IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2013

AIM STOCK CODE: IPP

CONTENTS

04	CHAIRMAN'S STATEMENT
05	BUSINESS REVIEW
09	REMUNERATION COMMITTEE REPORT
11	DIRECTORS AND ADVISORS
12	DIRECTORS' REPORT
16	INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPPLUS PLC
17	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
18	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
20	CONSOLIDATED STATEMENT OF CASH FLOWS
21	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
22	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
50	COMPANY BALANCE SHEET
51	NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL HIGHLIGHTS

- Group revenues increased by 20% to £8.1 million up from £6.8 million
- Underlying profit before taxation rose by 43% from £290,705 to £417,108 when non-recurring items are excluded (see below)
- Profit before taxation increased to £345,856 up from £330,665
- Profit after taxation increased to £472,856 from £408,096
- Closing cash balance of £559,574, giving a net balance of £530,407 after bank debt
- Capital expenditure during the year of £324,613
- Maiden dividend proposed at 0.3 pence per share (subject to shareholder approval)

OPERATIONAL HIGHLIGHTS

- Ansaback revenues increased by 17% to £5,759,218
- CallScripter revenues increased by 26% to £1,490,042
- IP3 Telecom awarded PCI DSS (Payment Card Industry Data Security Standards) Level 1 compliance, the highest level of compliance issued by the governing body for global payment handling
- Ancora revenues rose 28% to £826,898
- Office space doubles to 15,500 square feet following the purchase of the office freehold on 1 July 2013

CHAIRMAN'S STATEMENT

Financial summary

The Board is pleased to report good progress and an increase in both turnover and profit. The Group achieved a profit before taxation for the year ended 30 June 2013 of £345,856 (2012: £330,665), on turnover of £8,076,158 (2012: £6,748,159).

However underlying profit (after non-recurring items are excluded) improved from £290,705 to £417,108 as shown below.

	2013 £	2012 £
Declared profit before taxation	345,856	330,665
Profit from sale of Commercial Finance Brokers (UK Limited)	-	(39,960)
PCI non-recurring costs	71,252	-
Underlying profit before taxation	**417,108**	**290,705**

Business summary

CallScripter increased its revenue by 26% in the year, whilst recurring revenue streams increased to £600,000. CallScripter also made its maiden divisional profit of £23,172, (before the allocation of central overheads to give a segmental loss), following a divisional loss of £37,776 in the previous year.

CallScripter has also made further progress in establishing new channels for its software in the year. The total number of licences worldwide is now in excess of 18,000, up from 15,700 at the end of last financial year, which have been deployed in 40 countries.

Ansaback recorded excellent growth during the year with a 17% increase in revenues and this is the prime reason why the Group purchased its principal place of business as announced on 1 July 2013. The increased number of dedicated desks has also necessitated this move.

IP3 Telecom reported last year that it would invest in the development of its business offerings and whilst it has grown its business, it has spent considerable resources in launching its PCI compliant offering PCI-PAL. PCI-PAL achieved Level 1 PCI accreditation and is one of only four UK recognised compliant suppliers. PCI-PAL incurred non-recurring one-off costs of £71,252 during this exercise. The fruits of this have yet to be seen, but will continue to build in the next 12 months. Over £28 million of revenue has already passed through the secure processing portal. The majority of Ansaback clients now use IP3's network telephony platform to enhance services and provide primary disaster recovery functions.

Having had a disappointing previous year, the board is pleased to report that Ancora Solutions ("Ancora") has reversed its fortunes and has now returned to divisional profitability (before the allocation of central overheads to give a segmental loss). The market in specialist removals remains fiercely competitive but despite this Ancora has been able to secure good contracts. New archiving contracts have been secured and all archive clients have been transferred to our new record storage and management software system which has resulted in a more streamlined service.

Building purchase

On 1 July 2013 the Group purchased the freehold of its principal place of business at 1-2 Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ for the sum of £1,550,000. This purchase has been funded by a mortgage of £1,192,500 from NatWest Bank PLC and existing cash resources.

The Group has occupied the ground floor of this building since May 2000 and is now at a stage where more space is required. The purchase provides the upper floor of the office block for the Group's planned expansion.

Whilst annual overheads are expected to increase marginally reflecting increased rates on the enlarged property use, the Group's floor space has almost doubled to 15,500 square feet and the mortgage repayments for the entire building will be less than the current rent for the ground floor.

In addition, and subsequent to the purchase of the freehold, the current sub-tenant of the upper floor has agreed to the early termination of its lease, in consideration of which it has paid the Group the sum of approximately £353,000. These funds have been utilised by the Group to assist the purchase of the freehold, making the transaction broadly cash neutral, and will be recorded as a profit in the results for the year ended 30 June 2014.

We expect to spend a further £100,000 during the current financial year on fitting out the additional space that we have acquired.

Dividend

Each year the Board decides whether to declare a dividend or return capital to shareholders or purchase shares in the market to be held as treasury stock. This 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; and, the banking climate, with particular regard to their willingness to support SMEs.

Taking these factors into consideration the Board is pleased to announce that it will be proposing the payment of a maiden dividend of 0.3p per share (subject to shareholder approval). As this was proposed post year end no liability has been recognised in the accounts.

People

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

Outlook

Notwithstanding an extremely competitive and challenging business environment, the Directors are confident about the future prospects for the Group and look forward to reporting further progress.

Philip Dayer
30 August 2013

BUSINESS REVIEW

Business summary

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

The Group trades under five trading styles namely CallScripter, Ansaback (including IP3 Telecom and PCI-PAL) and Ancora Solutions.

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

PCI-PAL offers a PCI DSS ("Payment Card Industry Data Security Standard") solution which allows call centres and telephone agents to take payments in a PCI compliant fashion with customer service unaffected and existing operational processes maintained. PCI-PAL makes contact centre payment collection easy and secure, de-scoping the operation from the requirements of PCI DSS.

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 have a role to play but the call centre that end customers associate with continues to be evolving in the UK. The pressure for businesses to offer better 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 we continue to prospect for larger clients who seek a mix of dedicated and bureau desks.

The IP3 Telecom market is principally in the UK, although it does have some international clients.

Whilst the market for advanced telephony services is large the specialist nature of complex IVR continues to provide us with excellent prospects for growth.

The market for PCI compliant services is expected to increase dramatically in the next few years as more companies become increasingly concerned about complying with data security. The main risk to companies is losing their payment processing contracts and then being forced to pay large premiums/fines to become compliant by the main credit card processors. There have been some recent examples of high profile data losses which will push any business handling credit card data to review their process.

The market for our CallScripter software is not bounded by the UK and the percentage of our business now conducted abroad has exceeded 50% and is likely to grow further in the next few years with growth into new territories.

Ancora Solutions' archiving and secure destruction market is focused on the Eastern Region of the UK and London. With the implementation of a new web based archiving system this market area is also expected to 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 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.

BUSINESS REVIEW (Continued)

Risks (continued)

PRINCIPAL BUSINESS RISK AND UNCERTAINTIES (continued)

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 that 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. The directors review the market movements, client requirements and competitive suppliers to ensure that the current portfolio is as required. The Ansaback and Ancora markets are wide and diverse, and while other competitors may enter the arena, divisional success rests with the sales team. The directors ensure that the team are properly directed, trained and motivated to address this issue.

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.

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

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 a Disaster Recovery and Data Centre facility at an office 5 miles away from the main building. This office can accommodate up to 60 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.

Looking at other contact centre risks we have a standby generator in case of power cuts to lower our susceptibility to power outages, whilst 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.

PCI-PAL operates out of a state of the art data centre in the heart of the city. This facility has an extremely high level security and 99.999% availability which is the level required by banks and emergency services. The risk of this being penetrated by hackers is limited as no data is stored – the risk would therefore only be disruptive to the processing of cards.

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 and the division is currently developing its digital offering. 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.

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 meet its 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.

The main risk within Ansaback is the exposure to the failure of a major client, as the top 20 clients represent 69% of turnover. However, apart from the major utility client which has a unique contract and a significant credit rating, no individual client accounts for more than 8% of the divisional turnover. Continued vigilance is taken with credit control and new clients to minimise exposure.

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 21 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 30 June 2013 follows:

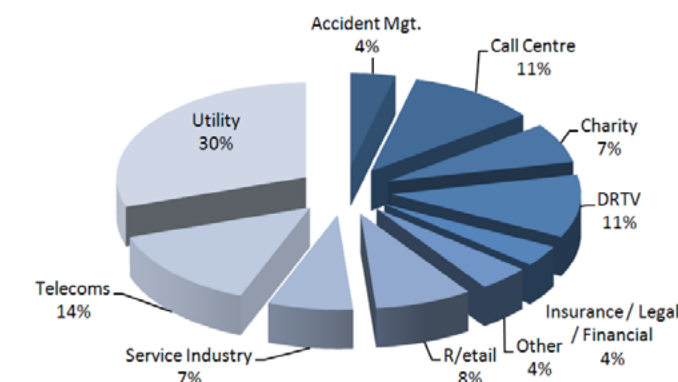
Ansaback

- Ansaback revenues increased by 17% to £5,759,218
- Fixed seat revenue from dedicated and outbound services increased by 35%
- However bureau sales have consequently decreased 12% as the business matures

A major utility client, to whom we currently supply telephony services, has increased their requirements and an area of the new office space will be brought into immediate use in servicing this client's business. Our traditional market sectors have held up well and we only lost one significant client in the final quarter of the year. Whilst frustrating, this bad debt was minimised and new business has been signed up which will replace the loss. There are still some fluctuations in call volumes in the charity sector but our position in the Telecoms sector continues to be strong.

The move towards larger clients with a greater need for more dedicated agent seats is likely to continue. The recruitment of suitably experienced high calibre sales personnel will remain a focus for the division.

Ansaback sales by market



IP3 Telecom and PCI-PAL

This was a breakthrough year for the division with the first clients using the PCI-PAL compliant platform and over £28 million of credit card payments being transacted. The sales pipeline for new business is growing rapidly and we are looking forward to reporting continued growth. The hosted model has significant advantages in descoping the compliance for businesses in contrast to an in house solution with its associated costs. The time taken from enquiry to implementation is considerably longer than anticipated and this has been similarly reported by other vendors of PCI solutions. We think this delay in decision making is inevitable until the credit card companies start to tighten the compliance issue and make it compulsory to use a PCI accepted solution. At present PCI-PAL is one of only four UK organisations with a Level 1 PCI DSS certification, the highest level of compliance issued by the governing body for global payment handling.

The existing IP3 business continues to grow and remains profitable. The refreshed IP3 website is now generating a steady flow of new enquiries, and the sales team has been expanded, contributing towards the growth of the IP3 direct client base.

CallScripter

CallScripter made excellent progress in the year and revenues increased by 26% to £1,490,042 with over 50% of its revenues derived from export markets.

In September 2012 CallScripter won an order for 335 agent licences, in conjunction with its longest standing worldwide OEM partner, for one of the largest outsourcers worldwide.

CallScripter renewed its 7 year old worldwide OEM relationship with Interactive Intelligence Inc., in August 2012, for the provision of the underlying software technology behind Interaction EasyScripter™, the enhanced call scripting solution for Interaction Dialer®.

CallScripter has significantly expanded its commitment to the Avaya DevConnect international partner programme to increase the position of CallScripter as 'an advanced scripting product of choice' across Avaya's range of contact centre solutions.

BUSINESS REVIEW (Continued)

CallScripter (continued)

We have now established connections in the UK with CISCO who feature strongly in the Gartner Magic quadrant for Call Centre Infrastructure. This association has been helped by CallScripter already having a relationship with CISCO in the US via eLoyalty. This also strengthens the potential global channel.

We have also increased our web presence through a revised website and further search engine optimisation which has increased our lead generation.

Ancora Solutions

The Ancora business made significant progress in the financial year ended 30 June 2013 reversing the lower than expected result of the previous year. New archive customers have been won and the business was awarded two significant archive relocation jobs.

The O'Neil's software with bar coding scanners and an online web portal have been a benefit to the business in streamlining its processes and improving client satisfaction. Highlights from the Ancora Solutions business include:

- Archiving - two excellent new customers - a Hospital and a firm of Solicitors
- Removals - won two large contracts - a County Council's and a major insurance company's archive relocations
- Removals and crate hire sales increased by 60%
- Archiving and storage sales increased by 32%

Post balance sheet event - Building purchase

With the continued growth of the business, and in particular the amount of fixed seat business that we have won, the question of space, or rather the lack of it, in the existing building became a real concern. We actively started to consider this over 12 months ago and continued to review the options available including purchasing or renting new space.

The opportunity arose to acquire the building and IPPlus PLC announced that on 1 July 2013 the Group purchased its principal place of business at Melford Court, Ransomes Europark, Ipswich IP3 9SJ for the sum of £1,550,000. The purchase has been funded by a mortgage of £1,192,500 from the NatWest Bank PLC and existing cash resources.

The Group has occupied the 7,500 square feet of the ground floor of the building since May 2000 and the purchase provides the upper floor of the office block providing an additional 8,000 square feet of office space for planned expansion.

Whilst annual overheads are expected to increase marginally reflecting increased rates on the enlarged property use, the Group's floor space has doubled and the mortgage repayments for the entire building will be less than the current rent for the ground floor.

In addition, and subsequent to the purchase, the current sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it has paid the Group the sum of approximately £353,000. These funds have been utilised by the Group to fund the required deposit, making the transaction broadly cash neutral, and will be recorded as a one-off profit in the results for the year ended 30 June 2014.

Employee relations and social responsibilities

As previously reported the Group continues to advocate a healthy staff policy via its participation in Investors in People together with pursuing a Health and Well Being policy for encouraging healthy practices. Recently it has successfully been reassessed and retains its Investors in People standing. The IT team is actively engaged with Carbon Champions for its ecological and green initiatives regarding technology. We have introduced new policies including a Low Carbon and Environmental Purchasing Policy, whilst the Group encourages car sharing, bus usage and the cycle to work initiative.

The staff are encouraged to participate in corporate team sporting activities and last year we entered teams for three local half marathons and a canoe trip.

The second year of the internal apprentice scheme was carried out whereby call centre staff could work for up to a month for the various divisions. This gave management the chance to evaluate whether these employees had potential to progress to a full time role and similar to last year we have seen two apprentices take on full time roles. We foresee a continuity of this initiative based on its popularity and success.

The Group's employees support a designated charity every year and raised £1,594 for The Woolverstone Wish Fund.

Summary and outlook

The Group has made significant progress during the financial year ended 30 June 2013, notwithstanding an extremely competitive and challenging business environment, and with the increased space now available the board is optimistic about progress in the year ahead.

William A Catchpole
30 August 2013

REMUNERATION COMMITTEE REPORT

As the Company is quoted on the 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 following principles 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 dependant on the level of achievement against the annual Group Profit before tax targets. This bonus will be set annually by the Remuneration Committee.

Long term incentive plan

Long Term Incentives will continue to be set under the new Long Term Incentive Plan ("LTIP") approved at last year's Annual General Meeting. The key elements of this LTIP 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 latest LTIP cycle covering July 2013 - June 2015, 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)

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	Date of appointment	Notice period
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
30 August 2013

DIRECTORS AND ADVISORS

Company registration number: 3869545

Registered office:
Melford Court
The Havens
Ransomes Europark
Ipswich
Suffolk
IP3 9SJ

Telephone: +44 (0) 1473 321800

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 Singer

Lawyers: Shepherd and Wedderburn LLP

Registrars: Capita Registrars Limited
Telephone: (UK): 0871 664 0300
(Overseas): +44 208 639 3399

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 2013.

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:

	2013 £	2012 £
Revenue	8,076,158	6,748,159
Profit before taxation	345,856	330,665
Profit after taxation	472,856	408,096

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 recommend payment of a maiden dividend of 0.3 pence per share (2012: £nil) (subject to shareholder approval) at the Group's Annual General Meeting to be held on 10 October 2013.

The Directors' remuneration was as follows:

2012/13	Salary £	Benefits £	Bonus £	Total £	Pension £
W A Catchpole	158,628	4,393	6,428	169,449	15,528
R S M Gordon	122,227	2,043	4,286	128,556	11,776
G Forsyth	109,290	2,690	4,286	116,266	10,906
P J Dayer (non-executive)	32,500	-	-	32,500	-
B J Waldron (non-executive)	25,000	-	-	25,000	-

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	-

On 1 July 2013 the Group purchased the freehold of its principal place of business at 1-2 Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ for the sum of £1,550,000. This purchase has been funded by a mortgage of £1,192,500 from NatWest Bank PLC and existing cash resources (Note 28)

3. Directors

The present membership of the Board is set out below, all of whom served during the year.

The beneficial and other interests of the directors and their families in the shares of the Company at 30 June 2013 and 1 July 2012 were as follows:

	30 June 2013 Ordinary shares of 1p each	1 July 2012 Ordinary shares of 1p each
W A Catchpole	2,525,440	2,369,979
G Forsyth	991,456	892,657
R S M Gordon	951,433	834,455
P J Dayer (non-executive)	293,619	293,619
B J Waldron (non-executive)	-	-

The above interests include 33,220 (2012: 33,220) ordinary shares held by or on behalf of W.A. 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 27 November 2012, directors were granted options to subscribe for ordinary shares in the Company as follows:

	Number of shares	Exercise price (pence)
W A Catchpole	100,000	1.00
R S M Gordon	100,000	1.00
G Forsyth	100,000	1.00

Options are conditional on certain vesting criteria including an annual Group Profit before tax target for the year ended 30 June 2015.

4. Share price and substantial shareholdings

During the year, the share price fluctuated between 10.125 pence and 21.375 pence and closed at 19.625 pence on 28 June 2013.

The beneficial and other interests of other substantial shareholders and their families in the shares of the Company at 28 June 2013 and 1 July 2012 were as follows:

	30 June 2013 Ordinary shares of 1p each	1 July 2012 Ordinary shares of 1p each
P Wildey	6,132,500	5,800,000
A Catchpole	2,860,000	2,410,000
P M Brown	1,940,000	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 have elected to 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 and profit and loss of the Company and 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 accounting 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 auditor is 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 123 days (2012: 122 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 21, along with information regarding exposure to credit risk, interest rate risk and liquidity risk.

13. Treasury shares

The Group acquired 48,229 of its own shares on 13 May 2013 at a cost of £9,887 (2012: £nil) and these are held as Treasury Shares.

13. 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.

14. 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 2013.

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

BY ORDER OF THE BOARD

R S M Gordon
Secretary
30 August 2013

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 2013 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 pages 13 and 14, 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 2013 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
30 August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	2013 £	2012 £
Revenue		**8,076,158**	**6,748,159**
Cost of sales		(4,715,865)	(3,838,766)
Gross profit		3,360,293	2,909,393
Administrative expenses		(3,001,749)	(2,568,473)
Operating profit		358,544	340,920
Finance income	6	3,105	1,428
Finance expenditure	7	(15,793)	(11,683)
Profit before taxation	**5**	**345,856**	**330,665**
Income tax credit	11	127,000	77,431
Profit and total comprehensive income attributable to equity holders of the parent company		**472,856**	**408,096**
Basic and diluted earnings per share	10	1.49p	1.29p

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 2013

	Note	2013 £	2012 £
ASSETS			
Non-current assets			
Land	14	62,482	52,832
Plant and equipment	13	390,058	445,284
Intangible assets	12	548,828	544,739
Deferred taxation	18	373,000	280,000
Non-current assets		1,374,368	1,322,855
Current assets			
Trade and other receivables	15	1,604,583	1,446,078
Current tax assets		20,759	55,387
Cash and cash equivalents		559,574	396,517
Current assets		2,184,916	1,897,982
Total assets		**3,559,284**	**3,220,837**
LIABILITIES			
Current liabilities			
Trade and other payables	16	(905,543)	(916,660)
Current portion of long-term borrowings	16	(92,163)	(101,970)
Current liabilities		(997,706)	(1,018,630)
Non-current liabilities			
Long term borrowings	17	(37,900)	(130,088)
Deferred taxation	18	(65,000)	(76,410)
Non-current liabilities		(102,900)	(206,498)
Total liabilities		**(1,100,606)**	**(1,225,128)**
Net assets		**2,458,678**	**1,995,709**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 £	2012 £
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	20	317,212	317,212
Share premium		89,396	89,396
Other reserves		18,396	18,396
Profit and loss account		2,033,674	1,570,705
Total equity		**2,458,678**	**1,995,709**

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 30 August 2013.

W A Catchpole
Director

R S M Gordon
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	2013 £	2012 £
Cash flows from operating activities		
Profit after taxation	472,856	408,096
Adjustments for:		
Depreciation	212,217	164,015
Amortisation of intangible assets	153,883	133,802
Interest income	(3,105)	(1,428)
Interest expense	3,126	4,492
Interest element of finance leases	9,295	3,819
Other interest	3,372	3,372
Income taxes	(22,590)	(82,431)
Deferred tax provision	(104,410)	5,000
Profit on disposal of associate	-	39,960
Profit on sale of fixed assets	(600)	(100)
Increase in trade and other receivables	(169,506)	(524,454)
(Decrease)/increase in trade and other payables	(12,657)	192,737
Decrease in inventories	-	(3,636)
Cash generated from operations	**541,881**	**350,516**
Income taxes received	55,387	27,044
Interest element of finance leases	(9,295)	(3,819)
Interest paid	(3,126)	(4,492)
Net cash generated from operating activities	**584,847**	**369,249**
Cash flows from investing activities		
Acquisition of Ancora business	(24,000)	(24,000)
Deferred consideration for purchase of Commercial Finance Brokers (UK) Limited	(11,000)	-
Purchase of plant and equipment	(133,977)	(63,795)
Capitalisation of development costs	(157,972)	(120,378)
Interest received	3,105	1,428
Proceeds from sale of fixed assets	600	100
Net cash used in investing activities	**(301,244)**	**(206,645)**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 30 June 2013

	2013 £	2012 £
Cash flows from financing activities		
Repayment of borrowings	(50,000)	(50,000)
Buy-back of Treasury Shares	(9,887)	-
Capital element of finance lease rentals	(60,659)	(37,220)
Net cash used in financing activities	(120,546)	(87,220)
Net increase in cash	**163,057**	**75,384**
Cash and cash equivalents at beginning of year	396,517	321,133
Net increase in cash	163,057	75,384
Cash and cash equivalents at end of year	**559,574**	**396,517**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 July 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 1 July 2012	**317,212**	**89,396**	**18,396**	**1,570,705**	**1,995,709**
Shares placed into Treasury	-	-	-	(9,887)	**(9,887)**
Transactions with owners	-	-	-	(9,887)	**(9,887)**
Profit and total recognised income and expense for the year	-	-	-	472,856	**472,856**
Balance at 30 June 2013	**317,212**	**89,396**	**18,396**	**2,033,674**	**2,458,678**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2013 were authorised for issue by the Board of Directors on 30 August 2013 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 2012 are:

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2012) (effective 1 January 2013)
- IAS 27 (Revised) Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised) Investments in Associates and Joint Ventures (effective 1 January 2014)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2013)
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2013)
- 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)
- Annual Improvements 2009-2012 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 in accordance with the Companies Act 2006 applicable to those companies reporting under IFRS 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 19) drawn up to 30 June 2013. A subsidiary is a company controlled directly by the Group and all of the subsidiaries are 100% owned by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of the investee entity to obtain benefits from its activities.

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

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

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

c) Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for 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 performance of obligations over time.

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

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 a previous year to value the assets acquired during the purchase of Ancora Solutions. These calculations used the future sales and costs, estimates of a 3.5% annual inflation rate, estimates of a 10% attrition rate, and 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).

In calculating the value and use of the CallScripter division, management make judgements and estimates of future cash flows and do not consider the Intangible Assets in this division to be impaired.

Management applied judgements regarding the performance criteria of the Employee Share Options and do not expect these to vest.

e) Intangible assets

Goodwill

Goodwill was created on the purchase of Ancora Solutions. This Goodwill is not amortised but is subject to annual impairment review to ensure the value is recoverable.

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 rates applicable are:

- 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)

Research and development (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) Land, 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

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.

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

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited 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) 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' 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.

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

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

n) Contribution to defined contribution pension schemes
The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Principal accounting policies (continued)

o) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.
Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

p) Share options

The directors do not consider that the amounts involved are material and, as the performance criteria are not expected to be met, no charge has been recognised as explained in Note 20.

q) 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 2013 the Group had a closing cash balance of £559,574 and an outstanding bank loan balance of £29,167.

5. Profits before taxation

Profit on ordinary activities is stated after:

	2013 £	2012 £
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the company's annual accounts	8,500	8,500
Fees payable to the Group's auditors for other services		
The audit of the Company's subsidiaries pursuant to legislation	11,000	11,000
Taxation services	4,200	6,150
All other services	3,313	2,000
Depreciation and amortisation – charged in administrative expenses		
Intangible assets	153,883	133,802
Plant and equipment – owned	164,218	142,436
Plant and equipment – leased	47,999	215,79
Rents payable	187,695	21,579
Foreign exchange cost	5,212	176,626
Profit on disposal of investment	-	39,960
Profit on sale of fixed asset	600	100

6. Finance income

	2013 £	2012 £
Bank interest receivable	3,105	1,428

7. Finance expenditure

	2013 £	2012 £
Interest on bank borrowings	3,126	4,492
Finance charges in respect of finance leases	9,295	3,819
Other	3,372	3,372
	15,793	**11,683**

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:

	2013 £	2012 £
Wages and salaries	5,096,151	4,224,187
Social security costs	426,358	367,401
Other pension costs	78,390	65,884
	5,600,899	**4,657,472**

	2013 Heads	2012 Heads
Average number of employees during the year	248	238

Remuneration in respect of directors was as follows:

	2013 £	2012 £
Emoluments	471,771	463,973
Pension contributions to money purchase pension schemes	38,210	35,020
	509,981	**498,993**

During the year 3 (2012: 3) directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2013 £	2012 £
Emoluments	169,449	167,496
Pension contributions to money purchase pension schemes	15,528	14,196

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Directors and employees (continued)

Key management compensation:

	2013 £	2012 £
Short term employee benefits	758,787	737,013
Post employment benefits	54,023	50,645
	812,810	**787,658**

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 and PCI-PAL are part of the Ansaback division. The results of these two activities are not reported separately to management and are not treated as separate segments. 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.

2013	Ansaback £	CallScripter £	Ancora £	Unallocated £	Total £
Revenue	5,759,218	1,490,042	826,898	-	8,076,158
Segment result	458,456	(49,936)	(49,976)	-	358,544
Finance income					3,105
Finance costs					(15,793)
Profit before tax					345,856
Taxation					127,000
Profit for the year from continuing operations					**472,856**
Segment assets	1,428,658	632,309	437,969	1,060,348	3,559,284
Segment liabilities	-	-	-	(1,100,606)	(1,100,606)
Other segment items:					
Capital Expenditure					
- Plant and Equipment	115,468	16,651	24,872	-	156,991
- Intangible Assets	-	157,972	-	-	157,972
Depreciation (note 13)	144,251	6,837	61,129	-	212,217
Amortisation of intangible assets (note 12)	2,505	123,078	28,300	-	153,883

9. Segmental information (continued)

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	3,200,837
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Segmental information (continued)

Revenue can be split by location of customers as follows:

	2013 £	2012 £
Ansaback		
United Kingdom	5,733,104	4,884,476
United States	3,758	14,672
Ireland	8,336	5,969
Other countries	14,020	12,059
	5,759,218	**4,917,176**
Ancora		
United Kingdom	826,898	647,700
	826,898	**647,700**
CallScripter		
United Kingdom	621,490	725,542
United States	624,261	301,329
Ireland	29,356	61,045
Australia	59,239	50,805
Nigeria	22,080	-
Luxembourg	20,306	17,185
Belgium	10,610	10,042
Netherlands	6,427	1,394
Denmark	87,892	9,354
Cyprus	5,960	5,425
Other countries	2,421	1,162
	1,490,042	**1,183,283**
	8,076,158	**6,748,159**

One single external customer generates 30% of the Ansaback division's revenues.

All non-current assets are located in the United Kingdom.

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 as the vesting conditions are not met at the year end. Details of potential share options are disclosed in note 20.

	12 months ended 30 June 2013	12 months ended 30 June 2012
Profit after taxation added to reserves	£472,856	£408,096
Weighted average number of ordinary shares in issue during the period	31,714,825	31,721,178
Basic and diluted earnings per share	1.49p	1.29p

11. Taxation

	2013 £	2012 £
Analysis of charge in the year		
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 23.75% (2012:25.5%)	-	-
Adjustments in respect of prior periods	22,590	82,431
Total current tax credited	**22,590**	**82,431**
Deferred tax:		
Origination and reversal of temporary differences	93,000	
Movement on capitalised intangibles	11,410	(5,000)
Total deferred tax credited/(charged)	**104,410**	**(5,000)**
Credit	**127,000**	**77,431**

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 23.75% (2012: 25.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Taxation (continued)

	2013 £	2012 £
Profit on ordinary activities before tax	345,856	330,665
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012: 25.5%)	82,141	84,320
Expenses not deductible for tax purposes	4,272	4,650
Depreciation in excess of/(less than) capital allowances for the year	1,737	(12,613)
Utilisation of tax losses	(90,432)	(65,917)
Other	2,282	(10,440)
Research and Development claim	(22,590)	(82,431)
Deferred tax losses recognised on lease surrender	(93,000)	-
Liability on capitalised intangibles	(11,410)	5,000
Total tax credit for the year	**(127,000)**	**(77,431)**

During the year to 30 June 2013 the Group submitted a Research and Development claim to HMRC relating to the year ended 30 June 2012 of £22,590. Payment was received on 5 July 2013. This credit was recognised in the Income Statement and included in Debtors.

During the year to 30 June 2012 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. 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.

12. Intangible assets

The Directors have not considered the carrying value of the Ancora division goodwill as it is not considered material.

2013 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 internal salaries	-	-	768,053	768,053
Cost at 1 July 2012	**32,500**	**298,038**	**768,053**	**1,098,591**
Goodwill	-	-	-	-
Customer contracts	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries	-	-	157,972	157,972
Additions	**-**	**-**	**157,972**	**157,972**
Goodwill	-	-	-	-
Customer contracts	-	(15,038)	-	(15,038)
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries	-	-	-	-
Disposals	**-**	**(15,038)**	**-**	**(15,038)**

12. Intangible assets (continued)

2013 Cost	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	32,500	-	-	32,500
Customer contracts	-	-	-	-
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter internal salaries	-	-	926,025	926,025
Cost at 30 June 2013	**32,500**	**283,000**	**926,025**	**1,241,525**

Amortisation (included within administrative expenses):	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	-	-	-	-
Customer contracts	-	12,533	-	12,533
Ancora brand	-	400	-	400
Ancora client relationships	-	37,333	-	37,333
CallScripter internal salaries	-	-	503,586	503,586
Amortisation at 1 July 2012	**-**	**50,266**	**503,586**	**553,852**
Goodwill	-	-	-	-
Customer contracts	-	2,505	-	2,505
Ancora brand	-	300	-	300
Ancora client relationships	-	28,000	-	28,000
CallScripter internal salaries	-	-	123,078	123,078
Charge for the year	**-**	**30,805**	**123,078**	**153,883**
Goodwill	-	-	-	-
Customer contracts	-	(15,038)	-	(15,038)
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries	-	-	-	-
Written out in the year	**-**	**(15,038)**	**-**	**(15,038)**
Goodwill	-	-	-	-
Customer contracts	-	-	-	-
Ancora brand	-	700	-	700
Ancora client relationships	-	65,333	-	65,333
CallScripter internal salaries	-	-	626,664	626,664
Amortisation at 30 June 2013	**-**	**66,033**	**626,664**	**692,697**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Intangible assets (continued)

Net book amount	Goodwill £	Purchased intangibles £	Capitalised development costs £	Total £
Goodwill	32,500	-	-	32,500
Customer contracts	-	-	-	-
Ancora brand	-	2,300	-	2,300
Ancora client relationships	-	214,667	-	214,667
CallScripter internal salaries	-	-	299,361	299,361
Net book amount at 30 June 2013	**32,500**	**216,967**	**299,361**	**548,828**

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 internal salaries	-	-	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 internal salaries	-	-	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 internal salaries	-	-	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 internal salaries	-	-	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 internal salaries	-	-	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 internal salaries	-	-	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 internal salaries	-	-	264,467	264,467
Net book amount at 30 June 2012	**32,500**	**247,772**	**264,467**	**544,739**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Plant and equipment

2013	Plant £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:					
At 1 July 2012	121,756	56,113	394,874	474,700	1,047,443
Additions	21,865	10,000	9,945	115,181	156,991
Disposals	(8,000)	(8,000)	(4,581)	(141,843)	(162,424)
At 30 June 2013	**135,621**	**58,113**	**400,238**	**448,038**	**1,042,010**
Depreciation (included within administrative expenses):					
At 1 July 2012	35,716	31,690	232,844	301,909	602,159
Charge for the year	28,710	12,313	70,162	101,032	212,217
Disposals	(8,000)	(8,000)	(4,581)	(141,843)	(162,424)
At 30 June 2013	**56,426**	**36,003**	**298,425**	**261,098**	**651,952**
Net book amount at 30 June 2013	**79,195**	**22,110**	**101,813**	**186,940**	**390,058**

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**

Included within the net book amount of £390,058 (2012: £445,284) is £108,100 (2012: £123,435) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £47,999 (2012: £21,579).

14. Land

	2013 £	2012 £
Cost and net book value		
Cost and net book value at 1 July 2012	52,832	52,832
Additions	9,650	-
Cost and net book value at 30 June 2013	**62,482**	**52,832**

15. Trade and other receivables

	2013 £	2012 £
Trade receivables	1,364,065	1,203,947
Other receivables	61,845	39,984
Prepayments and accrued income	178,673	202,147
Trade and other receivables	**1,604,583**	**1,446,078**

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 carrying value of each class of receivables mentioned above. The Group holds £13,981 (2012: £18,062) of deposits as security against certain accounts.

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

	2013 £	2012 £
Opening provision at 30 June 2012	4,899	4,218
Charged to income	7,798	681
Closing provision at 30 June 2013	**12,697**	**4,899**

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

	2013 £	2012 £
0-30 days past due	15,223	20,299
30-60 days past due	13,381	677
Over 60 days past due	496	180
	29,100	**21,156**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Current liabilities

	2013 £	2012 £
Trade payables	162,259	287,853
Social security and other taxes	390,868	352,622
Other payables	352,416	276,185
Trade and other payables	**905,543**	**916,660**
Bank loans (note 17)	29,167	50,000
Amounts due under finance leases	62,996	51,970
Current portion of long-term borrowings	**92,163**	**101,970**
	997,706	**1,018,630**

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

17. Non-current liabilities

	2013 £	2012 £
Bank loans	-	29,167
Amounts due under finance leases	35,900	74,921
Other payables	2,000	26,000
Long term borrowings	**37,900**	**130,088**
Deferred taxation	65,000	76,410
	102,900	**206,498**

17. Non-current liabilities (continued)

Borrowings
Bank loans are repayable as follows:

	2013 £	2012 £
Within one year	29,167	50,000
After one year and within two years	-	29,167
	29,167	**79,167**

On 21 January 2012 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:

	2013 £	2012 £
Within one year	338	1,969
After one year and within two years	-	338
	338	**2,307**

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

Amounts due under finance leases fall due as follows:

	2013 £	2012 £
Within one year	68,297	61,014
After one year and within two years	37,161	55,377
After two and within five years	-	23,448
	105,458	**139,839**

The above table includes interest of £5,301 due within one year and £1,261 due after one year but within two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Deferred taxation

Deferred taxation is calculated at a rate of 23% (2012: 24%).

	Tax losses £	Capitalised intangibles £	Total £
Opening balance at 1 July 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
Charged through the statement of comprehensive income in the year	93,000	11,410	104,410
At 30 June 2013	**373,000**	**(65,000)**	**308,000**

	2013 £	2012 £
Unprovided deferred tax assets		
Accelerated capital allowances	14,000	6,000
Trading losses	39,000	157,000
	53,000	**163,000**

The deferred tax asset of £373,000 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. This has been increased to recognise the losses which will be utilised in relation to the early surrender of the tenant lease.

There are unprovided deferred tax losses of £170,000.

The unprovided deferred tax assets are calculated at a rate of 23% (2012: 24%). The unprovided deferred tax assets attributable to losses should be recoverable against future profits.

19. Group undertakings

At 30 June 2013, 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 Solutions 365 Limited	England	Ordinary	100%	Dormant
IP3 Telecom Limited	England	Ordinary	100%	Dormant
PCI-PAL Limited (formerly IPPlus Nominees Limited)	England	Ordinary	100%	Dormant
The Number Experts Limited	England	Ordinary	100%	Dormant
Vital Contact (UK) Limited	England	Ordinary	100%	Dormant

20. Share capital

Group	2013 Number	2013 £	2012 Number	2012 £
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

The Group acquired 48,229 of its own shares on 13 May 2013 at a cost of £9,887 (2012: £nil) and these are held as Treasury Shares. This value is deducted in the Consolidated Statement of Changes in Equity and is reflected in the weighted average number of shares in issue during the period (Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Share capital (continued)

Contingent rights to the allotment of shares

The Group has granted the following share options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30 June 2013.

Date of grant	Number of shares	Exercise price	Period exercisable
1 February 2004	150,000	12.36p	See below *
1 July 2005	400,000	12.36p	See below *
29 June 2012	634,425	1.00p	See below **
27 November 2012	700,000	1.00p	See below ***

During the year, the share price fluctuated between 10.125 pence and 21.375 pence and closed at 19.625 pence on 30 June 2013.

* 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.

*** These options were granted at an exercise price of 1 pence each on 27 November 2012. The options are conditional on certain vesting criteria including an annual Group Profit before tax target for the year ended 30 June 2015.

The weighted average fair value of the November 2012 LTIP granted during the period, determined using the Black-Scholes valuation model, was 15.375 pence per option (2012: nil). The significant inputs into the model were mid-market share price of 16.375 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.

The weighted average fair value of the June 2012 LTIP granted during the period, determined using the Black-Scholes valuation model, was 9.125 pence per option (2012: 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 2012 was 11.1p, with a weighted average life of 16 months and at 30 June 2013 was 4.2p, with a weighted average life of 24 months.

No share option charge has been recognised during the year because management are of the opinion that the performance conditions will not be met.

20. Share capital (continued)

	2013 Share options	2012 Share options
Amounts in issue at beginning	5,560,425	4,926,000
Granted in period	700,000	634,425
Expirations in period	(4,376,000)	-
Amounts in issue at year end	**1,884,425**	**5,560,425**

21. 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 2013 is £29,167 (2012: £79,167). Interest is payable at 3.5% above the bank's base rate (note 17).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments

Liquidity risk (continued)

Trade payables and loans fall due as follows:

2013	Less than one year £	One to two years £	Two to five years £	Total £
Trade payables	162,259	-	-	162,259
Other payables	333,616	2,000	-	335,616
Lease capital and interest	68,297	37,099	-	105,396
Loans	29,505	-	-	29,505
At 30 June 2013	**593,677**	**39,099**	**-**	**632,776**

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**

Foreign currencies

During the year exchange differences of £5,212 (2012: £7,240) have arisen and at the year-end £nil (2012: £48) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments (continued)

Financial assets by category

2013	Loans and receivables £	Non financial assets £	Balance sheet £
Cash at bank	559,574	-	559,574
Trade receivables - current	1,364,065	-	1,364,065
Other receivables	61,845	-	61,845
Current tax asset	-	20,759	20,759
Prepayments	-	178,673	178,673
	1,985,484	**199,432**	**2,184,916**

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**

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

Financial liabilities by category

2013	Financial liabilities measured at amortised cost £	Other financial liabilities £	Non-financial liabilities £	Balance sheet £
Trade payables	-	162,259	-	162,259
Accruals	-	314,026	-	314,026
Other payables	-	14,390	-	14,390
VAT and tax payable	-	-	390,868	390,868
Deferred payments	-	-	24,000	24,000
Loans	29,167	-	-	29,167
Leases	-	-	62,996	62,996
	29,167	**490,675**	**477,864**	**997,706**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments (continued)

Financial liabilities by category (continued)

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**

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

22. Capital commitments

As per note 27 the parent company purchased the Ipswich office on 1 July 2013. This was authorised but not contracted for at the year end. The Group has no capital commitments at 30 June 2013 or 30 June 2012.

23. Contingent assets

The Group has no contingent assets at 30 June 2013 or 30 June 2012.

24. Contingent liabilities

The Group has no other contingent liabilities at 30 June 2013 or 30 June 2012.

25. Operating lease commitments

	2013 £	2012 £
Total future lease payments:		
Less than one year	125,077	142,619
After one and within two years	76,497	125,085
After two and within five years	3,466	79,966

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).

On 1 July 2013 the Ipswich office was purchased and the lease commitment expired reducing the “Less than one year” commitment to £45,077 and the “After one and within two years” commitment to £5,917.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

26. Transactions with directors

There were no transactions with directors in the year to June 2013 or June 2012.

27. Post balance sheet events

Building purchase

On 1 July 2013 the Group purchased its principal place of business at Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ for the sum of £1,550,000 funded by a mortgage of £1,192,500, payable over 25 years with a 5 year break, at 2.66% above the three month LIBOR rate from the NatWest Bank PLC and existing cash resources.

In addition, and subsequent to the Transaction, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it has paid the Group the sum of £353,115. These funds have been utilised by the Group to fund the required deposit, making the transaction broadly cash neutral, and will be recorded as a one-off profit in the results for the year ended 30 June 2014.

Proposed dividend

The directors have proposed a dividend of 0.3 pence per share post year end (subject to shareholder approval). As this was proposed post year end no liability has been recognised in the accounts.

COMPANY BALANCE SHEET

As at 30 June 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	3	201,609	201,609
Land and Buildings	3	8,300	-
		209,909	**201,609**
Current assets			
Debtors	4	510,570	390,927
Cash at bank and in hand		8,184	7,175
		518,754	**398,102**
Creditors: amounts falling due within one year	5	(19,987)	(27,771)
Net current assets		**498,767**	**370,331**
Total assets less current liabilities		**708,676**	**571,940**
Capital and reserves			
Share capital	7	317,212	317,212
Share premium account	8	89,396	89,396
Profit and loss account	8	302,068	165,332
		708,676	**571,940**

The Board of Directors approved the financial statements on 30 August 2013.

W A Catchpole
Director

R S M Gordon
Director

NOTES TO THE FINANCIAL STATEMENTS

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 and also in accordance with the Companies Act 2006.

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 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 £146,623 (2012: £194,607).

3. Fixed assets – investments

	Subsidiary undertakings £	Associate companies £	Total £
Cost at 1 July 2011	201,609	40	201,649
Disposals	-	(40)	(40)
Cost at 30 June 2012	201,609	-	201,609
Additions	-	-	-
Cost at 30 June 2013	**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 2013

3. Fixed assets – Land and buildings

Cost and net book value	2013 £	2012 £
Cost and net book value at 1 July 2012	-	-
Additions	8,300	-
Cost and net book value at 30 June 2013	**8,300**	**-**

4. Current assets

	2013 £	2012 £
Other debtors	63,173	42,729
Amount owed by Group undertaking	349,626	343,608
Deferred taxation	93,000	-
Prepayments and accrued income	4,771	4,590
	510,570	**390,927**

5. Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	19,487	22,974
Accruals and deferred income	500	4,797
	19,987	**27,771**

6. Deferred taxation

Deferred tax assets are calculated at a rate of 23% (2012:24%).

	2013 £	2012 £
Provided - trading losses	93,000	-
Unprovided - trading losses	-	100,670
	93,000	**100,670**

7. Share capital

	2013 Number	2013 £	2012 Number	2012 £
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 2013, which are detailed in Group note 20.

8. Reserves

	Share premium account £	Profit and loss account £
At 1 July 2012	89,396	165,332
Purchase of treasury shares	-	(9,887)
Profit for the year	-	146,623
At 30 June 2013	**89,396**	**302,068**

8. Reconciliation of movement in shareholders funds

	2013 £
At 1 July 2012	571,940
Purchase of treasury shares	(9,887)
Profit for the year	146,623
At 30 June 2013	**708,676**

IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

IPPlus Plc
2 Melford Court
The Havens
Ransomes Europark
Ipswich, Suffolk
IP3 9SJ, UK

T: +44 (0)1473 321800
F: +44 (0)1473 321801
E: info@ipplusplc.com

www.ipplusplc.com