IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2012
AIM STOCK CODE: IPP

CONTENTS

FINANCIAL HIGHLIGHTS

- Group revenues increase by 29 per cent. to £6,784,159 up from £5,246,070
- Profit before taxation increased to £330,665 up from £39,356
- Profit after taxation rose to £408,096 up from £66,914
- Closing cash balance of £396,517, giving a net balance of £317,350 after bank debt
- Investment in Commercial Finance Brokers (UK) Limited sold for a profit of £39,960
- Capital expenditure during the year of £321,599

OPERATIONAL HIGHLIGHTS

- Ansaback secured a significant three year contract with a major utility company
- Ansaback revenues increased by 25 per cent. to £4,917,176
- CallScripter revenues increased by 24 per cent. to £1,183,283
- CallScripter secured new international distribution agreements
- CallScripter wins order for 230 agent licences for European banking client in July 2012
- IP3 Telecom commissioned a new secure data centre for 2012/13
- Ancora performed below expectations but cash positive

CHAIRMAN'S STATEMENT

Financial Summary

Notwithstanding challenging trading conditions, the Board is pleased to report steady progress and the Group recorded a substantially improved profit. The Group achieved a profit before taxation for the year ended 30 June 2012 of £330,665 (2011: £39,356), on a turnover of £6,748,159 (2011: £5,246,070).

The Board has continued to invest in the Group's businesses and in the year ended 30 June 2012 invested £321,599 to improve the services that can be offered to our clients. During the current financial year the Board proposes to invest a further £120,000 to develop IP3 Telecom's offerings to our customers as a further step in our policy to broaden our activities.

The Group's investment in Commercial Finance Brokers (UK) Limited ("CFB"), in whom we held a 40 per cent. stake, has been sold to its two executive directors to realise a profit on disposal of £39,960. Following this divestment the Group will continue to trade with CFB by selling services to it. The terms of the sale provide for the consideration to be settled over the next 31 months.

Tight fiscal and credit control has helped this year and the Group was only lightly impacted by bad debts compared with the previous year. Continued care and vigilance over credit control will be an on-going necessity despite the majority of clients being on Direct Debits.

The existing cash position of £396,517 and current bank facilities are sufficient for the Group's purposes. Against the present background of banks' limited appetite to lend to small businesses, the Board considers it prudent to maintain a healthy cash balance.

Business Summary

CallScripter increased its overall revenue by 24 per cent. in the year and recurring revenue streams increased by £168k. Despite continuing delays in some clients' procurement processes, the divisional loss reduced by £146,628. The total number of licences worldwide is now in excess of 15,700 which have been deployed in 35 countries.

The division has also made further progress in establishing new channels for its software in the year. In July 2012, we received confirmation of a German banking order for 230 agent licences which had been anticipated in June but the order was delayed. This business was generated through our new relationship with Genesys and one of its strategic European Middle East and Asia channel partners.

Ansaback has had an industrious year and secured a prestigious contract to provide emergency help desk cover for a major utility company. However, as we move towards larger clients, its business model is evolving with a greater need for more dedicated seats than previously.

This trend reduces the margin that Ansaback earns but provides greater visibility and guaranteed earnings. Our physical disaster recovery unit at Martlesham, branded as Suffolk Disaster Recovery, is fully operational and, as well as providing back up facilities to our call centre, now has two external clients utilising all of its spare capacity.

IP3 Telecom has continued to win new accounts and launch additional services to augment its existing product range. The majority of Ansaback clients now use IP3's network telephony platform to enhance services and provide primary disaster recovery functions. We anticipate continued growth from these services and additional resources are being directed to it.

Ancora Solutions traded below expectations having lost a significant archiving contract in December and earned reduced fees from another. This impacted adversely on its results although the division continued to make a positive cash contribution to the Group. New initiatives are now in place to bring the division back on track.

People

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

Dividend

Each year the Board decides whether to declare a dividend, return capital to shareholders or purchase shares in the market to be held as treasury stock. Its decision is taken principally in the light of: the Group's present net cash balance; its future working capital requirements; investment plans for the future development of the Group; the relative rates of Income and Capital Gains taxes; and the banking climate, with particular regard to their willingness to support SMEs.

Taking these factors into consideration the Board has decided that the optimum method to return value to shareholders is to seek authority to purchase the Company shares in the market. The Board has therefore decided not to declare a dividend and proposes to commit £40,000 to this exercise.

Outlook

Whilst the general outlook remains uncertain, the directors are confident about the future prospects for the Group and look forward to reporting further progress.

Philip Dayer
31 August 2012

BUSINESS REVIEW

Business Summary

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

The Group trades under four trading styles namely CallScripter, Ansaback, IP3 Telecom and Ancora Solutions.

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Its 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 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, the telecommunications arm of Ansaback, is a cutting edge provider of hosted "Cloud" telephony technology, providing bespoke automated Interactive Voice Response ("IVR") solutions to the banking and financial sectors, hosted contact centre infrastructure for businesses, telephone numbers, campaign response, call recording, reporting and lone worker staff lines. The triple sited network ensures a robust infrastructure capable of handling high volumes and peaks in call traffic within one of the most reliable intelligent telephony networks in the UK.

Ancora Solutions provides secure document archiving, confidential shredding, library moves and specialist removals serving many leading blue chip companies within the legal, medical, property, and transportation sectors.

The Market

Off shore and home workers may have a role to play but the call centre that most people can relate to continues to evolve here in the UK. The necessity for businesses to offer excellent services around the clock lends itself to our outsourced Ansaback model. We continue to win prestige accounts who seek a cost effective yet friendly UK customer facing solution. We have increased our dedicated fixed seats and prospect for larger clients who seek a mix of dedicated and bureau desks.

Whilst IP3 Telecom has a large domestic market, it has recently achieved wins in mainland Europe. Technological advances continue to transform this market at a rapid pace creating a spectrum of services providing us with excellent prospects for growth.

The market for our CallScripter software is not bounded by the UK and the percentage of our business now conducted abroad is approaching 40 per cent. with an anticipation of further growth in new territories.

Ancora Solutions' archiving and secure destruction market is focused on the Eastern Region and London. With the implementation of a new web based archiving system this market area should expand as clients come to expect electronic delivery of files.

Risks

PRINCIPAL BUSINESS RISK AND UNCERTAINTIES

The principal risks facing the Group and discussed by the Board relate broadly to its acquisition strategy, intellectual property, the market place and competitive environment, dependence on key people and information technology.

Acquisitions: The Group's strategy includes seeking acquisitions of companies or businesses that are complementary to its businesses. As a consequence there is a risk that management's attention may be diverted and the Group's ongoing business may be disrupted or the Group may fail to retain key acquired personnel, or encounter difficulties in integrating acquired operations. The directors remain aware of this potential disruption and plan to ensure that the main business is not affected.

Intellectual property rights ('IPR'): The Group is reliant on IPR surrounding its internally generated and licensed-in software. Whilst it relies upon IPR protections including patents, copyrights, trademarks and contractual provisions it may be possible for third parties to obtain and use the Group's intellectual property without its authorisation. Third parties may also challenge the validity and/or enforceability of the Group's IPR, although the directors do not envisage this risk to be significant. In addition, the directors are aware of the supply risk of losing key software partners. As these are not a significant part of the core products, this would only have a short-term impact on the Group as it sought to identify and then train staff in alternative products.

Market place and competition: The sector in which the Group's CallScripter division operates in and/or routes to market may undergo rapid and unexpected changes or not develop at a pace in line with the directors' expectations. It is also possible that: competitors will develop similar products; the Group's technology may become obsolete or less effective; or consumers use alternative channels of communications, which may reduce demand for the Group's products and services. In addition, the Group's success depends upon its ability to develop new and enhance existing products, on a timely and cost effective basis, that meet changing customer requirements and incorporate technological advancements.

BUSINESS REVIEW

The directors' review market movements, client requirements and alternative suppliers' offerings to ensure that the current portfolio remains competitive. The Ansaback and Ancora markets are wide and diverse with few barriers to entry to preclude other competitors. The directors ensure that the team are properly directed, trained and motivated to address this issue.

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 (Original Equipment Manufacturer) arrangements, or integrated with a dialler as part of a tailored call handling-solution need constant attention to preserve existing market share.

The main risk within Ansaback is the exposure to the failure of a major client, as the top 20 clients represent 63 per cent. of turnover. However no individual client accounts for more than 10 per cent. of the total 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 we have a modern telephone switch. This switch includes fail-over systems to further increase our business continuity/disaster recovery readiness whilst also enabling us to offer additional services to clients. It is also split across two locations to further reduce the risk of failure.

To reduce the operational risks we have opened a Disaster Recovery and Data Centre facility at an office 5 miles away from the main building. This office can accommodate 40 agents and has independent telephone lines, phone switch and computer data systems synchronised to the main building that can automatically fail-over in the event of a major incident occurring. Looking at other risks within the contact centre, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, while our main computer systems have been upgraded to improve their resilience and minimise any down-time should a problem arise.

IP3 Telecom uses a network telephony platform with triple redundancy (sites in London, Birmingham and Manchester), but could be affected if there was a major carrier breakdown affecting the entire network.

The risk to Ancora Solutions is mainly within the archiving component of the division. This risk is a combination of the impact of a loss of a significant customer and the inability to replace such a customer quickly. Digital storage solutions and document scanning are becoming more prevalent as a means of document storage.

Legislative changes affecting document record retention dates may affect the number of records held and the division needs to ensure that it complies with all relevant data protection requirements. Security of records, the pulping of these records and compliance with current legislation may force changes in working practice.

Key personnel: The Group depends on the services of its key technical, operations, sales and management personnel. The loss of the services of any one or more of these persons could have a material adverse effect on the Group's business. The Group maintains an active policy to identify, hire, train, motivate and retain highly skilled personnel in key functions.

Information technology: Data security and business continuity pose inherent risks for the Group. The Group invests in and keeps under review formal data security and business continuity policies which are independently audited.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments used by the Group, from which financial risk arises, are trade receivables, cash at bank and trade and other payables. The Group has no significant net foreign currency monetary assets or liabilities nor any significant hedged transactions or positions. The Board has overall responsibility for the determination of the Group's financial risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing, operating and reporting thereof to the Group's finance function. The overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk: Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meets it contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts and it has a frequent and proactive collections process. The concentration of credit risk is limited due to the large and unrelated customer base comprising mainly blue chip companies and public sector organisations. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. At the year-end the Group's cash at bank was held with two major UK clearing banks.

Market risk: The directors consider that exposure to market risk, arising from the Group's use of interest-bearing and foreign currency financial instruments, is not significant. This is assessed in note 24 to these financial statements.

Liquidity risk: Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The directors review an annual 12 month cash flow projection as well as information regarding cash balances on a monthly basis. At the balance sheet date, liquidity risk was considered to be low given the fact the Group is cash generative and cash and cash equivalents are thought to be at acceptable levels.

Review of Operations

We are pleased to announce continued growth in Group turnover and profitability. A summary of the operational highlights in the year to June 2012 follows:

Ansaback

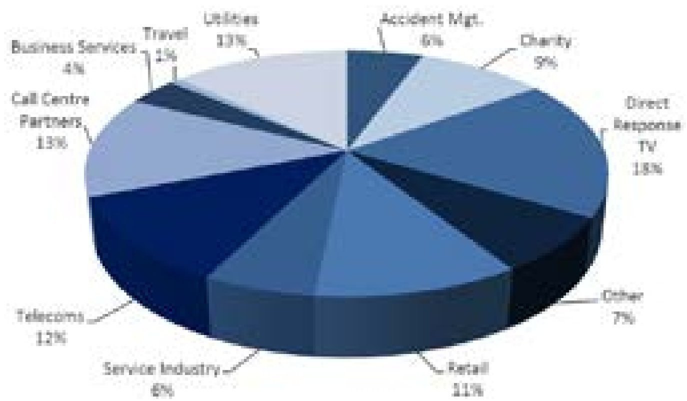
- Revenue increased by 25 per cent. compared with the twelve months to June 2011
- Fixed seat revenue from dedicated and outbound services increased by 213 per cent.
- 402 clients, up from 370 in June 2011
- Prestigious new contract won with a major utility company

Our spread of market sectors has meant that we have not been adversely affected by the difficult trading in any one area. We have seen some fluctuations in call volumes and the charity sector in particular has seen fewer campaigns. However Telecoms continues to be strong, adding many new clients over the last twelve months.

As we move towards larger clients, our business model is evolving with a greater need for more dedicated seats than previously. This trend reduces the margin that Ansaback earns but provides greater visibility and guaranteed earnings and is a consequence of the overall expansion into larger contracts.

As a result there has been a substantial increase in the seats required within the call centre and the associated infrastructure and systems required to service these. We now have 142 agent positions, representing the most significant change to the layout and agent seat capacity since setting up the operation.

The following chart shows the Ansaback Client Turnover by Market Sector:



Ansaback - IP3 Telecom

- Revenue increased by 68 per cent. year on year to £316,042
- 175 per cent. increase in minutes compared to the corresponding prior year period
- Hosted contact centre technology rolled out for Ansaback dedicated agents

The majority of Ansaback clients now route over the IP3 Network, whilst the few that have declined the move have specific reasons for maintaining their existing call routing. The business tends to be recurring revenue with limited amendments required once the set up phase has been completed. The clients have the benefit of self service access 24/7 to detailed call logging, call recording and service administration through the IP3 web portal.

The IP3 website is generating a steady flow of new business enquiries, and combined with the efforts of the sales team is contributing towards the growth of the IP3 direct client base. IP3 have grown in competence in the IVR arena, and specialise in the more complex service configurations such as bespoke and 100 per cent. self-service telephone automation.

The division now offers multi-lingual IVR voice messaging along with advanced text to speech allowing further positive differentiation from the competition when prospecting for larger clients.

CallScripter

CallScripter revenues improved and the division grew by 24 per cent. compared with the same period last year. As the division has successfully gained critical mass it has been able to absorb overheads and losses have reduced significantly.

The OEM collaboration with Interactive Intelligence has increased revenue in a number of territories and a number of new direct relationships are now in place with some of its largest resellers internationally. The existing OEM agreement has been updated following a complete pricing review.

Part of CallScripter's channel to market is the network hosted ASP (Application Service Provider) route now commonly referred to as a "Cloud" 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.

As a result of our relationship with Genesys, CallScripter has been selected as a strategic part of ProtoCall One's G-Cloud solution. ProtoCall are a leading Genesys System Integrator in the United Kingdom. This will be the first Genesys Cloud service offering in Europe.

BUSINESS REVIEW

CallScripter (continued)

The order, in early July 2012, from a German bank for 230 seats was important as it crystallised a considerable effort with a Genesys European channel partner and after exhaustive evaluation CallScripter was the clear winner.

We have also seen growth from existing clients, including one which has implemented CallScripter into new contact centres in Australia and the United States.

The market remains testing but our revitalised partner team has struck new deals in the United States, which will add revenue over the coming months, continuing the strategy orchestrated over 2 years ago.

CallScripter was also selected by ELoyalty to enrich their own desktop environment with a world class scripting solution supporting both inbound and outbound calling. ELoyalty, a gold certified partner for Cisco in the United States, provides a suite of applications for Cisco UCCE icApplications ™ which extend the functionality and services offered by Cisco as standard.

Our new CallScripter software development has been primarily focused on network cloud solutions. To this end, October's Call Centre Expo saw the launch of a new CallScripter web based diary solution (a much requested item) and a prototype visual editor. This will be part of the CallScripter V5 General Availability release in September 2012. Further web portals, scheduled for release alongside V5, will form the basis of a new cloud based reporting tool.

Ancora Solutions

After five months of sales and profits, which were close to expectations, December proved to be a very difficult month which had a major effect on the divisional result. The ongoing impact of losing a large archiving and shredding client reduced revenues and, in addition, with the continuing weak economy, there has been a significant reduction in specialist relocations, both in terms of enquiries and repeat business.

Ancora added a new fleet of vehicles which are more fuel efficient and provide tracking to monitor performance and enhanced security for clients. A cardboard compacting system was also introduced which increases our spread of recycling options. New software with bar coding scanners and an online web portal have been introduced and on the back of this we have successfully won new contracts. The business has been refocused to bring its performance more in line with our expectations.

Employee relations and social responsibilities

The Group continues to advocate a healthy staff policy via its participation in Investors in People together with a Health and Well Being policy for encouraging healthy practices. It is actively engaged with Carbon Champions for its ecological and green initiatives regarding technology with the most recently acquired computers using 1/5 of the power of the old PC's. We have introduced new policies including a Low Carbon and Environmental Purchasing Policy, while the Group encourages car sharing, bus usage and the cycle to work initiative.

All this work enabled us to achieve the Bronze Carbon Charter Award.

In addition, electronic correspondence with shareholders was announced in July. This initiative will reduce printing and posting unnecessary correspondence thereby further reducing the carbon cost.

An internal apprentice scheme was initiated whereby call centre staff could work for a week in each of our divisions. This gave management the chance to evaluate whether these employees had potential to progress to a full time role and, of the six apprentices who took part, two have been promoted to new roles. Based on its popularity and success this process will be repeated in the coming year.

The Group's employees support a designated charity every year and raised £3,033 for Ormiston Children and Families Trust.

Summary and outlook

In the year ended 30 June 2012 the Group has advanced on a number of fronts and whilst market conditions remain difficult the Board look forward to reporting further progress.

William A Catchpole
31 August 2012

REMUNERATION COMMITTEE REPORT

As the Company is quoted on the Alternative Investment Market (AIM) it is not required to set out its remuneration policy but is doing so on a voluntary basis. As required by AIM Rule 19, the Company has disclosed in note 3 of the Directors' Report the remuneration received by its directors during the financial year.

Remuneration committee

The Remuneration Committee consists of non-executive directors Bernie Waldron (Committee Chairman) and Philip Dayer. The committee's role is to ensure that the three main Remuneration Principles from the June 2010 Combined Code are applied in IPPlus PLC in a pragmatic and affordable way.

- Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the Group successfully but should avoid paying more than is necessary for this purpose.
- A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.
- There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Remuneration policy

- Secure, retain and reward the executives that the Group needs. The main components of executive remuneration are basic salary, performance-related bonus, contributions to personal pension plans, other benefits (for example, car allowance) and a performance-based share option scheme.
- Ensure key Board and non-Board Executives have an appropriate balance of fixed and variable compensation in line with Group performance.
- Ensure that when Group performance is strong, the executives share in that success and that the rewards are tied to actual Group and/or divisional financial results.
- Increase focus on a continuing cycle of medium/long term strategic planning.
- Ensure other key employees are motivated to drive the Group's success.
- In constructing compensation schemes, ensure that we make efficient use of the equity allocated to Share Option schemes thus avoiding the requirement for further dilution of existing shareholders and that we preserve the Company's cash for growth, investments and/or dividend payments.

Annual performance bonus

For board executives, a bonus will be paid on achieving annual Group Profit before tax targets. This bonus will be set annually by the Remuneration Committee.

In addition, a percentage of any profit above this annual target will be paid to the executives. The relevant percentage, the participating executives, the split between them of this over performance bonus and any additional performance criteria will be defined at the start of each financial year by the Remuneration Committee.

Long term incentive plan

A new Long Term Incentive Plan ("LTIP") is being introduced. This new LTIP replaces the old share option scheme which is due to expire later this year. The key elements of the LTIP scheme are as follows.

- The Group will review its medium and long term strategy on an annual basis, towards the end of each financial year. The output of this annual review will be an updated set of actions to implement or modify existing or new strategic imperatives, and an updated financial plan rolling forward 3 years, with the upcoming financial year as Year 1.
- Designated executives will participate in the LTIP. At the start of each financial year the Remuneration Committee will agree the participants for the upcoming cycle. Using the rolling 3 year plan as input, the Remuneration Committee will grant a number of share options to participants which will vest at the end of Year 3, depending on the level of performance against the Year 3 planned Profit before tax.
- Enough options to satisfy any annual individual tax liability resulting from vested options may be exercised and sold at the end of each 3-year cycle.
- In order to align shareholder and executives interests, the remaining vested options from any cycle may only be realised (i.e. sold) if the Board announces, as part of the release of the Year 3 financial results, that it will return funds to shareholders by means of either a dividend payment or a share buyback. The level of any dividend or share buyback will depend upon the overall financial status of the Group at that point in time and will be at a level appropriate to that status. If no dividend or share buyback is announced, executives will be required to hold the remaining vested options until the next dividend or share buyback is announced.

For the first LTIP cycle covering July 2011 - June 2014, conditional options were issued at an option price of 1 pence to executives and management over 2% of the Group's equity.

REMUNERATION COMMITTEE REPORT

Long term incentive plan (continued)

Major shareholders were fully consulted on all aspects of executive remuneration before the LTIP was adopted by the Board.

The service contracts and letters of appointment of the directors include the following terms:

Executive Directors	Date of appointment	Notice period
W A Catchpole	27 October 1999	12 months
R S M Gordon	13 April 2000	12 months
G Forsyth	27 November 1999	12 months
Non-Executive Directors		
P J Dayer	1 October 2005	Annual Service Contract
B J Waldron	1 January 2011	Annual Service Contract

Note 3 of the Directors' Report sets out the detailed remuneration and share options granted to each Director who served during the year.

Bernard Waldron
31 August 2012

DIRECTORS AND ADVISORS

Company registration number:	3869545
Registered office:	Melford Court The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ
Directors:	Philip John Dayer Bernard Joseph Waldron William Alexander Catchpole Geoffrey Forsyth Robert Stuart McWhinnie Gordon
Secretary:	Robert Stuart McWhinnie Gordon BA FCMA CGMA
Bankers:	National Westminster Bank PLC Barclays Bank PLC
Auditors:	Grant Thornton UK LLP
Nominated advisers and brokers:	Nplus1 Brewin LLP
Lawyers:	Faegre Baker Daniels LLP
Registrars:	Capita Registrars Limited
Financial statements are available at:	www.ipplusplc.com

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year to 30 June 2012.

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, the development and sale of contact centre call relationship management software and the provision of secure storage and destruction of documents.

2. Results, dividends, future prospects

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

	2012 £	2011 £
Revenue	**6,748,159**	5,246,070
Profit before taxation	**330,665**	39,356

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 (2011: £nil).

The Directors' remuneration was as follows:

2011/12	Salary £	Benefits £	Bonus £	Total £	Pension £
W A Catchpole	**155,422**	**3,602**	**8,472**	**167,496**	**14,196**
R S M Gordon	**116,941**	**1,938**	**6,314**	**125,193**	**10,581**
G Forsyth	**109,465**	**2,348**	**6,314**	**118,127**	**10,243**
P J Dayer (non-executive)	**30,375**	-	-	**30,375**	-
B J Waldron (non-executive)	**22,782**	-	-	**22,782**	-

2010/11	Salary £	Benefits £	Payment in lieu £	Total £	Pension £
W A Catchpole	146,985	3,238	-	150,223	13,365
R S M Gordon	111,885	1,877	-	113,762	10,139
G Forsyth	104,759	2,108	-	106,867	9,515
P J Dayer (non-executive)	28,750	-	-	28,750	-
S J Allen (non-executive)	11,250	-	5,625	16,875	-
B J Waldron (non-executive)	10,312	-	-	10,312	-

3. Directors

The present membership of the Board is set out below.

The beneficial and other interests of the directors and their families in the shares of the Company at 30 June 2012 and 1 July 2011 were as follows:

	30 June 2012 Ordinary shares of 1p each	1 July 2011 Ordinary shares of 1p each
W A Catchpole	**2,369,979**	1,798,645
G Forsyth	**892,657**	821,324
R S M Gordon	**834,455**	763,122
P J Dayer (non-executive)	**293,619**	293,619
B J Waldron (non-executive)	-	-

The above interests include 33,220 (2011: 33,220) ordinary shares held by or on behalf of Mr Catchpole's wife.

On 29 June 2012, directors were granted options to subscribe for ordinary shares in the Company as follows:

	Number of shares	Exercise price (pence)
W A Catchpole	101,508	1.00
R S M Gordon	101,508	1.00
G Forsyth	101,508	1.00

Options are conditional on certain vesting criteria including an annual Group Profit before tax target for the year ended 30 June 2014.

On 12 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 and lapse on 11 September 2012:

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

4. Share price and substantial shareholdings

During the year, the share price fluctuated between 8.0 pence and 10.125 pence and closed at 10.125 pence on 30 June 2012.

The beneficial and other interests of other substantial shareholders and their families in the shares of the Company at 30 June 2012 and 1 July 2011 were as follows:

	30 June 2012 Ordinary shares of 1p each	1 July 2011 Ordinary shares of 1p each
P Wildey	**5,800,000**	5,700,000
A Catchpole	**2,410,000**	2,410,000
P M Brown	**2,129,779**	2,129,779
R Clement	**1,930,435**	1,930,435

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 prepare Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements 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.

The directors confirm that:

- So far as each director 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.

DIRECTORS' REPORT

5. Directors' responsibilities for the financial statements (continued)

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.

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 122 days (2011: 43 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 whom are non-executive directors.

As an AIM listed Company, we are not obliged to comply with the UK Corporate Governance Code, 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 meets 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 Chief Executive 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.

Audit Committee

Whilst the Audit Committee formally consists of Philip Dayer and Bernard Waldron, 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 Bernard Waldron and Philip Dayer.

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.

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 the Business Review and in note 23, along with information regarding exposure to credit risk, interest rate risk and liquidity risk.

12. Going concern

After making enquiries and preparing forecasts, which take a balanced view of the future growth prospects, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors 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 10 October 2012.

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

BY ORDER OF THE BOARD

R S M Gordon
Secretary
31 August 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPPLUS PLC

We have audited the financial statements of IPPlus plc for the year ended 30 June 2012 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company balance sheet, and the related notes. The financial reporting framework that has been applied in the preparation of the Group 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, 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 and express an opinion on 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/private.cfm.

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 June 2012 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs 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

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.

Mark Handley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Ipswich
31 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012 £	2011 £
Revenue		**6,748,159**	5,246,070
Cost of sales		**(3,838,766)**	(3,023,705)
Gross profit		**2,909,393**	2,222,365
Administrative expenses		**(2,568,473)**	(2,184,277)
Operating profit		**340,920**	38,088
Finance income	6	**1,428**	2,957
Finance expenditure	7	**(11,683)**	(1,689)
Profit before taxation	5	**330,665**	39,356
Income tax credit	11	**77,431**	27,558
Profit and total comprehensive income attributable to equity holders of the parent company		**408,096**	66,914
Basic and diluted earnings per share	10	1.29p	0.22p

All activities of the Group are classed as continuing.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	2012 £	2011 £
ASSETS			
Non-current assets			
Land	14	**52,832**	52,832
Plant and equipment	13	**445,284**	408,078
Other intangible assets	12	**544,739**	558,163
Investment in associate company	20	**-**	40
Deferred taxation	19	**280,000**	280,000
Non-current assets		**1,322,855**	1,299,113
Current assets			
Inventory	15	**-**	3,636
Trade and other receivables	16	**1,446,078**	964,916
Current tax assets		**55,387**	-
Cash and cash equivalents		**396,517**	321,133
Current assets		**1,897,982**	1,289,685
Total assets		**3,220,837**	2,588,798
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(916,660)**	(723,923)
Current portion of long-term borrowings	17	**(101,970)**	(58,551)
Current liabilities		**(1,018,630)**	(782,474)
Non-current liabilities			
Long term borrowings	18	**(130,088)**	(147,301)
Deferred taxation	19	**(76,410)**	(71,410)
Non-current liabilities		**(206,498)**	(218,711)
Total liabilities		**(1,225,128)**	(1,001,185)
Net assets		**1,995,709**	1,587,613

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	2012 £	2011 £
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	22	**317,212**	317,212
Share premium		**89,396**	89,396
Other reserves		**18,396**	18,396
Profit and loss account		**1,570,705**	1,162,609
Total equity		**1,995,709**	1,587,613

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 31 August 2012.

W A Catchpole
Director

R S M Gordon
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	2012 £	2011 £
Cash flows from operating activities		
Profit after taxation	**408,096**	66,914
Adjustments for:		
Depreciation	**164,015**	100,372
Amortisation of intangible assets	**133,802**	130,264
Interest income	**(1,428)**	(2,957)
Interest expense	**4,492**	1,303
Interest element of finance leases	**3,819**	386
Other interest	**3,372**	-
Income taxes	**(82,431)**	(31,558)
Deferred tax provision	**5,000**	4,000
Profit on disposal of associate	**39,960**	-
(Profit)/loss on sale of fixed assets	**(100)**	390
(Increase)/decrease in trade and other receivables	**(524,454)**	1,078
Increase in trade and other payables	**192,737**	127,520
Decrease/(increase) in inventories	**3,636**	(2,936)
Cash generated from operations	**350,516**	394,776
Income taxes received	**27,044**	31,558
Interest element of finance leases	**(3,819)**	(1,303)
Interest paid	**(4,492)**	(386)
Net cash generated from operating activities	**369,249**	424,645
Cash flows from investing activities		
Purchase of plant and equipment	**(63,795)**	(185,258)
Acquisition of Ancora business	**(24,000)**	(289,000)
Capitalisation of development costs	**(120,378)**	(123,656)
Interest received	**1,428**	2,957
Proceeds from sale of fixed assets	**100**	363
Net cash used in investing activities	**(206,645)**	(594,594)
Cash flows from financing activities		
Repayment of borrowings	**(50,000)**	(20,833)
Shares issue costs	**-**	(2,300)
Loan received	**-**	150,000
Capital element of finance lease rentals	**(37,220)**	(10,800)
Net cash (used in)/received from financing activities	**(87,220)**	116,067
Net increase/(decrease) in cash	**75,384**	(53,882)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 30 June 2012

	2012 £	2011 £
Cash and cash equivalents at beginning of year	**321,133**	375,015
Net increase/(decrease) in cash	**75,384**	(53,882)
Cash and cash equivalents at end of year	**396,517**	321,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 July 2010	297,908	-	18,396	1,095,695	**1,411,999**
Shares issued	19,304	91,696	-	-	**111,000**
Share issue expenses	-	(2,300)	-	-	**(2,300)**
Transactions with owners	19,304	89,396	-	-	**108,700**
Profit and total recognised income and expense for the year	-	-	-	66,914	66,914
Balance at 30 June 2011	317,212	89,396	18,396	1,162,609	**1,587,613**
Profit and total recognised income and expense for the year	-	-	-	408,096	**408,096**
Balance at 30 June 2012	317,212	89,396	18,396	1,570,705	**1,995,709**

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 June 2012

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 June 2012 were authorised for issue by the Board of Directors on 31 August 2012 and the Chief Executive, William Catchpole, and the Chief Financial Officer, 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, the development and sale of call centre contact relationship management software and the provision of secure storage and destruction of documents.

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.

Standards and interpretations in issue, not yet effective

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 July 2011 are:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised) Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised) Investments in Associates and Joint Ventures (effective 1 January 2013)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

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.

4. Principal accounting policies
a) Basis of preparation
The financial statements have been prepared on a going concern basis in accordance with the accounting policies set out below. These are based on the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board 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.

b) Basis of consolidation
The Group financial statements consolidate those of the Company and its subsidiary undertakings (see note 21) drawn up to 30 June 2012. 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.

As detailed in note 20, the Group had an investment in an associate during the period. The results of the associate have not been included within the financial statements due to them being immaterial.

c) Revenue
Revenue is measured by reference to the fair value of consideration received or receivable by the Group for 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 evenly over the period to which it relates, reflecting the fact that customers could cancel the maintenance contract if there were any disputes.

Ancora turnover is recognised based on the services provided in the month, along with standing monthly charges and any specific supplementary service charges.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

4. Principal accounting policies (continued)
d) Significant judgements and estimates (continued)
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.

Detailed calculations were undertaken in the previous year to value the assets acquired during the purchase of Ancora Solutions. These calculations used the following:

a) Future sales and costs
b) Estimates of a 3.5% annual inflation rate
c) Estimates of a 10% attrition rate, and
d) A Weighted Average Cost of Capital of 13.2%.

These calculations and estimates gave rise to valuations of goodwill, customer relationships and royalties which are further explained in note (e).

e) Intangible assets
Goodwill
Goodwill was created on the purchase of Ancora Solutions. This Goodwill is not amortised but is subject to regular impairment review to ensure the value is reasonable.

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%
- Ancora client relationships 10%
- Ancora brand 10%

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

4. Principal accounting policies (continued)
e) Intangible assets (continued)
The cost 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%

Ancora Customer Relationships
Upon review of the Ancora Solutions business the Directors' opinion was that the Client Sales Relationships, once won, were likely to remain for the long term due to:

a) Once the boxes were put into storage and not on view to the client, the services tended to roll along
b) A majority of the clients have long term storage requirements (legal and health records) which require documents to be retained and then called out of storage as required
c) There are significant costs in moving the boxes to another storage unit. As such customers are more likely to start using another supplier whilst maintaining the existing operation rather than completely transferring the business

At acquisition, the sales and on-going costs of the existing operation were forecast and were discounted back using the Group's Weighted Average Cost of Capital. This gave a valuation of £280,000, which is amortised over 10 years on a straight-line basis, being the estimated life of these assets. The amortisation charge is shown within administrative expenses.

Ancora Solutions Brand Valuation
The relief from royalty valuation method assumes that if a business did not own the Ancora Solutions brand it would have to pay a royalty to the owners of the brand for its use. The value of the brand is the capitalised value of the royalties that the owner is relieved from paying as a result of the ownership of the asset. The royalty attributed to the purchase was valued using a similar basis to the Customer Relationships and applying a 0.25% royalty rate. At acquisition this gave a valuation of £3,000, which is amortised over 10 years on a straight-line basis, being the estimated life of these assets. The amortisation charge is shown within administrative expenses.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

4. Principal accounting policies (continued)

f) Plant and equipment (continued)

The rates generally applicable are:

• Land	not depreciated
• Motor vehicles	33%
• Fixtures and fittings	20% to 50%
• Plant	20% to 50%
• Computer equipment	33%

Material residual value estimates are updated as required, but at least annually.

g) Impairment testing of goodwill, 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.

Goodwill and 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 first applied to write down goodwill to nil and then 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 IAS 17, 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 profit or loss on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

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.

4. Principal accounting policies (continued)

i) Taxation (continued)

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 to other comprehensive income or directly to equity in which case the related tax charge is also charged or credited directly to other comprehensive income of 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.

k) Inventory

Inventory is created as a by-product of the shredding process and is held for future sale. Inventory is valued at the lower of the cost of creating the inventory and the net realisable value.

l) Financial assets and liabilities

The Group's financial assets comprise cash and trade and other receivables, which under IAS 39 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 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 assets'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 IAS 39. 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.

m) 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.

n) 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 account" represents retained profits

o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

4. Principal accounting policies (continued)

p) 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.

q) Share options

The directors do not consider that the amounts involved are material and therefore no charge has been recognised

r) Capital management

The capital structure of the Group consists of debt, cash, loans 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.

At 30 June 2012 the Group had a closing cash balance of £396,517 and an outstanding bank loan balance of £79,167.

5. Profits before taxation

Profit on ordinary activities is stated after:

	2012 £	2011 £
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	7,500	7,000
Fees payable to the Group's auditors for other services		
The audit of the company's subsidiaries pursuant to legislation	6,909	10,950
Taxation services	7,500	7,000
All other services	5,104	2,525
Depreciation and amortisation – charged in administrative expenses		
Intangible assets	133,802	130,264
Plant and equipment – owned	142,436	99,451
Plant and equipment – leased	21,579	921
Acquisition costs of Ancora Solutions	-	18,716
Rents payable	176,626	122,725
Foreign exchange cost	7,240	6,917
Profit on disposal of investment	39,960	-
(Profit)/loss on sale of fixed asset	(100)	390

6. Finance income

	2012 £	2011 £
Bank interest receivable	1,428	2,957

7. Finance expenditure

	2012 £	2011 £
Interest on bank borrowings	4,492	1,303
Finance charges in respect of finance leases	3,819	386
Other	3,372	-
	11,683	1,689

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:

	2012 £	2011 £
Wages and salaries	4,224,187	3,512,767
Social security costs	367,401	320,635
Other pension costs	65,884	49,269
	4,657,472	3,882,671

	2012 Heads	2011 Heads
Average number of employees during the year	238	223

In addition, at the year end the company had 167 retained bank employees who work on an as needed basis.

Remuneration in respect of directors was as follows:

	2012 £	2011 £
Emoluments	463,973	426,789
Pension contributions to money purchase pension schemes	35,020	33,019
	498,993	459,808

During the year 3 (2011: 3) directors participated in money purchase pension schemes.
The amounts set out above include remuneration in respect of the highest paid director as follows:

	2012 £	2011 £
Emoluments	167,496	150,233
Pension contributions to money purchase pension schemes	14,196	13,365

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

8. Directors and employees (continued)
Key management compensation:

	2012 £	2011 £
Short term employee benefits	**653,862**	527,744
Post employment benefits	**50,645**	33,019
	704,507	560,763

9. Segmental information
IPPlus PLC operates three business sectors, Ansaback, CallScripter and Ancora. These divisions are the basis on which the Group reports its segment information. IP3 Telecom is the telecoms division of Ansaback and is not significant enough to be treated as a separate segment. 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.

2012	**Ansaback £**	**CallScripter £**	**Ancora £**	**Unallocated £**	**Total £**
Revenue	4,917,176	1,183,283	647,700	-	6,748,159
Segment result	531,067	(93,714)	(96,433)	-	340,920
Finance income					1,428
Finance costs					(11,683)
Profit before tax					330,665
Taxation					77,431
Profit for the year from continuing operations					408,096
Segment assets	1,249,789	655,129	507,862	808,057	3,220,837
Segment liabilities	-	-	-	(1,225,128)	(1,225,128)
Other segment items:					
Capital Expenditure					
- Plant and Equipment	154,918	1,650	44,653	-	201,221
- Intangible Assets	-	120,378	-	-	120,378
Depreciation (note 13)	108,472	3,573	51,970	-	164,015
Amortisation of intangible assets (note 12)	3,008	102,494	28,300	-	133,802

9. Segmental information (continued)

2011	Ansaback £	CallScripter £	Ancora £	Unallocated £	Total £
Revenue	3,948,184	955,775	342,111	-	5,246,070
Segment result	264,677	(240,342)	13,753	-	38,088
Finance income					2,957
Finance costs					(1,689)
Profit before tax					39,356
Taxation					27,558
Profit for the year from continuing operations					66,914
Segment assets	910,150	442,290	596,292	640,066	2,588,798
Segment liabilities	-	-	-	(1,001,185)	(1,001,185)
Other segment items:					
Capital Expenditure					
- Plant and Equipment	156,274	6,667	152,970	-	315,911
- Intangible Assets	-	123,656	315,500	-	439,156
Depreciation (note 13)	80,312	1,874	18,186	-	100,372
Amortisation of intangible assets (note 12)	3,008	117,823	9,433	-	130,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

9. Segmental information (continued)
Revenue can be split by location of customers as follows:

	2012 £	2011 £
Ansaback		
United Kingdom	**4,884,476**	3,914,579
United States	**14,672**	9,325
Ireland	**5,969**	11,837
Other countries	**12,059**	12,443
	4,917,176	3,948,184
Ancora		
United Kingdom	**647,700**	342,111
	647,700	342,111
CallScripter		
United Kingdom	**725,542**	627,294
United States	**301,329**	234,528
Ireland	**61,045**	5,642
Australia	**50,805**	42,756
Luxembourg	**17,185**	11,928
Belgium	**10,042**	-
Hungary	**-**	10,170
Denmark	**9,354**	9,370
Cyprus	**5,425**	5,668
Other countries	**2,556**	8,419
	1,183,283	955,775
	6,748,159	5,246,070

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

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 22.

	12 months ended 30 June 2012	12 months ended 30 June 2011
Profit after taxation added to reserves	**£408,096**	£66,914
Weighted average number of ordinary shares in issue during the period	**31,721,178**	30,646,984
Basic earnings per share	**1.29p**	0.22p

11. Taxation

	2012 £	2011 £
Analysis of charge in the year		
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 25.5% (2011:27.5%)	**-**	-
Adjustments in respect of prior periods	**82,431**	31,558
Total current tax credited	**82,431**	31,558
Deferred tax:		
Liability on capitalised intangibles	**(5,000)**	(4,000)
Credit	**77,431**	27,558

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year was lower than the standard rate of corporation tax in the UK of 25.5% (2011: 27.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

11. Taxation (continued)

	2012 £	2011 £
Profit on ordinary activities before tax	**330,665**	39,356
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	**84,320**	10,823
Expenses not deductible for tax purposes	**4,650**	4,365
Depreciation (less than)/ in excess of capital allowances for the year	**(12,613)**	12,555
Research and Development claim	**(82,431)**	(31,558)
Utilisation of tax losses	**(65,917)**	(32,793)
Other	**(10,440)**	5,050
Liability on capitalised intangibles	**5,000**	4,000
Total tax credit for the year	**(77,431)**	(27,558)

In July 2011, a Research and Development tax credit claim for £27,044 in respect of the 12 month period to 30 June 2010 was received.

During the year the Group submitted a Research and Development claim to HMRC relating to the year ended 30 June 2011 of £55,387. Payment was confirmed on 22 June 2012, but was not received until 3 July 2012. This credit was recognised in the Income Statement and included in Debtors.

12. Intangible assets

2012

Cost	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	32,500	-	-	32,500
Customer contracts	-	15,038	-	15,038
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter	-	-	647,675	647,675
Cost at 1 July 2011	**32,500**	**298,038**	**647,675**	**978,213**
Goodwill	-	-	-	-
Customer contracts	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter	-	-	120,378	120,378
Additions	**-**	**-**	**120,378**	**120,378**
Goodwill	32,500	-	-	32,500
Customer contracts	-	15,038	-	15,038
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter	-	-	768,053	768,053
Cost at 30 June 2012	32,500	298,038	768,053	1,098,591

12. Intangible assets (continued)

2012

Amortisation (included within administrative expenses):	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	-	-	-	-
Customer contracts	-	9,525	-	9,525
Ancora brand	-	100	-	100
Ancora client relationships	-	9,333	-	9,333
CallScripter	-	-	401,092	401,092
Amortisation at 1 July 2011	-	18,958	401,092	420,050
Goodwill	-	-	-	-
Customer contracts	-	3,008	-	3,008
Ancora brand	-	300	-	300
Ancora client relationships	-	28,000	-	28,000
CallScripter	-	-	102,494	102,494
Charge for the year	-	31,308	102,494	133,802
Goodwill	-	-	-	-
Customer contracts	-	12,533	-	12,533
Ancora brand	-	400	-	400
Ancora client relationships	-	37,333	-	37,333
CallScripter	-	-	503,586	503,586
Amortisation at 30 June 2012	**-**	**50,266**	**503,586**	**553,852**

Net book amount				
Goodwill	32,500	-	-	32,500
Customer contracts	-	2,505	-	2,505
Ancora brand	-	2,600	-	2,600
Ancora client relationships	-	242,667	-	242,667
CallScripter	-	-	264,467	264,467
Net book amount at 30 June 2012	**32,500**	**247,772**	**264,467**	**544,739**

The Directors have considered the carrying value of the goodwill which relates to the Ancora division at the year-end by reference to Board approved discounted future forecast cash flows for a three year period using a discount rate of 13.2% and assuming no long term growth and consider the carrying value to be reasonable. As such no impairment charge is considered necessary.

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For the year ended 30 June 2012

12. Intangible assets (continued)

2011

Cost	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	-	-	-	-
Customer contracts	-	15,038	-	15,038
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter	-	-	524,019	524,019
Cost at 1 July 2010	-	15,038	524,019	539,057
Goodwill	32,500	-	-	32,500
Customer contracts	-	-	-	-
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter	-	-	123,656	123,656
Additions	32,500	283,000	123,656	439,156
Goodwill	32,500	-	-	32,500
Customer contracts	-	15,038	-	15,038
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter	-	-	647,675	647,675
Cost at 30 June 2011	32,500	298,038	647,675	978,213

12. Intangible assets (continued)

2011

Amortisation (included within administrative expenses):	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	-	-	-	-
Customer contracts	-	6,517	-	6,517
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter	-	-	283,269	283,269
Amortisation at 1 July 2010	-	6,517	283,269	289,786
Goodwill	-	-	-	-
Customer contracts	-	3,008	-	3,008
Ancora brand	-	100	-	100
Ancora client relationships	-	9,333	-	9,333
CallScripter	-	-	117,823	117,823
Charge for the year	-	12,441	117,823	130,264
Goodwill	-	-	-	-
Customer contracts	-	9,525	-	9,525
Ancora brand	-	100	-	100
Ancora client relationships	-	9,333	-	9,333
CallScripter	-	-	401,092	401,092
Amortisation at 30 June 2011	-	18,958	401,092	420,050
Net book amount				
Goodwill	32,500	-	-	32,500
Customer contracts	-	5,513	-	5,513
Ancora brand	-	2,900	-	2,900
Ancora client relationships	-	270,667	-	270,667
CallScripter	-	-	246,583	246,583
Net book amount at 30 June 2011	32,500	279,080	246,583	558,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

13. Plant and equipment

2012	Plant £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:					
At 1 July 2011	121,989	35,763	353,887	354,241	865,880
Additions	667	20,350	48,119	132,085	201,221
Disposals	(900)	-	(7,132)	(11,626)	(19,658)
At 30 June 2012	121,756	56,113	394,874	474,700	1,047,443
Depreciation (included within administrative expenses):					
At 1 July 2011	9,718	21,429	177,522	249,133	457,802
Charge for the year	26,898	10,261	62,454	64,402	164,015
Disposals	(900)	-	(7,132)	(11,626)	(19,658)
At 30 June 2012	35,716	31,690	232,844	301,909	602,159
Net book amount at 30 June 2012	86,040	24,423	162,030	172,791	445,284

2011	Plant £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:					
At 1 July 2010	-	26,763	268,132	297,228	592,123
Acquisitions through business combinations	111,800	9,000	-	25,200	146,000
Additions	10,189	-	91,453	68,269	169,911
Disposals	-	-	(5,698)	(36,456)	(42,154)
At 30 June 2011	121,989	35,763	353,887	354,241	865,880
Depreciation (included within administrative expenses):					
At 1 July 2010	-	17,125	134,312	247,394	398,831
Charge for the year	9,718	4,304	48,155	38,195	100,372
Disposals	-	-	(4,945)	(36,456)	(41,401)
At 30 June 2011	9,718	21,429	177,522	249,133	457,802
Net book amount at 30 June 2011	112,271	14,334	176,365	105,108	408,078

Included within the net book amount of £445,284 (2011: £408,078) is £123,435 (2011: £30,316) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,579 (2011: £921).

14. Land

	2012 £	2011 £
Cost and net book value		
Cost and net book value at 1 July 2011	**52,832**	-
Additions	**-**	52,832
Cost and net book value at 30 June 2012	**52,832**	52,832

15. Inventory

	2012 £	2011 £
Goods for resale	**-**	3,636

Inventory consists of shredded paper which is capable of being sold.

16. Trade and other receivables

	2012 £	2011 £
Trade receivables	**1,203,947**	791,885
Other receivables	**39,984**	-
Prepayments and accrued income	**202,147**	173,031
Trade and other receivables	**1,446,078**	964,916

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 £18,062 (2011: £15,973) of deposits as security against certain accounts.

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

	2012 £	2011 £
Opening provision at 30 June 2011	**4,218**	4,203
Charged to income	**681**	15
Closing provision at 30 June 2012	**4,899**	4,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

16. Trade and other receivables (continued)
In addition some of the non-impaired trade receivables are past due at the reporting date:

	2012 £	2011 £
0-30 days past due	**20,299**	20,700
30-60 days past due	**677**	2,910
Over 60 days past due	**180**	7,851
	21,156	31,461

Amounts which are not impaired, whether past due or not, are considered to be recoverable at their carrying value.

17. Current liabilities

	2012 £	2011 £
Trade payables	**287,853**	196,268
Social security and other taxes	**352,622**	280,373
Other payables	**276,185**	247,282
Trade and other payables	**916,660**	723,923
Bank loans (note 18)	**50,000**	50,000
Amounts due under finance leases	**51,970**	8,551
Current portion of long-term borrowings	**101,970**	58,551
Current liabilities	**1,018,630**	782,474

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

18. Non-current liabilities

	2012 £	2011 £
Bank loans	**29,167**	79,167
Amounts due under finance leases	**74,921**	18,134
Other payables	**26,000**	50,000
Long term borrowings	**130,088**	147,301
Deferred taxation	**76,410**	71,410
	206,498	218,711

18. Non-current liabilities (continued)

Borrowings
Bank loans are repayable as follows:

	2012 £	2011 £
Within one year	**50,000**	50,000
After one year and within two years	**29,167**	50,000
After two and within five years	**-**	29,167
	79,167	129,167

On 21 January 2011 the Group obtained an unsecured loan of £150,000 repayable over 36 months in equal monthly instalments of £4,167. Interest on the loan is payable at 3.5% above the bank base rate.

Interest on the bank loan falls due as follows:

	2012 £	2011 £
Within one year	**1,969**	4,083
After one year and within two years	**338**	2,083
After two and within five years	**-**	300
	2,307	6,466

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

Amounts due under finance leases fall due as follows:

	2012 £	2011 £
Within one year	**61,014**	10,890
After one year and within two years	**55,377**	10,890
After two and within five years	**23,448**	9,075
	139,839	30,855

The above table includes interest of £9,044 due within one year, £3,407 due after one year but within two years and £497 due after two years but within 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2012

19. Deferred taxation
Deferred taxation is calculated at a rate of 24% (2011: 26%).

	Tax losses £	Capitalised intangibles £	Total £
Opening balance at 1 July 2010	280,000	(67,410)	212,590
Charged through the statement of comprehensive income in the year	-	(4,000)	(4,000)
At 30 June 2011	280,000	(71,410)	208,590
Charged through the statement of comprehensive income in the year	-	(5,000)	(5,000)
At 30 June 2012	280,000	(76,410)	203,590

	2012 £	2011 £
Unprovided deferred tax assets		
Accelerated capital allowances	**6,000**	34,000
Trading losses	**157,000**	265,000
	163,000	299,000

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 24% (2011: 26%). The unprovided deferred tax assets attributable to losses should be recoverable against future profits.

20. 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 advisers.

On 29 June 2012 the Group sold the 40% shareholding to the executive directors of Commercial Finance Brokers (UK) Limited for the sum of £40,000, payable by way of 12 monthly instalments of £1,000 commencing 30 July 2012, 18 monthly instalments of £1,500 commencing 30 July 2013 and a balancing instalment of £1,000 on completion.

21. Group undertakings
At 30 June 2012, 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 over-flow telephony services, document storage and destruction and software company
CallScripter Limited	England	Ordinary	100%	Software reseller
Ancora Solutions Limited	England	Ordinary	100%	Dormant
Ansaback Limited	England	Ordinary	100%	Dormant
CallScripter (U.K.) Limited	England	Ordinary	100%	Dormant
EasyScripter Limited	England	Ordinary	100%	Dormant
Fault 365 Solutions Limited (formerly Eco Repair Services Limited)	England	Ordinary	100%	Dormant
IP3 Telecom Limited	England	Ordinary	100%	Dormant
IPPlus Nominees Limited	England	Ordinary	100%	Dormant
The Number Experts	England	Ordinary	100%	Dormant
Vital Contact (UK) Limited	England	Ordinary	100%	Dormant

22. Share capital

Group	**2012 Number**	**2012 £**	2011 Number	2011 £
Authorised: Ordinary shares of 1p each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Allotted called up and fully paid: Ordinary shares of 1p each	**31,721,178**	**317,212**	31,721,178	317,212

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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 June 2012.

Date of grant	Number of shares	Exercise price	Period exercisable
12 September 2002	3,326,000	12.36p	See below *
1 February 2004	200,000	12.36p	See below *
1 May 2005	500,000	12.36p	See below *
1 July 2005	400,000	12.36p	See below *
1 March 2006	500,000	12.36p	See below *
29 June 2012	634,434	1.00p	See below **

During the year, the share price fluctuated between 8.5 pence and 10.125 pence and closed at 10.125 pence on 30 June 2012.

* 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 November 2002 and not vested at 1 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.

**These options were granted at an exercise price of 1 pence each on 29 June 2012. The options are conditional on certain vesting criteria including an annual Group Profit before tax target for the year ended 30 June 2014.

The weighted average fair value of the 2012 LTIP granted during the period, determined using the Black-Scholes valuation model, was 9.125 pence per option (2011: nil). The significant inputs into the model were mid-market share price of 10.125 pence at the grant date; exercise price shown above; an expected 10 year time to expiry; an annual risk- free interest rate of 0.5%; dividend yield of nil; volatility of share price of nil.

No share options are currently exercisable. The Weighted Average Exercise Price of share options outstanding at 30 June 2011 was 12.7p with a weighted average life of 25 months and at 30 June 2012 was 11.1p, with a weighted average life of 16 months.

	2012 Share options	2011 Share options
Amounts exercisable at beginning	**4,926,000**	4,976,000
Granted in period	**634,434**	-
Expirations in period	**-**	(50,000)
Amounts exercisable at year end	**5,560,434**	4,926,000

23. Financial instruments

The Group uses various financial instruments including cash, trade receivables, trade payables, other payables, loans 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.

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.

Interest rate risk

The total loan balance at 30 June 2012 is £79,167 (2011: £129,167). Interest is payable at 3.5% above the bank's base rate (note 18).

The Group finances its operations through a mixture of cash and loans and has some risk to interest rate movements which are not deemed significant in the short term.

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 and Ancora 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:

2012	**Less than one year £**	**One to two years £**	**Two to five years £**	**Total £**
Trade payables	287,853	-	-	287,853
Other payables	276,185	26,000	-	302,185
Lease capital and interest	61,014	55,377	23,448	139,839
Loans	51,969	29,505	-	81,474
At 30 June 2012	677,021	110,882	23,448	811,351

2011	Less than one year £	One to two years £	Two to five years £	Total £
Trade payables	196,268	-	-	196,268
Other payables	247,282	-	-	247,282
Lease capital and interest	10,890	10,890	9,075	30,855
Loans	54,083	52,083	29,467	135,633
At 30 June 2011	508,523	62,973	38,542	610,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2012

23. Financial instruments (continued)

Foreign currencies

During the year exchange differences of £7,240 (2011: £6,917) have arisen and at the year-end £48 (2011: £72) was held in foreign currency bank accounts. It is the Group's 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

2012	**Loans and receivables £**	**Non financial assets £**	**Balance sheet £**
Cash at bank	396,517	-	396,517
Trade receivables - current	1,203,947	-	1,203,947
Other receivables	39,984	-	39,984
Current tax asset	-	55,387	55,387
Prepayments	-	202,147	202,147
	1,640,448	257,534	1,897,982

2011	Loans and receivables £	Non financial assets £	Balance sheet £
Cash at bank	321,133	-	321,133
Trade receivables - current	791,885	-	791,885
Prepayments	-	173,031	173,031
	1,113,018	173,031	1,286,049

The fair values of loans and receivables are considered to be approximately equal to the carrying values.

Financial liabilities by category

2012	**Financial liabilities measured at amortised cost £**	**Other financial liabilities £**	**Non-financial liabilities £**	**Balance sheet £**
Trade payables	-	287,853	-	287,853
Accruals	-	244,931	-	244,931
Other payables	-	7,254	-	7,254
VAT and tax payable	-	-	352,622	352,622
Deferred payments	-	-	24,000	24,000
Loans	50,000	-	-	50,000
Leases	-	-	51,970	51,970
	50,000	540,038	428,592	1,018,630

23. Financial instruments (continued)

Financial liabilities by category

2011	Financial liabilities measured at amortised cost £	Other financial liabilities £	Non-financial liabilities £	Balance sheet £
Trade payables	-	196,268	-	196,268
Accruals	-	222,972	-	222,972
Other payables	-	310	-	310
VAT and tax payable	-	-	280,373	280,373
Deferred payments	-	-	24,000	24,000
Loans	50,000	-	-	50,000
Leases	-	-	8,551	8,551
	50,000	419,550	312,924	782,474

The fair values of financial liabilities are considered to be approximately equal to the carrying values.

24. Capital commitments

The Group has no capital commitments at 30 June 2012 or 30 June 2011.

25. Contingent assets

The Group has no contingent assets at 30 June 2012 or 30 June 2011.

26. Contingent liabilities

The Group has no other contingent liabilities at 30 June 2012 or 30 June 2011.

27. Operating lease commitments

	2012 £	2011 £
Total future lease payments:		
Less than one year	**142,619**	142,619
After one and within two years	**125,085**	142,619
After two and within five years	**79,966**	205,442

Operating lease commitments relate to the lease of buildings at Ipswich, Martlesham, Tuddenham, and Bentwaters which expire in May 2020 (with a break clause in July 2015, January 2016, June 2014 and January 2014 respectively).

28. Transactions with directors

There were no transactions with directors in the year to June 2012 or June 2011.

29. Transactions with associates

During the year the Group invoiced Commercial Finance Brokers (UK) Limited £15,663 (2011: £14,011) for services provided. At the year-end £1,203 (2011: £5,402) was outstanding in relation to these transactions. This amount is within the agreed terms.

COMPANY BALANCE SHEET

AS at 30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	3	**201,609**	201,649
		201,609	201,649
Current assets			
Debtors	4	**390,927**	192,534
Cash at bank and in hand		**7,175**	7,146
		398,102	199,680
Creditors: amounts falling due within one year	5	**(27,771)**	(23,996)
Net current assets		**370,331**	175,684
Total assets less current liabilities		**571,940**	377,333
Capital and reserves			
Share capital	7	**317,212**	317,212
Share premium account	8	**89,396**	89,396
Profit and loss account	8	**165,332**	(29,275)
		571,940	377,333

The Board of Directors approved the financial statements on 31 August 2012.

W A Catchpole
Director

R S M Gordon
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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 by 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 profit for the Company for the year was £194,607 (2011: loss £45,994).

3. Fixed assets – investments

	Subsidiary undertakings £	Associate companies £	Total £
Cost at 1 July 2011	201,609	40	201,649
Additions	-	-	-
Cost at 30 June 2011	201,609	40	201,649
Disposals	-	(40)	(40)
Cost at 30 June 2012	201,609	-	201,609

On 29 June 2012 the Company sold its 40% shareholding in Commercial Finance Brokers (UK) Limited to its executive directors for the sum of £40,000, payable by way of 12 monthly instalments of £1,000 commencing 30 July 2012, 18 monthly instalments of £1,500 commencing 30 July 2013 and a balancing instalment of £1,000 on completion.

The Group is exempt from the requirements of FRS 8 to disclose transactions between wholly owned members of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

4. Current assets

	2012 £	2011 £
Other debtors	**42,729**	3,050
Amount owed by Group undertaking	**343,608**	185,434
Prepayments and accrued income	**4,590**	4,050
	390,927	192,534

5. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	**22,974**	17,160
Accruals and deferred income	**4,797**	6,836
	27,771	23,996

6. Deferred taxation

Deferred tax assets are calculated at a rate of 24% (2011:26%).

	2012 £	2011 £
Provided - trading losses	**-**	-
Unprovided - trading losses	**100,670**	109,417
	100,670	109,417

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

7. Share capital

	2012 Number	2012 £	2011 Number	2011 £
Authorised: Ordinary shares of 1p each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Allotted called up and fully paid: Ordinary shares of 1p each	**31,721,178**	**317,212**	31,721,178	317,212

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 June 2012, which are detailed in Group note 22.

8. Reserves

	Share premium account £	Profit and loss account £
At 1 July 2011	89,396	(29,275)
Profit for the year	-	194,607
At 30 June 2012	89,396	165,332

9. Reconciliation of movement in shareholders funds

	2012 £
At 1 July 2011	**377,333**
Profit for the year	**194,607**
At 30 June 2012	**571,940**

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