----     | -----     |
| Profit on ordinary activities multiplied by standard<br>rate of corporation tax in the UK of 28% (2009 28%) | 28,732    | 3,037     |
| Expenses not deductible for tax purposes                                                                    | 3,535     | 1,859     |
| Capital allowances in excess of depreciation for the year                                                   | (20,256)  | (31,059)  |
| Losses carried forward                                                                                      | -         | 26,163    |
| Losses utilised                                                                                             | (14,713)  | -         |
| Other                                                                                                       | 2,702     | -         |
| Liability on capitalised intangibles                                                                        | 3,183     | 6,067     |
|                                                                                                             | -----     | -----     |
| Total tax charge for the year                                                                               | 3,183     | 6,067     |
|                                                                                                             | -----     | -----     |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

12. INTANGIBLE ASSETS

| 2010                                              |                         |                                  |            |
|---------------------------------------------------|-------------------------|----------------------------------|------------|
| Cost                                              | Customer contracts<br>£ | Internally generated<br>R&D<br>£ | Total<br>£ |
| Customer contracts                                | 15,038                  | -                                | 15,038     |
| CallScripter V3 5                                 | -                       | 79,190                           | 79,190     |
| CallScripter V4                                   | -                       | 117,545                          | 117,545    |
| CallScripter (Dialler/Hosted)                     | -                       | 105,580                          | 105,580    |
| CallScripter (EasyScripter Inbound)               | -                       | 115,052                          | 115,052    |
| CallScripter (Service Pack)                       | -                       | 61,124                           | 61,124     |
| CallScripter (V4 2 and New Dialler Functionality) | -                       | -                                | -          |
| Cost at 1 <sup>st</sup> July 2009                 | 15,038                  | 478,491                          | 493,529    |
| Customer contracts                                | -                       | -                                | -          |
| CallScripter V3 5                                 | -                       | -                                | -          |
| CallScripter V4                                   | -                       | -                                | -          |
| CallScripter (Dialler/Hosted)                     | -                       | -                                | -          |
| CallScripter (EasyScripter Inbound)               | -                       | -                                | -          |
| CallScripter (Service Pack)                       | -                       | 60,167                           | 60,167     |
| CallScripter (V4 2 and New Dialler Functionality) | -                       | 64,551                           | 64,551     |
| Additions                                         | -                       | 124,718                          | 124,718    |
| Customer contracts                                | -                       | -                                | -          |
| CallScripter V3 5                                 | -                       | (79,190)                         | (79,190)   |
| CallScripter V4                                   | -                       | -                                | -          |
| CallScripter (Dialler/Hosted)                     | -                       | -                                | -          |
| CallScripter (EasyScripter Inbound)               | -                       | -                                | -          |
| CallScripter (Service Pack)                       | -                       | -                                | -          |
| CallScripter (V4 2 and New Dialler Functionality) | -                       | -                                | -          |
| Disposals                                         | -                       | (79,190)                         | (79,190)   |
| Customer contracts                                | 15,038                  | -                                | 15,038     |
| CallScripter V3 5                                 | -                       | -                                | -          |
| CallScripter V4                                   | -                       | 117,545                          | 117,545    |
| CallScripter (Dialler/Hosted)                     | -                       | 105,580                          | 105,580    |
| CallScripter (EasyScripter Inbound)               | -                       | 115,052                          | 115,052    |
| CallScripter (Service Pack)                       | -                       | 121,291                          | 121,291    |
| CallScripter (V4 2 and New Dialler Functionality) | -                       | 64,551                           | 64,551     |
| Cost at 30 <sup>th</sup> June 2010                | 15,038                  | 524,019                          | 539,057    |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 12. INTANGIBLE ASSETS (continued)

| 2010                                                                     | Customer<br>contracts<br>£ | Internally<br>generated<br>R&D<br>£ | Total<br>£ |
|--------------------------------------------------------------------------|----------------------------|-------------------------------------|------------|
| <b>Amortisation</b><br><b>(included within administrative expenses):</b> |                            |                                     |            |
| Customer contracts                                                       | 3,509                      | -                                   | 3,509      |
| CallScripter V3 5                                                        | -                          | 79,190                              | 79,190     |
| CallScripter V4                                                          | -                          | 97,955                              | 97,955     |
| CallScripter (Dialler/Hosted)                                            | -                          | 52,790                              | 52,790     |
| CallScripter (EasyScripter Inbound)                                      | -                          | 19,175                              | 19,175     |
| CallScripter (Service Pack)                                              | -                          | -                                   | -          |
| Amortisation at 1 <sup>st</sup> July 2009                                | 3,509                      | 249,110                             | 252,619    |
| Customer contracts                                                       | 3,008                      | -                                   | 3,008      |
| CallScripter V3.5                                                        | -                          | -                                   | -          |
| CallScripter V4                                                          | -                          | 19,590                              | 19,590     |
| CallScripter (Dialler/Hosted)                                            | -                          | 35,193                              | 35,193     |
| CallScripter (EasyScripter Inbound)                                      | -                          | 38,351                              | 38,351     |
| CallScripter (Service Pack)                                              | -                          | 20,215                              | 20,215     |
| Charge for the year                                                      | 3,008                      | 113,349                             | 116,357    |
| Customer contracts                                                       | -                          | -                                   | -          |
| CallScripter V3 5                                                        | -                          | (79,190)                            | (79,190)   |
| CallScripter V4                                                          | -                          | -                                   | -          |
| CallScripter (Dialler/Hosted)                                            | -                          | -                                   | -          |
| CallScripter (EasyScripter Inbound)                                      | -                          | -                                   | -          |
| CallScripter (Service Pack)                                              | -                          | -                                   | -          |
| Disposals                                                                | -                          | (79,190)                            | (79,190)   |
| Customer contracts                                                       | 6,517                      | -                                   | 6,517      |
| CallScripter V3 5                                                        | -                          | -                                   | -          |
| CallScripter V4                                                          | -                          | 117,545                             | 117,545    |
| CallScripter (Dialler/Hosted)                                            | -                          | 87,983                              | 87,983     |
| CallScripter (EasyScripter Inbound)                                      | -                          | 57,526                              | 57,526     |
| CallScripter (Service Pack)                                              | -                          | 20,215                              | 20,215     |
| Amortisation at 30 <sup>th</sup> June 2010                               | 6,517                      | 283,269                             | 289,786    |
| <b>Net book amount</b>                                                   |                            |                                     |            |
| Customer contracts                                                       | 8,521                      | -                                   | 8,521      |
| CallScripter V3 5                                                        | -                          | -                                   | -          |
| CallScripter V4                                                          | -                          | -                                   | -          |
| CallScripter (Dialler/Hosted)                                            | -                          | 17,597                              | 17,597     |
| CallScripter (EasyScripter Inbound)                                      | -                          | 57,526                              | 57,526     |
| CallScripter (Service Pack)                                              | -                          | 101,076                             | 101,076    |
| CallScripter (V4 2 and New Dialler Functionality)                        | -                          | 64,551                              | 64,551     |
| Net book amount at 30 <sup>th</sup> June 2010                            | 8,521                      | 240,750                             | 249,271    |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

12. INTANGIBLE ASSETS (continued)

| 2009                                | Customer<br>contracts<br>£ | Internally<br>generated R&D<br>£ | Total<br>£ |
|-------------------------------------|----------------------------|----------------------------------|------------|
| <b>Cost</b>                         |                            |                                  |            |
| Customer contracts                  | 15,038                     | -                                | 15,038     |
| CallScripter V3 5                   | -                          | 79,190                           | 79,190     |
| CallScripter V4                     | -                          | 117,545                          | 117,545    |
| CallScripter (Dialler/Hosted)       | -                          | 105,580                          | 105,580    |
| CallScripter (EasyScripter Inbound) | -                          | 54,367                           | 54,367     |
| CallScripter (Service Pack)         | -                          | -                                | -          |
| Cost at 1 <sup>st</sup> July 2008   | 15,038                     | 356,682                          | 371,720    |
| Customer contracts                  | -                          | -                                | -          |
| CallScripter V3 5                   | -                          | -                                | -          |
| CallScripter V4                     | -                          | -                                | -          |
| CallScripter (Dialler/Hosted)       | -                          | -                                | -          |
| CallScripter (EasyScripter Inbound) | -                          | 60,685                           | 60,685     |
| CallScripter (Service Pack)         | -                          | 61,124                           | 61,124     |
| Additions                           | -                          | 121,809                          | 121,809    |
| Customer contracts                  | -                          | -                                | -          |
| CallScripter V3 5                   | -                          | -                                | -          |
| CallScripter V4                     | -                          | -                                | -          |
| CallScripter (Dialler/Hosted)       | -                          | -                                | -          |
| CallScripter (EasyScripter Inbound) | -                          | -                                | -          |
| CallScripter (Service Pack)         | -                          | -                                | -          |
| Disposals                           | -                          | -                                | -          |
| Customer contracts                  | 15,038                     | -                                | 15,038     |
| CallScripter V3 5                   | -                          | 79,190                           | 79,190     |
| CallScripter V4                     | -                          | 117,545                          | 117,545    |
| CallScripter (Dialler/Hosted)       | -                          | 105,580                          | 105,580    |
| CallScripter (EasyScripter Inbound) | -                          | 115,052                          | 115,052    |
| CallScripter (Service Pack)         | -                          | 61,124                           | 61,124     |
| Cost at 30 <sup>th</sup> June 2009  | 15,038                     | 478,491                          | 493,529    |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

12. INTANGIBLE ASSETS (continued)

|                                                   | Customer<br>contracts<br>£ | Internally<br>generated R&D<br>£ | Total<br>£ |
|---------------------------------------------------|----------------------------|----------------------------------|------------|
| <b>2009</b>                                       |                            |                                  |            |
| <b>Amortisation</b>                               |                            |                                  |            |
| <b>(included within administrative expenses):</b> |                            |                                  |            |
| Customer contracts                                | 501                        | -                                | 501        |
| CallScripter V3 5                                 | -                          | 72,597                           | 72,597     |
| CallScripter V4                                   | -                          | 58,773                           | 58,773     |
| CallScripter (Dialler/Hosted)                     | -                          | 17,597                           | 17,597     |
| CallScripter (EasyScripter Inbound)               | -                          | -                                | -          |
| CallScripter (Service Pack)                       | -                          | -                                | -          |
| Amortisation at 1 <sup>st</sup> July 2008         | 501                        | 148,967                          | 149,468    |
| Customer contracts                                | 3,008                      | -                                | 3,008      |
| CallScripter V3 5                                 | -                          | 6,593                            | 6,593      |
| CallScripter V4                                   | -                          | 39,182                           | 39,182     |
| CallScripter (Dialler/Hosted)                     | -                          | 35,193                           | 35,193     |
| CallScripter (EasyScripter Inbound)               | -                          | 19,175                           | 19,175     |
| CallScripter (Service Pack)                       | -                          | -                                | -          |
| Charge for the year                               | 3,008                      | 100,143                          | 103,151    |
| Customer contracts                                | -                          | -                                | -          |
| CallScripter V3 5                                 | -                          | -                                | -          |
| CallScripter V4                                   | -                          | -                                | -          |
| CallScripter (Dialler/Hosted)                     | -                          | -                                | -          |
| CallScripter (EasyScripter Inbound)               | -                          | -                                | -          |
| CallScripter (Service Pack)                       | -                          | -                                | -          |
| Disposals                                         | -                          | -                                | -          |
| Customer contracts                                | 3,509                      | -                                | 3,509      |
| CallScripter V3 5                                 | -                          | 79,190                           | 79,190     |
| CallScripter V4                                   | -                          | 97,955                           | 97,955     |
| CallScripter (Dialler/Hosted)                     | -                          | 52,790                           | 52,790     |
| CallScripter (EasyScripter Inbound)               | -                          | 19,175                           | 19,175     |
| CallScripter (Service Pack)                       | -                          | -                                | -          |
| Amortisation at 30 <sup>th</sup> June 2009        | 3,509                      | 249,110                          | 252,619    |
| <b>Net book amount</b>                            |                            |                                  |            |
| Customer contracts                                | 11,529                     | -                                | 11,529     |
| CallScripter V3 5                                 | -                          | -                                | -          |
| CallScripter V4                                   | -                          | 19,590                           | 19,590     |
| CallScripter (Dialler/Hosted)                     | -                          | 52,790                           | 52,790     |
| CallScripter (EasyScripter Inbound)               | -                          | 95,877                           | 95,877     |
| CallScripter (Service Pack)                       | -                          | 61,124                           | 61,124     |
| Net book amount at 30 <sup>th</sup> June 2009     | 11,529                     | 229,381                          | 240,910    |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 12. INTANGIBLE ASSETS (continued)

The Directors have considered the carrying value of the capitalised development costs by reference to discounted future forecast cash flows and consider the carrying value to be reasonable. As such no impairment charge is considered necessary.

## 13. PLANT AND EQUIPMENT

| 2010                                                      | Motor<br>vehicles<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-----------------------------------------------------------|------------------------|----------------------------------|----------------------------|------------|
| Cost                                                      |                        |                                  |                            |            |
| At 1 <sup>st</sup> July 2009                              | 22,050                 | 264,863                          | 364,600                    | 651,513    |
| Additions                                                 | 9,913                  | 4,453                            | 39,621                     | 53,987     |
| Disposals                                                 | (5,200)                | (1,184)                          | (106,993)                  | (113,377)  |
| At 30 <sup>th</sup> June 2010                             | 26,763                 | 268,132                          | 297,228                    | 592,123    |
| Depreciation (included within<br>administrative expenses) |                        |                                  |                            |            |
| At 1 <sup>st</sup> July 2009                              | 20,821                 | 99,025                           | 316,125                    | 435,971    |
| Charge in year                                            | 1,504                  | 36,471                           | 38,262                     | 76,237     |
| Disposals                                                 | (5,200)                | (1,184)                          | (106,993)                  | (113,377)  |
| At 30 <sup>th</sup> June 2010                             | 17,125                 | 134,312                          | 247,394                    | 398,831    |
| Net book amount at 30 <sup>th</sup> June 2010             | 9,638                  | 133,820                          | 49,834                     | 193,292    |
| 2009                                                      | Motor<br>vehicles<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
| Cost                                                      |                        |                                  |                            |            |
| At 1 <sup>st</sup> July 2008                              | 22,050                 | 386,039                          | 389,111                    | 797,200    |
| Additions                                                 | -                      | 33,563                           | 18,062                     | 51,625     |
| Prior year credit note                                    | -                      | (40,386)                         | -                          | (40,386)   |
| Disposals                                                 | -                      | (114,353)                        | (42,573)                   | (156,926)  |
| At 30 <sup>th</sup> June 2009                             | 22,050                 | 264,863                          | 364,600                    | 651,513    |
| Depreciation (included within<br>administrative expenses) |                        |                                  |                            |            |
| At 1 <sup>st</sup> July 2008                              | 16,316                 | 204,008                          | 317,161                    | 537,485    |
| Charge in year                                            | 4,505                  | 9,370                            | 41,537                     | 55,412     |
| Disposals                                                 | -                      | (114,353)                        | (42,573)                   | (156,926)  |
| At 30 <sup>th</sup> June 2009                             | 20,821                 | 99,025                           | 316,125                    | 435,971    |
| Net book amount at 30 <sup>th</sup> June 2009             | 1,229                  | 165,838                          | 48,475                     | 215,542    |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**13. PLANT AND EQUIPMENT (continued)**

Included within the net book amount of £193,292 (2009: £215,542) is £Nil (2009: £3,391) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,391 (2009: £14,228).

**14. TRADE AND OTHER RECEIVABLES**

|                                | 2010    | 2009    |
|--------------------------------|---------|---------|
|                                | £       | £       |
| Trade receivables              | 737,542 | 628,341 |
| Other receivables              | 81,075  | 81,171  |
| Prepayments and accrued income | 147,377 | 141,643 |
|                                | -----   | -----   |
| Trade and other receivables    | 965,994 | 851,155 |
|                                | -----   | -----   |

All amounts fall due within one year and therefore the fair value is considered to be approximately equal to the carrying value. All of the Group's trade and other receivables are denominated in pounds sterling. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group holds £15,560 (2009: £11,024) of deposits as security against certain accounts.

Other receivables include £81,075 (2009: £81,075) relating to a rent deposit falling due within one year. This amount was repaid when the lease was renegotiated after the year end.

Trade receivables have been reviewed for indicators of impairment and a provision has been recorded as follows:

|                                                 | 2010  | 2009    |
|-------------------------------------------------|-------|---------|
|                                                 | £     | £       |
| Opening provision at 30 <sup>th</sup> June 2009 | 504   | 6,838   |
| Charged/(credited to income)                    | 3,699 | (6,334) |
|                                                 | ----- | -----   |
|                                                 | 4,203 | 504     |
|                                                 | ----- | -----   |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010**14. TRADE AND OTHER RECEIVABLES (continued)**

In addition some of the non-impaired trade receivables are past due at the reporting date

|                       | 2010   | 2009   |
|-----------------------|--------|--------|
|                       | £      | £      |
| 0-30 days past due    | 6,209  | 2,689  |
| 30-60 days past due   | 7,749  | 569    |
| Over 60 days past due | 36,241 | 27,980 |
|                       | -----  | -----  |
|                       | 50,199 | 31,238 |
|                       | -----  | -----  |

Amounts which are past due but not impaired are considered to be recoverable at their carrying value. The over 60 days past due balance includes £15,480 which has been renegotiated.

**15. CURRENT LIABILITIES**

|                                         | 2010    | 2009    |
|-----------------------------------------|---------|---------|
|                                         | £       | £       |
| Trade payables                          | 172,329 | 155,068 |
| Social security and other taxes         | 221,306 | 187,006 |
| Other payables                          | 190,568 | 286,075 |
|                                         | -----   | -----   |
| Trade and other payables                | 584,203 | 628,149 |
|                                         | -----   | -----   |
| Amounts due under finance leases        | -       | 3,781   |
|                                         | -----   | -----   |
| Current portion of long-term borrowings | -       | 3,781   |
|                                         | -----   | -----   |
| Current liabilities                     | 584,203 | 631,930 |
|                                         | -----   | -----   |

Amounts due under finance leases are secured on the related assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

16. DEFERRED TAXATION

Deferred taxation is calculated at a rate of 28% (2009 28%)

|                                                                      | Tax losses<br>£ | Capitalised<br>intangibles<br>£ | Total<br>£  |
|----------------------------------------------------------------------|-----------------|---------------------------------|-------------|
| Opening balance at 1 <sup>st</sup> July 2008                         | 280,000         | (58,160)                        | 221,840     |
| Charged through the statement of comprehensive<br>income in the year | -               | (6,067)                         | (6,067)     |
| At 30 <sup>th</sup> June 2009                                        | 280,000         | (64,227)                        | 215,773     |
| Charged through the statement of comprehensive<br>income in the year | -               | (3,183)                         | (3,183)     |
| At 30 <sup>th</sup> June 2010                                        | 280,000         | (67,410)                        | 212,590     |
|                                                                      |                 | <b>2010</b>                     | <b>2009</b> |
|                                                                      |                 | £                               | £           |
| Unprovided deferred tax assets                                       |                 |                                 |             |
| Accelerated capital allowances                                       |                 | 59,000                          | 93,000      |
| Trading losses                                                       |                 | 257,000                         | 307,000     |
|                                                                      |                 | 316,000                         | 400,000     |

The deferred tax asset of £280,000 in respect of carried forward tax losses has been recognised on the basis that the directors believe that it is more likely than not to be realised against future taxable profits of the Group

The unprovided deferred tax assets are calculated at a rate of 28% The unprovided deferred tax assets attributable to losses should be recoverable against future profits

17. INVESTMENT IN ASSOCIATE COMPANY

The company invested £40 for a 40% shareholding in Commercial Finance Brokers (UK) Limited, a company set up to provide commercial finance broking services to networks of independent financial advisors The Group will derive income for contact centre and directorial services as well as any dividends that are declared The results of Commercial Finance Brokers (UK) Limited have not been included in the consolidation on the grounds of immateriality

# IPPlus PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

### 18. GROUP UNDERTAKINGS

At 30<sup>th</sup> June 2010, the Group included the following subsidiary undertakings, which are included in the consolidated accounts

| Name                                | Country of incorporation | Class of share capital held | Proportion held | Nature of business                                               |
|-------------------------------------|--------------------------|-----------------------------|-----------------|------------------------------------------------------------------|
| IPPlus (UK) Limited                 | England                  | Ordinary                    | 100%            | Out of hours and overflow telephony service and software company |
| CallScripter Limited                | England                  | Ordinary                    | 100%            | Software reseller                                                |
| CallScripter (U.K.) Limited         | England                  | Ordinary                    | 100%            | Dormant                                                          |
| EasyScripter Limited                | England                  | Ordinary                    | 100%            | Dormant                                                          |
| Ansaback Limited                    | England                  | Ordinary                    | 100%            | Dormant                                                          |
| Eco Repair Services Limited         | England                  | Ordinary                    | 100%            | Dormant                                                          |
| Vital Contact (UK) Limited          | England                  | Ordinary                    | 100%            | Dormant                                                          |
| County Contact Nominees Limited     | England                  | Ordinary                    | 100%            | Dormant                                                          |
| County Contact Centres Limited      | England                  | Ordinary                    | 100%            | Dormant                                                          |
| County Contact Centres (UK) Limited | England                  | Ordinary                    | 100%            | Dormant                                                          |
| IP3 Telecom Limited                 | England                  | Ordinary                    | 100%            | Dormant                                                          |

### 19. SHARE CAPITAL

#### Group

|                                                                 | 2010<br>Number | 2010<br>£ | 2009<br>Number | 2009<br>£ |
|-----------------------------------------------------------------|----------------|-----------|----------------|-----------|
| Authorised<br>Ordinary shares of 1p each                        | 100,000,000    | 1,000,000 | 100,000,000    | 1,000,000 |
| Allotted called up and fully paid<br>Ordinary shares of 1p each | 29,790,743     | 297,908   | 29,790,743     | 297,908   |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

19. SHARE CAPITAL (continued)

Contingent rights to the allotment of shares

The Group has granted the following share options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30<sup>th</sup> June 2010

| Date of grant                   | Number of shares | Exercise price | Period exercisable |
|---------------------------------|------------------|----------------|--------------------|
| 12 <sup>th</sup> September 2002 | 3,326,000        | 12 36p         | See below *        |
| 1 <sup>st</sup> February 2004   | 250,000          | 12 36p         | See below *        |
| 1 <sup>st</sup> May 2005        | 500,000          | 12 36p         | See below *        |
| 1 <sup>st</sup> July 2005       | 400,000          | 12 36p         | See below *        |
| 1 <sup>st</sup> March 2006      | 500,000          | 12 36p         | See below *        |

During the year, the share price fluctuated between 8 75 pence and 6 pence and closed at 6 75 pence on 30<sup>th</sup> June 2010

\* These options can be realised on the following formula between three and ten years from their grant

| If the share price is at or above | Percentage of options realisable |
|-----------------------------------|----------------------------------|
| 25p                               | 25%                              |
| 40p                               | 50%                              |
| 65p                               | 75%                              |
| 100p                              | 100%                             |

The fair value of the share options granted after 7<sup>th</sup> November 2002 and not vested at 1<sup>st</sup> July 2006 has been assessed in accordance with IFRS 2. The directors do not consider that the amounts involved are material and therefore no charge has been recognised.

The Weighted Average Exercise Price of share options outstanding at 30<sup>th</sup> June 2009 and 30<sup>th</sup> June 2010 was 12 7p, with a weighted average life of three years.

|                                  | 2010<br>Share<br>options | 2009<br>Share<br>options |
|----------------------------------|--------------------------|--------------------------|
| Amounts exercisable at beginning | 5,276,000                | 5,276,000                |
| Expirations in period            | 300,000                  | -                        |
|                                  | -----                    | -----                    |
| Amounts exercisable at year end  | 4,976,000                | 5,276,000                |
|                                  | -----                    | -----                    |

20. FINANCIAL INSTRUMENTS

The Group uses various financial instruments including, cash, trade receivables, trade payables, other payables and leasing that arise directly from its operations. The main purpose of these financial instruments is to maintain adequate finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in detail below. The directors do not consider price risk to be a significant risk. The directors review and agree policies for managing each of these risks, as summarised below, and these remain unchanged from previous years.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 20. FINANCIAL INSTRUMENTS (continued)

## Financial risk management and objectives

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The directors achieve this by regularly preparing and reviewing forecasts based on the trends shown in the monthly management accounts.

## Credit risk

The Group's principal financial assets are cash and trade receivables, with the principal credit risk arising from trade receivables. In order to manage credit risks the Group conducts third party credit reviews on all new clients, takes deposits where this is deemed necessary and collects payment by direct debit on all new Ansaback accounts, limiting the exposure to a build up of a large outstanding debt. The Group also conducts third party credit reviews on CallScripter accounts, which also have an agreed payment plan tailored to the risk of the individual client.

## Liquidity risk

The Group aims to mitigate liquidity risk by closely monitoring cash generation and expenditure. Cash is monitored daily and forecasts are regularly prepared to ensure that the movements are in line with the directors' strategy.

Trade payables and loans fall due as follows

|                               | Less than<br>one year<br>£ | One to two<br>years<br>£ | Total<br>£ |
|-------------------------------|----------------------------|--------------------------|------------|
| <b>2010</b>                   |                            |                          |            |
| Trade payables                | 172,329                    | -                        | 172,329    |
| Other payables                | 190,568                    | -                        | 190,568    |
|                               | -----                      | -----                    | -----      |
| At 30 <sup>th</sup> June 2010 | 362,897                    | -                        | 362,897    |
|                               | -----                      | -----                    | -----      |

|                               | Less than<br>one year<br>£ | One to two<br>years<br>£ | Total<br>£ |
|-------------------------------|----------------------------|--------------------------|------------|
| <b>2009</b>                   |                            |                          |            |
| Trade payables                | 155,068                    | -                        | 155,068    |
| Other payables                | 286,075                    | -                        | 286,075    |
| Lease capital and interest    | 4,163                      | -                        | 4,163      |
|                               | -----                      | -----                    | -----      |
| At 30 <sup>th</sup> June 2009 | 445,306                    | -                        | 445,306    |
|                               | -----                      | -----                    | -----      |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

## 20. FINANCIAL INSTRUMENTS (continued)

## Liquidity risk (continued)

## Foreign currencies

During the year exchange differences of £2,920 (2009 £1,767) have arisen and at the year-end £62 (2009 £Nil) was held in foreign currency bank accounts. It is the Group policy to hold limited amounts in foreign currency in order to reduce exposure to currency risk. The Group does not sell or buy any currency forward or enter into any hedging contracts.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction and monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. At present foreign exchange is minimal and hedging and risk management is not deemed necessary.

## Financial assets by category

|                             | Loans and<br>receivables<br>£ | Non<br>financial<br>assets<br>£ | Balance<br>sheet<br>£ |
|-----------------------------|-------------------------------|---------------------------------|-----------------------|
| <b>2010</b>                 |                               |                                 |                       |
| Cash at bank                | 375,015                       | -                               | 375,015               |
| Trade receivables - current | 818,617                       | -                               | 818,617               |
| Prepayments                 | -                             | 147,377                         | 147,377               |
|                             | -----                         | -----                           | -----                 |
|                             | 1,193,632                     | 147,377                         | 1,341,009             |
|                             | -----                         | -----                           | -----                 |
| <b>2009</b>                 |                               |                                 |                       |
| Cash at bank                | 421,119                       | -                               | 421,119               |
| Trade receivables - current | 709,512                       | -                               | 709,512               |
| Prepayments                 | -                             | 141,643                         | 141,643               |
|                             | -----                         | -----                           | -----                 |
|                             | 1,130,631                     | 141,643                         | 1,272,274             |
|                             | -----                         | -----                           | -----                 |

The fair values of both classes of asset are considered to be approximately equal to the carrying values.

## Financial liabilities by category

|                     | Other<br>financial<br>liabilities<br>£ | Non<br>financial<br>liabilities<br>£ | Balance<br>sheet<br>£ |
|---------------------|----------------------------------------|--------------------------------------|-----------------------|
| <b>2010</b>         |                                        |                                      |                       |
| Trade payables      | 172,329                                | -                                    | 172,329               |
| Accruals            | 190,568                                | -                                    | 190,568               |
| VAT and tax payable | -                                      | 221,306                              | 221,306               |
|                     | -----                                  | -----                                | -----                 |
|                     | 362,897                                | 221,306                              | 584,203               |
|                     | -----                                  | -----                                | -----                 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

20. FINANCIAL INSTRUMENTS (continued)

Financial liabilities by category

|                                   | Other<br>financial<br>liabilities<br>£ | Non<br>financial<br>liabilities<br>£ | Balance<br>sheet<br>£ |
|-----------------------------------|----------------------------------------|--------------------------------------|-----------------------|
| <b>2009</b>                       |                                        |                                      |                       |
| Trade payables                    | 155,068                                | -                                    | 155,068               |
| Accruals                          | 286,075                                | -                                    | 286,075               |
| VAT and tax payable               | -                                      | 187,006                              | 187,006               |
| Finance lease liability – current | 3,781                                  | -                                    | 3,781                 |
|                                   | 444,924                                | 187,006                              | 631,930               |

The fair values of both classes of liability are considered to be approximately equal to the carrying values

21. CAPITAL COMMITMENTS

The Group has no capital commitments at 30<sup>th</sup> June 2010 or 30<sup>th</sup> June 2009

22. CONTINGENT LIABILITIES

The Group has no other contingent liabilities at 30<sup>th</sup> June 2010 or 30<sup>th</sup> June 2009

23. OPERATING LEASE COMMITMENTS

|                              | 2010<br>£ | 2009<br>£ |
|------------------------------|-----------|-----------|
| Total future lease payments: |           |           |
| Less than one year           | -         | 79,400    |

Operating lease commitments relate to the lease of the building which expired in May 2010. The lease was renewed in July 2010 on a 10 year lease, with a 5 year break clause, expiring in May 2020.

24. TRANSACTIONS WITH DIRECTORS

There were no transactions with Directors in the year to June 2010 or June 2009

25. TRANSACTIONS WITH ASSOCIATES

During the year the Group invoiced Commercial Finance Brokers (UK) Limited £28,062 (2009 £Nil) for services provided. At the year end £22,331 (2009 £Nil) was outstanding in relation to these transactions. This amount is within the agreed terms.

**IPPlus PLC**

**COMPANY BALANCE SHEET**

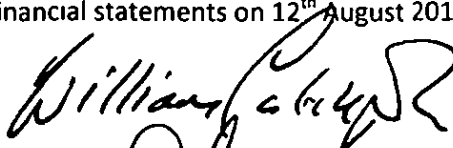
**AS AT 30<sup>th</sup> JUNE 2010**

|                                                   | Note | 2010<br>£ | 2009<br>£ |
|---------------------------------------------------|------|-----------|-----------|
| <b>Fixed assets</b>                               |      |           |           |
| Investments                                       | 3    | 201,649   | 201,609   |
|                                                   |      | -----     | -----     |
|                                                   |      | 201,649   | 201,609   |
| <b>Current assets</b>                             |      |           |           |
| Debtors                                           | 4    | 106,732   | 157,905   |
| Cash at bank and in hand                          |      | 12,732    | 16,991    |
|                                                   |      | -----     | -----     |
|                                                   |      | 119,464   | 174,896   |
| <br>Creditors amounts falling due within one year | 5    | (6,486)   | (17,643)  |
|                                                   |      | -----     | -----     |
| <b>Net current assets</b>                         |      | 112,978   | 157,253   |
|                                                   |      | -----     | -----     |
| <b>Total assets less current liabilities</b>      |      | 314,627   | 358,862   |
|                                                   |      | -----     | -----     |
| <br><b>Capital and reserves</b>                   |      |           |           |
| Share capital                                     | 7    | 297,908   | 297,908   |
| Profit and loss account                           | 8    | 16,719    | 60,954    |
|                                                   |      | -----     | -----     |
|                                                   |      | 314,627   | 358,862   |
|                                                   |      | -----     | -----     |

The Board of Directors approved the financial statements on 12<sup>th</sup> August 2010

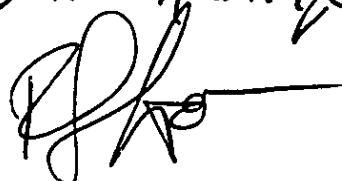
**W A Catchpole**

Director



**R S M Gordon**

Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention

The principal accounting policies of the Company are set out below, and are unchanged from the previous year

The directors have continued to adopt the going concern basis in preparing the financial statements

**Merger relief**

The Company is entitled to merger relief offered the Companies Act, and the shares issued when the subsidiary undertaking, IPPlus (UK) Limited, was acquired are shown at their nominal value

**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date

**Investments**

Shares in subsidiary undertakings are included at original cost less any amounts written off for permanent diminution in value

**Share options**

The Company policy is the same as the policy detailed in Group accounting policies, as IFRS 2 is the same as FRS 20

**2. PROFIT/(LOSS) FOR THE FINANCIAL YEAR**

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the Company for the year was £44,235 (2009 £51,161)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

3. FIXED ASSETS - INVESTMENTS

|                                    | Subsidiary<br>Undertakings | Associate<br>Companies | Total   |
|------------------------------------|----------------------------|------------------------|---------|
|                                    | £                          | £                      | £       |
| Cost at 1 <sup>st</sup> July 2009  | 201,609                    | -                      | 201,609 |
| Additions                          | -                          | 40                     | 40      |
|                                    | -----                      | -----                  | -----   |
| Cost at 30 <sup>th</sup> June 2010 | 201,609                    | 40                     | 201,649 |
|                                    | -----                      | -----                  | -----   |
| Cost at 30 <sup>th</sup> June 2009 | 201,609                    | -                      | 201,609 |
|                                    | -----                      | -----                  | -----   |

The company invested £40 for a 40% shareholding in Commercial Finance Brokers (UK) Limited, a company set up to provide commercial finance broking services to networks of independent financial advisors. The Group will derive income for contact centre and directorial services as well as any dividends that are declared. Details of the shareholdings and investments in subsidiaries are detailed in the Group accounts (note 18)

4. CURRENT ASSETS

|                                  | 2010    | 2009    |
|----------------------------------|---------|---------|
|                                  | £       | £       |
| Other debtors                    | 2,492   | 4,335   |
| Amount owed by group undertaking | 100,265 | 151,413 |
| Prepayments and accrued income   | 3,975   | 2,157   |
|                                  | -----   | -----   |
|                                  | 106,732 | 157,905 |
|                                  | -----   | -----   |

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                              | 2010  | 2009   |
|------------------------------|-------|--------|
|                              | £     | £      |
| Trade creditors              | -     | 11,389 |
| Accruals and deferred income | 6,486 | 6,254  |
|                              | ----- | -----  |
|                              | 6,486 | 17,643 |
|                              | ----- | -----  |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2010

6. DEFERRED TAXATION

Deferred tax assets are calculated at a rate of 28% (2009 28%)

|                             | 2010<br>£ | 2009<br>£ |
|-----------------------------|-----------|-----------|
| Provided - trading losses   | -         | -         |
| Unprovided - trading losses | 106,735   | 88,560    |
|                             | 106,735   | 88,560    |

The unprovided deferred tax asset attributable to losses should be recoverable against future profits

7. SHARE CAPITAL

|                                                                 | 2010<br>Number | 2010<br>£ | 2009<br>Number | 2009<br>£ |
|-----------------------------------------------------------------|----------------|-----------|----------------|-----------|
| Authorised<br>Ordinary shares of 1p each                        | 100,000,000    | 1,000,000 | 100,000,000    | 1,000,000 |
| Allotted called up and fully paid<br>Ordinary shares of 1p each | 29,790,743     | 297,908   | 29,790,743     | 297,908   |

Contingent rights to the allotment of shares

The Company has granted options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30<sup>th</sup> June 2010, which are detailed in Group note 19

8. RESERVES

|                               | Profit and<br>loss account<br>£ |
|-------------------------------|---------------------------------|
| At 1 <sup>st</sup> July 2009  | 60,954                          |
| Loss for the year             | (44,235)                        |
| At 30 <sup>th</sup> June 2010 | 16,719                          |

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

|                               | 2010<br>£ |
|-------------------------------|-----------|
| At 1 <sup>st</sup> July 2009  | 358,862   |
| Loss for the year             | (44,235)  |
| At 30 <sup>th</sup> June 2010 | 314,627   |