IPPLUS PLC

INTELLIGENT PROFESSIONAL SOLUTIONS

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014




AIM STOCK CODE: IPP

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FINANCIAL HIGHLIGHTS

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- Profit before taxation of £212,483 (2013: £345,856)
- Profit on lease surrender of £352,367
- Impairment of CallScripter intangible assets of £322,974
- Underlying operating profit of £348,882 (2013: £429,796) when lease surrender profit, CallScripter impairment and CallScripter reorganisation costs are excluded (see below)
- Closing cash and cash equivalents balance of £459,693 (2013: £559,574)
- A maiden dividend of 0.3 pence per share was paid in November 2013
- Dividend proposed of 0.15 pence per share for the year ended 30 June 2014 (subject to shareholder approval)

OPERATIONAL HIGHLIGHTS

- Ansaback revenues increased by 27 per cent. to £7,292,026 (2013: £5,759,218)
- IP3 Telecom and PCI-PAL win prestigious business contracts
- CallScripter reported revenues of £1,099,867 (2013: £1,490,042)
- CallScripter divisional re-organisational costs incurred of £120,510
- Ancora reported revenues of £731,494 (2013: £826,898)

CHAIRMAN'S STATEMENT

Financial Summary

The individual performance of the Group's businesses has been mixed. Whilst revenues grew to £9,123,387, operating profit declined to £257,765 for the full year (2013: £8,076,158 and £358,544 respectively). The 2014 results do, however, include a one-off profit on lease surrender of £352,367 arising from the purchase of the Group's main office in Ipswich, an impairment charge on the CallScripter intangible assets of £322,974 and non-recurring CallScripter reorganisation costs of £120,510. This gives an underlying operating profit of £348,882 (2013: £429,796) (see below).

	2014 £	2013 £
Operating profit	**257,765**	358,544
Impairment of intangible assets	**322,974**	-
Profit on lease surrender	**(352,367)**	-
CallScripter reorganisation costs	**120,510**	-
PCI non-recurring costs	**-**	71,252
Underlying operating profit	**348,882**	429,796

The overall result reflects: a reasonably strong performance of the Group's contact centre division (Ansaback incorporating IP3 Telecom), which continued to perform in line with the Board's expectations (with growth in both revenue and new contracts wins); a weaker than expected performance for CallScripter, the Group's software division; and a loss for Ancora, the Group's archiving and removals division.

CallScripter sales show a reduction of £390,175. This sales shortfall, as well as additional software division staffing and restructuring costs of £120,510, contributed to the overall decline in Group profitability.

Cash and cash equivalents at 30 June 2014 of £459,693 (2013: £559,574) remained healthy.

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 was at the stage where more space was required.

Whilst annual overheads increased marginally, reflecting increased business 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 are less than the previous rent for the ground floor.

In addition, and subsequent to the purchase of the freehold, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it paid the Group the sum of £352,367. This early termination payment is recorded as a profit in the results for the year ended 30 June 2014. These funds were utilised by the Group to assist in the purchase of the freehold.

Impairment of Intangible Assets

Despite the poor performance of CallScripter in the year, the Board still has confidence in the prospects of the division, as indicated by the reorganisation and recruitment expenditure.

However the division has continued not to fulfil its potential and as the division was cash negative in the year the Board did not feel that the carrying value reflected the future cashflows from the asset. As such the Board decided to write the CallScripter intangible asset down to nil.

In the year ended 30 June 2014, £322,974 was charged to the income statement as impairment. This charge, whilst non-cash affecting, is a corollary of the lower than expected performance from CallScripter.

Business Summary

Ansaback

Ansaback recorded excellent growth during the year with a 27% increase in revenues and commensurate profit. A major element of this came from successfully securing a short term fixed seat contract with a major utility company which saw good use of the new upper floor in the year. A major part of this contract comes to an end in August 2014. The additional space provides capacity to grow the contact centre business and the opportunity to take on additional disaster recovery clients.

IP3 Telecom reported last year that it spent considerable resources in launching its PCI compliant offering PCI-PAL and that it achieved Level 1 PCI accreditation. The pipeline for our PCI solutions is growing daily and we are seeing a steady stream of orders being placed by blue chip clients eager to achieve compliance using our cloud based solution.

CallScripter

CallScripter had a testing 12 months and revenues fell by 26% in the year. The division has required some re-organising and leadership. New staff have been appointed. This incurred a reorganisation cost of £120,510.

The Original Equipment Manufacturer (OEM) agreement with Interactive Intelligence Inc. (ININ) has been revised and their client base now has the ability to buy the full CallScripter software rather than a reduced EasyScripter version. This revision provides a better solution for the client and it is expected to increase revenues for the division.

Ancora Solutions

Ancora Solutions archiving and secure destruction market is focused on the Eastern Region and London. Overall year on year Ancora sales were 12% lower, which adversely affected divisional profitability. The board continues to review Ancora's operations.

Dividend

Subsequent to shareholder approval at the 2013 Annual General Meeting, a maiden dividend of 0.3 pence per share was paid in November 2013.

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 against the background of the result in the year, the Board will be proposing the payment of a dividend of 0.15 pence per share in respect of the year ended 30 June 2014.

Board changes

I am pleased to report that Chris Fielding has joined the group as a Non-Executive Director. Chris is currenctly Head of Corporate Finance at W H Ireland and brings with him over 30 years' experience of corporate and financial skills.

Previous to this role Chris worked at Arden Partners and, prior to that, spent eleven years at Hoare Govett as director of Corporate Finance. He qualified as a chartered accountant with Price Waterhouse and then held appointments at Thomas Cook, Cadbury Schweppes and Barclays de Zoete Wedd.

I have also advised the board of my intention to stand down at the end of 2014, having served the company for 9 years, and it is expected that Chris will take over the Chairman's role on my departure.

After nearly four year's service Bernard Waldron has stated his intention to stand down from the board on 30 September 2014. The board wishes to express its gratitude to Bernie for his service to the Company and extends its best wishes to him in his future endeavours.

People

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

Outlook

The Group faces a number of challenges in the coming year as: Ansaback adjusts to the expiry of the utility contract with a commensurate decrease in turnover and margin; the new CallScripter team gains momentum; and the Board continues its active review of the Ancora division. Accordingly, the current year will be a tough one for the Group.

Ansaback, however, is a resilient business with significant growth opportunities particularly with PCI-PAL as data security and compliance is recognised as a major risk to organisations. Our capacity for growth and strong balance sheet means that we are well placed to meet these challenges.

Philip Dayer
29 August 2014

STRATEGIC REPORT

Business summary

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

The Group trades under six trading styles namely Ansaback, IP3 Telecom, PCI-PAL, CallScripter, Ancora Solutions and Suffolk Disaster Recovery. For management purposes these are administered as three operating divisions.

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

IP3 Telecom, the telecommunications arm of Ansaback, is a cutting edge provider of hosted "Cloud" telephony technology, providing bespoke automated IVR solutions to the banking and financial sectors, hosted contact centre services, 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, part of IP3 Telecom, offers a PCI (Payment Card Industry) solution which allows contact 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.

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.

Suffolk Disaster Recovery provides physical workstations to a number of businesses in the Ipswich area from its two locations. The facilities have their own generators and are available on a 24 hour basis, 7 days a week.

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

The necessity for businesses to offer better services around the clock seven days a week lends itself to an outsourced model such as Ansaback.

Ansaback was successful in securing a short term fixed seat contract with a major utility company which saw good use of the new upper floor in the year. A large part of this contract comes to an end in August 2014. Ansaback continues to win prestige accounts who seek a cost effective 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 international clients. Whilst the market for advanced telephony services is enormous the specialist nature of complex IVR continues to provide us with excellent prospects for growth.

The PCI market is emerging as a new area for many businesses driven by compliance, a risk of being fined heavily for a data breach with the attendant increase in their card processing charges. The operational risk is that companies lose their payment processing contracts and are then forced to pay large premiums to become compliant by the main credit card processors. There are some recent examples of high profile data losses which all push companies handling credit card data to review their payment processes.

The market for our CallScripter software is not bounded by the UK with 56% of our business now conducted abroad, mainly in the United States. Further strategic recruitment to specifically develop the channel partnerships is now in place.

Ancora Solutions' archiving and secure destruction market is focused on the Eastern Region and London. Overall year on year Ancora sales were 12% lower, which adversely affected divisional profitability. The Board continues to review Ancora's operations.

The Ipswich region is poorly served with disaster recovery providers and with our contact centre and telephony knowledge we are well placed to assist those companies that need to have a backup facility in place.

Risks

Principal business risks and uncertainties

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

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.

Risks (continued)

Principal business risks and uncertainties (continued)

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.

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

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. 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.

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.

The main risk within Ansaback is the exposure to the failure of a major client, as the top 20 clients represent 75% of turnover. However, apart from the Utility client which has a unique contract and an extremely strong credit limit, no individual client accounts for more than 8% of the total Ansaback turnover. Continued vigilance is taken with credit control and new clients to minimise exposure.

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 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 occurring. Looking at other risks within the contact centre, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, while our main computer systems have been upgraded to improve their resilience and minimise any down-time should a problem arise.

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

PCI-PAL is hosted within our UK based telephone network. High level security and 5 nines availability which is the same level as the banks and emergency services. The security is vetted by QSA officers to ensure we meet the highest level of compliance. The risk of this being penetrated by hackers is limited as no data is stored – the risk would 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 meets it contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering into 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.

STRATEGIC REPORT

Risk (continued)

Financial risk management objectives and policies

Market risk: The directors consider that exposure to market risk, arising from the Group's use of foreign currency financial instruments, is not significant. This is assessed in note 21 to these financial statements.

Interest Rate Risk: Interest rate risk arises from the Group's mortgage facility which has a fixed margin above LIBOR for the remaining four years.

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 year end, liquidity risk was considered to be low given the fact the Group is cash generative and cash and cash equivalents are considered to be at acceptable levels.

Key performance indicators

The Group monitors a number of key performance indicators, using both financial and non-financial metrics, on a daily and monthly basis. The most important of these are as follows:

- Cash on a daily basis
- Contact centre billable minutes on a daily basis
- Dedicated desk margins on a daily basis
- Divisional sales and results against budget on a monthly basis
- Divisional sales pipeline on a monthly basis

Review of Operations

A summary of the operational highlights in the year to June 2014 follows:

Ansaback

The past year was particularly industrious for Ansaback with sales increasing by 27%, from £5,759,218 to £7,292,026. The majority of this rise came from fixed seat revenue which grew by 55% from £2,142k to £3,325k, whilst the bureau grew by 8% from £3,862k to £4,114k.

We were successful in securing a short term fixed seat contract with a major utility company which saw good use of the new upper floor in the year. A major part of this contract comes to an end in August 2014.

Call minutes into the main bureau increased by 3% in the year and we have recruited new sales and senior sales personnel to focus on our core sectors for both bureau and fixed seat business.

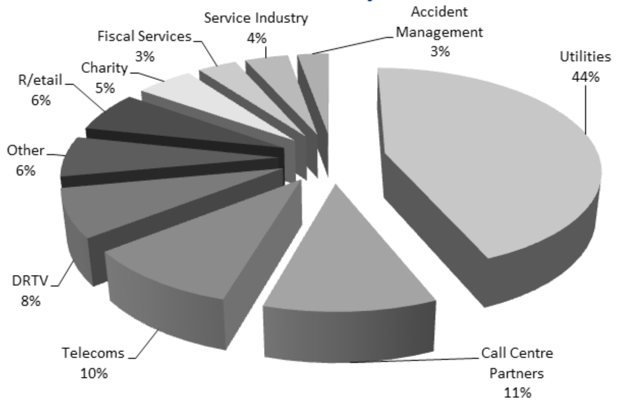
There have been no significant bad debts in the year and we will continue to vet new clients and exercise continued vigilance. The Ansaback website has been updated and re-launched with the aim of appealing to corporate business prospects but retaining interest for smaller potential bureau clients.

Suffolk Disaster Recovery is a part of the Ansaback division which utilises our capacity of agent's seats and re-sells the facility to other local businesses which have a need to provide agent positions at extremely short notice. The dark facility at Martlesham has 60 seats and with the new space upstairs the Ransomes site has over 100 seats ready and available.

A new generator, which is large enough to power the entire building, and significant new wiring of the 1st floor of the building has provided additional resilience and capacity to the services we provide.

As demonstrated in the pie chart below, our traditional market sectors have held up well. Apart from the major utility contract, our mix is predominately unchanged, providing a degree of stability, whilst certain fluctuations do occur when there is a major sporting event such as the World Cup or the St Jude storms.

Contact centre sales by sector 2013-14



IP3 Telecom & PCI-PAL

Our PCI solution is one of only a few services in the market place to be fully compliant. It is currently processing millions of pounds worth of transactions with volumes accelerating as new clients come on stream.

The hosted PCI solution has significant advantages in descoping the compliance for businesses in contrast to an in house solution with its associated costs.

IP3 Telecom & PCI-PAL (continued)

However the time lapse from enquiry to order and subsequent implementation is considerably longer than anticipated. This has been similarly reported by other PCI solution vendors. This delay in decision making is inevitable until the credit card companies tighten the compliance issue and make it compulsory to use a PCI accepted solution.

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

CallScripter

CallScripter had a testing second half of the year culminating in a substantial reorganisation with the associated costs of termination and recruitment. After three successive years of growth in turnover, sales fell from £1,490,042 in the year to June 2013 to £1,099,867 in the year ended June 2014. We do however believe that the forward momentum that the division was enjoying in the past 3 years will recover in the current year following the reorganisation and the sales pipeline is encouraging. Similarly to the previous year 56% of revenue is now from the international market.

The refreshed integration with our OEM partner, Interactive Intelligence Inc., has taken longer than expected but this is a major step forwards in providing the full CallScripter suite to a wider audience with a commensurate increase in the list price. The prospect of winning larger international deals through this channel is most encouraging.

In the same vein, securing certification of the Avaya Proactive Contact Integration solution has enabled us to secure a prestigious 450 agent seat sale for a major US insurer and phase 1 for an International Cruise business which comprises 100 agent seats out of a potential 500 agent requirement.

We have continued to enhance the product and the next release of the software will include new features keeping us at the forefront of agent scripting tools.

Ancora Solutions

Overall year on year Ancora sales 12%, lower, which adversely affected divisional profitability. This is mainly due to a reduction in successful removals tenders, particulary in the first half of the year. Second half revenues were up by 21%, compared to the previous year, and with warehouse occupancy starting to peak, we have taken on additional warehouse space, as well as extending terms on existing premises.

On a positive note, Ancora has won two major Public Sector Framework agreements contracts, having been approved for the Eastern Shires Purchasing Organisation (ESPO) framework. Ancora is also now a preffered supplier with a major Strategic Outsourcing Company. We look forward to extending these relationships during the next year.

Employee Relations and Social Responsibilities

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. The IT team is actively engaged with Carbon Champions for its ecological and green initiatives regarding technology and we have policies including a Low Carbon and Environmental Purchasing Policy, while the Group encourages car sharing, bus usage and the cycle to work initiative.

The Group's employees support a designated charity each year and raised £1,475 for The Ipswich Soup Kitchen.

NVQ Qualification and apprentices

17 staff are currently involved in non-vocational qualification (NVQ) study and an additional two IT technicians are undertaking apprenticeships. In recognition of this the contact centre director and a manager recently attended an NVQ/apprenticeship day and spoke at length to Princess Anne, patron of Catch 22, a national charity. Catch 22 works with young people who find themselves in difficult situations, helping them to stay healthy, find opportunities to learn, earn a living, find a safe place to live and to give something back to their community.

Summary and outlook

The Group has had a disappointing end to the year, particularly in CallScripter where a change of leadership and reorganisation has now been carried out. The company has a sound business base and now needs to rebuild the performance of each division. Ansaback is a resilient business whilst the PCI-PAL sector offers exciting growth prospects. The Group is well placed to meet these challenges in the year ahead.

BY ORDER OF THE BOARD

William A Catchpole
29 August 2014

REMUNERATION COMMITTEE REPORT

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

Remuneration committee

The Remuneration Committee consists of non-executive directors Bernie Waldron (Committee Chairman) and Philip Dayer. The committee's role is to ensure that the three 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 financial targets such as Group Profit before tax and progress against strategic milestones. The targets will be set annually by the Remuneration Committee, and achievement assessed at the end of the year. The bonus will be paid in a combination of cash and company shares, also to be decided 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 last LTIP cycle covering July 2013 - June 2016, conditional options were issued at an option price of 1 pence to executives and management over 2% of the Group's equity.

The LTIP cycle covering July 2011-2014 has now concluded. The targets were not met, and therefore no options will be issued.

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		
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
29 August 2014

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 Christopher Michael Fielding 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
Registrars: **Telephone:**	Capita Asset Services (UK): 0871 664 0300 (Overseas): +44 208 639 3399
Lawyers:	Shepherd and Wedderburn LLP
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 2014.

1. Principal activities

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, PCI solutions, 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:

	2014 **£**	2013 £
Revenue	**9,123,387**	8,076,158
Profit before taxation	**212,483**	345,856
Profit after taxation	**217,184**	472,856

The Strategic Report contains the financial risk management objectives and policies of the Group due to their strategic significance.

The directors recommend payment of a dividend of 0.15 pence per share (2013: 0.3 pence per share).

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 2014 and 1 July 2013 were as follows:

	30 June 2014	1 July 2013
	Ordinary shares of 1p each	**Ordinary shares of 1p each**
W A Catchpole	**2,585,838**	2,525,440
G Forsyth	**991,456**	991,456
R S M Gordon	**968,180**	951,433
P J Dayer (non-executive)	**293,619**	293,619
B J Waldron (non-executive)	**-**	-

The above interests include 33,220 (2013: 33,220) ordinary shares held by or on behalf of W. A. Catchpole's wife.

The director's remuneration was as follows:

2013/14	**Salary £**	**Benefits £**	**Bonus £**	**Total £**	**Pension £**
W A Catchpole	**157,207**	**5,772**	**-**	**162,979**	**14,734**
R S M Gordon	**121,496**	**3,112**	**-**	**124,608**	**11,191**
G Forsyth	**109,049**	**2,929**	**-**	**111,978**	**9,946**
P J Dayer (non-executive)	**35,500**	**-**	**-**	**35,500**	**-**
B J Waldron (non-executive)	**26,000**	**-**	**-**	**26,000**	**-**

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	-

DIRECTORS' REPORT (continued)

On 4 November 2013, 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 2016.

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 19.625 pence and 30.75 pence and closed at 20.00 pence on 30 June 2014.

The beneficial and other interests of other substantial shareholders and their families in the shares of the Company at 30 June 2014 and 1 July 2013 were as follows:

	30 June 2014 Ordinary shares of 1p each	1 July 2013 Ordinary shares of 1p each
P Wildey	**5,650,000**	6,132,500
A Catchpole	**2,860,000**	2,860,000
P M Brown	**1,701,000**	1,940,000
R Clement	**1,930,435**	1,930,435
D Hamilton	**1,000,000**	946,000

5. Directors' responsibilities for the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 are sufficient to show and explain the Company's transactions, 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;
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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. 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.

9. 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 do not 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.

10. Financial risk management

The financial risk management policies and objectives are disclosed in the Strategic Report and in note 21, along with information regarding exposure to credit risk, interest rate risk and liquidity risk.

DIRECTORS' REPORT (continued)

11. Treasury shares

The Group acquired 119,000 (2013: 48,229) of its own shares on 18 September 2013 at a cost of £29,750 (2013: £9,887) and these are held as Treasury Shares. The Group now holds 167,229 Treasury Shares.

12. Going concern

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

13. Auditors

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with S489 (4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 9 October 2014.

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

BY ORDER OF THE BOARD

R S M Gordon
Secretary
29 August 2014

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 2014 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 (IFRS's) 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 14 and 15, 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 Financial Reporting Council's (FRC'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 2014 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 Strategic Report and 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
29 August 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 £	2013 £
Revenue		**9,123,387**	8,076,158
Cost of sales		**(5,691,397)**	(4,715,865)
Gross profit		**3,431,990**	3,360,293
Impairment of intangible assets	12	**(322,974)**	-
Profit on lease surrender	5	**352,367**	-
Trading administrative expenses		**(3,203,618)**	(3,001,749)
Administrative expenses		**(3,174,225)**	(3,001,749)
Administrative expenses		**(3,174,225)**	(3,001,749)
Operating profit		**257,765**	358,544
Finance income	6	**3,439**	3,105
Finance expenditure	7	**(48,721)**	(15,793)
Profit before taxation	5	**212,483**	345,856
Income tax credit	11	**4,701**	127,000
Profit and total comprehensive income attributable to equity holders of the parent company		**217,184**	472,856
Basic and diluted earnings per share	10	**0.69p**	1.49p

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 2014

	Note	2014 £	2013 £
ASSETS			
Non-current assets			
Land and buildings	14	**1,692,769**	62,482
Plant and equipment	13	**421,256**	390,058
Intangible assets	12	**221,167**	548,828
Deferred taxation	18	**280,000**	373,000
Non-current assets		**2,615,192**	1,374,368
Current assets			
Trade and other receivables	15	**1,678,166**	1,604,583
Current tax assets		**30,131**	20,759
Cash and cash equivalents		**459,693**	559,574
Current assets		**2,167,990**	2,184,916
Total assets		**4,783,182**	3,559,284
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(994,272)**	(905,543)
Current portion of long-term borrowings	16	**(85,274)**	(92,163)
Current liabilities		**(1,079,546)**	(997,706)
Non-current liabilities			
Long term borrowings	17	**(1,152,185)**	(37,900)
Deferred taxation	18	**-**	(65,000)
Non-current liabilities		**(1,152,185)**	(102,900)
Total liabilities		**(2,231,731)**	(1,100,606)
Net assets		**2,551,451**	2,458,678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	**2014** £	2013 £
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		**2,126,447**	2,033,674
Total equity		**2,551,451**	2,458,678

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 29 August 2014.

W A Catchpole
Director

R S M Gordon
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	2014 £	2013 £
Cash flows from operating activities		
Profit after taxation	**217,184**	472,856
Adjustments for:		
Depreciation	**274,062**	212,217
Amortisation of intangible assets	**162,374**	153,883
Impairment of intangible assets	**322,974**	-
Interest income	**(3,439)**	(3,105)
Interest expense	**38,674**	3,126
Interest element of finance leases	**6,675**	9,295
Other interest	**3,372**	3,372
Income taxes	**(32,701)**	(22,590)
Deferred tax provision	**28,000**	(104,410)
Loss/(profit) on sale of plant and equipment	**1,625**	(600)
Increase in trade and other receivables	**(92,666)**	(169,506)
Increase/decrease in trade and other payables	**113,338**	(12,657)
Cash generated from operations	**1,039,472**	541,881
Dividend paid	**(94,661)**	-
Income taxes received	**20,474**	55,387
Interest element of finance leases	**(6,675)**	(9,295)
Interest paid	**(38,674)**	(3,126)
Net cash generated from operating activities	**919,936**	584,847
Cash flows from investing activities		
Deferred consideration for acquisition of Ancora business	**(24,000)**	(24,000)
Deferred consideration from sale of Commercial Finance Brokers (UK) Limited	**16,000**	11,000
Purchase of land, buildings, plant and equipment	**(1,883,666)**	(133,977)
Capitalisation of development costs	**(157,687)**	(157,972)
Interest received	**3,439**	3,105
Proceeds from sale of plant and equipment	**-**	600
Net cash used in investing activities	**(2,045,914)**	(301,244)
Cash flows from financing activities		
Loan received	**1,192,500**	-
Repayments of borrowings	**(61,212)**	(50,000)
Buy-back of Treasury shares	**(29,750)**	(9,887)
Capital element of finance lease rentals	**(75,441)**	(60,659)
Net cash generated/used in financing activities	**1,026,097**	(120,546)
Net (decrease)/increase in cash	**(99,881)**	163,057

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 30 June 2014

	2014	2013
	£	£
Cash and cash equivalents at beginning of year	**559,574**	396,517
Net (decrease)/increase in cash	**(99,881)**	163,057
Cash and cash equivalents at end of year	**459,693**	559,574

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

	Share capital £	**Share premium £**	**Other reserves £**	**Profit and loss account £**	**Total equity £**
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**
Shares placed into Treasury	-	-	-	(29,750)	**(29,750)**
Dividend paid	-	-	-	(94,661)	**(94,661)**
Transactions with owners	-	-	-	(124,411)	**(124,411)**
Profit and total recognised income and expense for the year	-	-	-	217,184	**217,184**
Balance at 30 June 2014	317,212	89,396	18,396	2,126,447	**2,551,451**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 2014 were authorised for issue by the Board of Directors on 29 August 2014 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 contact 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 2013 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)
- IAS 27 (Revised) Separate Financial Statements (effective 1 January 2014)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- IAS 28 (Revised) Investments in Associates and Joint Ventures (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)

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 2014. 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.

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.

In calculating the value in use of the capitalised internal salaries in the CallScripter division, management make judgements and estimates of future cash flows. In the current year, due to these negative cash flow forecasts, the directors have fully impaired the intangible assets in this division.

Management applied judgements regarding the profit based 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, Buildings, Plant and equipment

Land, buildings, plant and equipment are 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.

4. Principal accounting policies (continued)
f) Land, Buildings, Plant and equipment (continued)

Depreciation (continued)
The rates generally applicable are:

• Land	not depreciated
• Buildings	2%
• 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 year end.

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 or 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 year end.

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.

The Group has a number of financial liabilities including trade and other payables and bank borrowings. These are classed as "financial liabilities measured at amortised cost" 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
- "Share premium" represents the difference between the nominal and issued share price
- "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
For the year ended 30 June 2014

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 year end.

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 2014 the Group had a closing cash balance of £459,693 (2013: £559,574) and an outstanding mortgage of £1,160,455 (2013: outstanding loan of £29,167).

5. Profits before taxation
Profit on ordinary activities is stated after:

	2014 £	2013 £
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	**9,000**	8,500
Fees payable to the Group's auditors for other services		
The audit of the company's subsidiaries pursuant to legislation	**12,000**	11,000
Taxation services	**6,250**	4,200
All other services	**1,100**	3,313
Depreciation and amortisation – charged in administrative expenses		
Buildings	**49,265**	-
Intangible assets - amortisation	**162,374**	153,883
Intangible assets - impairment	**322,974**	-
Plant and equipment – owned	**162,894**	164,218
Plant and equipment – leased	**61,903**	47,999
Rents payable	**75,483**	187,695
Foreign exchange cost	**22,403**	5,212
(Loss)/profit on sale of fixed asset	**(1,625)**	600

Subsequent to the purchase of the freehold, the sub-tenant of the upper floor agreed to the early termination of its lease in consideration of which it paid the Group the sum of £352,367.

6. Finance income

	2014 £	2013 £
Bank interest receivable	**3,439**	3,105

7. Finance expenditure

	2014 £	2013 £
Interest on bank borrowings	**38,674**	3,126
Finance charges in respect of finance leases	**6,675**	9,295
Other	**3,372**	3,372
	48,721	15,793

8. Directors and employees

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

	2014 £	2013 £
Wages and salaries	**6,056,388**	5,096,151
Social security costs	**473,500**	426,358
Other pension costs	**85,278**	78,390
	6,615,166	5,600,899

	2014 Heads	2013 Heads
Average number of employees during the year	**302**	248

Remuneration in respect of directors was as follows:

	2014 £	2013 £
Emoluments	**461,065**	471,771
Pension contributions to money purchase pension schemes	**35,871**	38,210
	496,936	509,981

During the year 3 (2013: 3) directors participated in money purchase pension schemes.

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

	2014 £	2013 £
Emoluments	**162,979**	150,233
Pension contributions to money purchase pension schemes	**14,734**	14,568

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2014

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

	2014	2013
	£	£
Short term employee benefits	**754,178**	758,787
Post employment benefits	**51,871**	53,063
	806,049	811,850

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, other than the bank loan, 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.

	Ansaback	**CallScripter**	**Ancora**	**Unallocated**	**Total**
2014	**£**	**£**	**£**	**£**	**£**
Revenue	7,292,026	1,099,867	731,494	-	9,123,387
Segment result*	1,030,197	(678,653)	(93,779)	-	257,765
Finance income					3,439
Finance costs					(48,721)
Profit before tax					212,483
Taxation					4,701
Profit for the year from continuing operations					217,184
Segment assets	3,280,204	411,242	257,938	833,798	4,783,182
Segment liabilities	(1,160,455)	-	-	(1,071,276)	(2,231,731)
Other segment items:					
Capital Expenditure					
- Plant and Equipment	224,370	2,069	31,181	-	257,620
- Intangible Assets	-	157,687	-	-	157,687
Depreciation (note 13)	178,244	8,481	38,072	-	224,797
Amortisation of intangible assets (note 12)	-	134,074	28,300	-	162,374
Impairment of intangible assets (note 12)	-	322,974	-	-	322,974
Depreciation of buildings (note 14)	49,265	-	-	-	49,265

*included within the segment result of Ansaback is the profit on lease surrender of £352,367 and of CallScripter is the loss on impairment of intangible assets of £322,974

9. Segmental information (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

9. Segmental information (continued)

Revenue can be split by location of customers as follows:

	2014 £	2013 £
Ansaback		
United Kingdom	**7,251,254**	5,733,104
United States	**5,360**	3,758
Ireland	**5,476**	8,336
Hong Kong	**9,505**	3,285
Luxembourg	**9,880**	-
Other countries	**10,551**	10,735
	7,292,026	5,759,218
Ancora		
United Kingdom	**731,494**	826,898
	731,494	826,898
CallScripter		
United Kingdom	**480,270**	621,490
United States	**521,797**	624,261
Ireland	**12,557**	29,356
Australia	**50,817**	59,239
Nigeria	**-**	22,080
Luxembourg	**-**	20,306
Belgium	**16,857**	10,610
Netherlands	**3,416**	6,427
Denmark	**8,237**	87,892
Cyprus	**5,916**	5,960
Other countries	**-**	2,421
	1,099,867	1,490,042
	9,123,387	8,076,158

One single external customer generates 41% (£3,023k) of the Ansaback division’s revenues.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 2014	12 months ended 30 June 2013
Profit after taxation added to reserves	**£217,184**	£472,856
Weighted average number of ordinary shares in issue during the period	**31,579,732**	31,714,825
Basic and diluted earnings per share	**0.69p**	1.49p

11. Taxation

	2014 £	2013 £
Analysis of charge in the year		
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 22.5% (2013:23.75%)	**(222)**	-
Adjustments in respect of prior periods	**32,923**	22,590
Total current tax credited	**32,701**	22,590
Deferred tax:		
Origination and reversal of temporary differences	**(28,000)**	93,000
Movement on capitalised intangibles	**-**	11,410
Total deferred tax (charged)/credited	**(28,000)**	104,410
Credit	**4,701**	127,000

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 22.5% (2013: 23.75%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

11. Taxation (continued)	2014 £	2013 £
Profit on ordinary activities before tax	**212,483**	345,856
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	**47,809**	82,141
Expenses not deductible for tax purposes	**11,148**	4,272
Depreciation (less than)/ in excess of capital allowances for the year	**(6,155)**	1,737
Utilisation of tax losses	**(98,600)**	(90,432)
Other	**46,304**	2,282
Research and Development claim	**(33,207)**	(22,590)
Movement on deferred tax timing differences	**28,000**	(93,000)
Liability on capitalised intangibles	**-**	(11,410)
Total tax credit for the year	**(4,701)**	(127,000)

During the year to 30 June 2014 the Group submitted a Research and Development claim to HMRC relating to the year ended 30 June 2013 of £33,207. This credit was recognised in the Income Statement and included in Debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2014

12. Intangible assets

The Directors have not considered the carrying value of the Ancora division goodwill as it is not considered material. In calculating the value in use of the CallScripter division, management make judgements and estimates of future cash flows. In the current year, due to these negative cash flow forecasts, the directors have fully impaired the intangible assets in this division.

2014

Cost	**Goodwill £**	**Purchased intangibles £**	**Capitalised development costs £**	**Total £**
Goodwill	32,500	-	-	32,500
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter internal salaries	-	-	926,024	926,024
Cost at 1 July 2013	32,500	283,000	926,024	1,241,524
Goodwill	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries	-	-	157,687	157,687
Additions	-	-	157,687	157,687
Goodwill	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries	-	-	-	-
Disposals	-	-	-	-
Goodwill	32,500	-	-	32,500
Ancora brand	-	3,000	-	3,000
Ancora client relationships	-	280,000	-	280,000
CallScripter internal salaries	-	-	1,083,711	1,083,711
Cost at 30 June 2014	**32,500**	**283,000**	**1,083,711**	**1,399,211**

12. Intangible assets (continued)

2014

Amortisation and impairment (included within administrative expenses):	**Goodwill £**	**Purchased intangibles £**	**Capitalised development costs £**	**Total £**
Goodwill	-	-	-	-
Ancora brand	-	700	-	700
Ancora client relationships	-	65,333	-	65,333
CallScripter internal salaries	-	-	626,663	626,663
Amortisation at 1 July 2013	-	66,033	626,663	692,696
Goodwill	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	28,300	-	28,300
CallScripter internal salaries - amortisation	-	-	134,074	134,074
CallScripter internal salaries - impairment	-	-	-	-
Charge for the year	-	28,300	134,074	162,374
Goodwill	-	-	-	-
Ancora brand	-	-	-	-
Ancora client relationships	-	-	-	-
CallScripter internal salaries - amortisation	-	-	-	-
CallScripter internal salaries - impairment	-	-	322,974	322,974
Written out in the year	-	-	322,974	322,974
Goodwill	-	-	-	-
Ancora brand	-	700	-	700
Ancora client relationships	-	93,633	-	93,633
CallScripter internal salaries - amortisation	-	-	760,737	760,737
CallScripter internal salaries - impairment	-	-	322,974	322,974
Amortisation at 30 June 2014	**-**	**94,333**	**1,083,711**	**1,178,044**

Net book amount				
Goodwill	32,500	-	-	32,500
Ancora brand	-	2,300	-	2,300
Ancora client relationships	-	186,367	-	186,367
CallScripter internal salaries	-	-	-	-
Net book amount at 30 June 2014	**32,500**	**188,667**	**-**	**221,167**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2014

12. Intangible assets (continued)
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)
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**

12. Intangible assets (continued)

2013

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**
Net book amount				
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**

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13. Plant and equipment

2014	**Plant £**	**Motor vehicles £**	**Fixtures and fittings £**	**Computer equipment £**	**Total £**
Cost:					
At 1 July 2013	135,621	58,113	400,238	448,038	1,042,010
Additions	36,881	9,995	51,053	159,691	257,620
Disposals	-	(6,000)	(4,073)	(1,200)	(11,273)
At 30 June 2014	**172,502**	**62,108**	**447,218**	**606,529**	**1,288,357**
Depreciation (included within administrative expenses):					
At 1 July 2013	56,426	36,003	298,425	261,098	651,952
Charge for the year	28,774	11,199	63,568	121,256	224,797
Disposals	-	(4,625)	(3,823)	(1,200)	(9,648)
At 30 June 2014	**85,200**	**42,577**	**358,170**	**381,154**	**867,101**
Net book amount at 30 June 2014	**87,302**	**19,531**	**89,048**	**225,375**	**421,256**

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**

Included within the net book amount of £421,256 (2013: £390,058) is £109,315 (2013: £108,100) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £61,903 (2013: £47,999).

14. Land and buildings

2014

	Land £	Buildings £	Total £
Cost:			
At 1 July 2013	54,182	8,300	62,482
Additions	374,165	1,305,387	1,679,552
At 30 June 2014	**428,347**	**1,313,687**	**1,742,034**
Depreciation (included within administrative expenses):			
At 1 July 2013	-	-	-
Charge for the year	-	49,265	49,265
At 30 June 2014	**-**	**49,265**	**49,265**
Net book amount at 30 June 2014	**428,347**	**1,264,422**	**1,692,769**

2013

	Land £	Buildings £	Total £
Cost:			
At 1 July 2012	52,832	-	52,832
Additions	1,350	8,300	9,650
At 30 June 2013	**54,182**	**8,300**	**62,482**
Depreciation (included within administrative expenses):			
At 1 July 2012	-	-	-
Charge for the year	-	-	-
At 30 June 2013	-	-	-
Net book amount at 30 June 2013	**54,182**	**8,300**	**62,482**

15. Trade and other receivables

	2014 £	2013 £
Trade receivables	**1,372,920**	1,364,065
Other receivables	**16,595**	61,845
Prepayments and accrued income	**288,651**	178,673
Trade and other receivables	**1,678,166**	1,604,583

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 £27,575 (2013: £13,981) of deposits as security against certain accounts.

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For the year ended 30 June 2014

15. Trade and other receivables (continued)

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

	2014 £	2013 £
Opening provision at 30 June 2013	**12,697**	4,899
Charged to income	**4,303**	7,798
Closing provision at 30 June 2014	**17,000**	12,697

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

	2014 £	2013 £
0-30 days past due	**43,687**	15,223
30-60 days past due	**15,135**	13,381
Over 60 days past due	**5,311**	496
	64,133	29,100

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

16. Current liabilities

	2014 £	2013 £
Trade payables	**286,235**	162,259
Social security and other taxes	**403,656**	390,868
Other payables	**304,381**	352,416
Trade and other payables	**994,272**	905,543
Bank loans (note 17)	**33,284**	29,167
Amounts due under finance leases	**51,990**	62,996
Current portion of long-term borrowings	**85,274**	92,163
Current liabilities	**1,079,546**	997,706

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

17. Non-current liabilities

	2014 £	2013 £
Bank loans	**1,127,171**	-
Amounts due under finance leases	**25,014**	35,900
Other payables	**-**	2,000
Long term borrowings	**1,152,185**	37,900
Deferred taxation	**-**	65,000
	1,152,185	102,900

17. Non-current liabilities (continued)

Borrowings

Bank loans are repayable as follows:

	2014 £	2013 £
Within one year	**33,284**	29,167
After one year and within two years	**69,695**	-
After two years and within five years	**74,084**	-
Over five years	**983,392**	-
	1,160,455	29,167

On 1 July 2013 the Group obtained a loan of £1,192,500, secured over Melford Court, The Havens, Ransomes Europark, Ipswich IP3 9SJ repayable over 25 years with a 5 year fixed rate of 2.55% above the three month LIBOR rate from the NatWest Bank PLC.

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:

	2014 £	2013 £
Within one year	**35,106**	338
After one year and within two years	**67,084**	-
After two years and within five years	**60,173**	-
Over five years	**318,631**	-
	480,994	338

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

Amounts due under finance leases fall due as follows:

	2014 £	2013 £
Within one year	**55,374**	68,297
After one year and within two years	**26,238**	37,161
	81,612	105,458

The above table includes interest of £3,384 (2013: £5,301) due within one year and £1,224 (2013: £1,261) due after one year but within two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2014

18. Deferred taxation
Deferred taxation is calculated at a rate of 22.5% (2013: 23%).

	Tax losses £	Capitalised intangibles £	Total £
Opening balance at 1 July 2013	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
(Charged)/credited through the statement of comprehensive income in the year	(93,000)	65,000	(28,000)
At 30 June 2014	**280,000**	-	**280,000**

	2014 **£**	2013 £
Unprovided deferred tax assets		
Accelerated capital allowances	**4,000**	14,000
Trading losses	**64,000**	39,000
	68,000	53,000

The deferred tax asset of £280,000 in respect of carried forward tax losses has been recognised on the basis that the directors believe that it is more likely than not to be realised against future taxable profits of the Group. 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 £320,000.

The unprovided deferred tax assets are calculated at a rate of 20% (2013: 23%). The unprovided deferred tax assets attributable to losses should be recoverable against future profits.

19. Group undertakings

At 30 June 2014, 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	England	Ordinary	100%	Dormant
The Number Experts Limited	England	Ordinary	100%	Dormant
Vital Contact (UK) Limited	England	Ordinary	100%	Dormant

20. Share capital

Group	2014 Number	2014 £	2013 Number	2013 £
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 119,000 of its own shares on 18 September 2013 at a cost of £29,750 (2013: 48,229 shares at a cost of £9,887) 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

For the year ended 30 June 2014

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 2014.

Date of grant	Number of shares	Exercise price	Period exercisable
1 July 2005	400,000	12.36p	See below *
27 November 2012	675,000	1.00p	See below **
4 November 2013	600,000	1.00p	See below ***
11 March 2014	50,000	1.00p	See below ***

During the year, the share price fluctuated between 19.625 pence and 30.75 pence and closed at 20.00 pence on 30 June 2014.

* 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 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.

*** These options were granted at an exercise price of 1 pence each on 4 November 2013 and 11 March 2014. The options are conditional on certain vesting criteria including an annual Group Profit before tax target for the year ended 30 June 2016.

The weighted average fair value of the November 2013 and March 2014 LTIP granted during the period, determined using the Black-Scholes valuation model, was 27.25 pence per option. The significant inputs into the model were mid-market share price of 28.25 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 November 2013 LTIP granted during the period, determined using the Black-Scholes valuation model, was 15.375 pence per option. 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.

No share options are currently exercisable. The Weighted Average Exercise Price of share options outstanding at 30 June 2014 was 3.6p, with a weighted average life of 17 months and at 30 June 2013 was 4.2p, with a weighted average life of 15 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.

	2014 Share options	2013 Share options
Amounts in issue at beginning of year	**1,884,425**	5,560,425
Granted in period	**650,000**	700,000
Expirations in period	**(809,425)**	(4,376,000)
Amounts in issue at year end	**1,725,000**	1,884,425

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 2014 is £1,160,455 (2013: £29,167). Interest is payable at 2.55% above the three month LIBOR rate (2013: 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.

Trade payables and loans fall due as follows:

2014	**Less than one year** **£**	**One to two years** **£**	**Two to five years** **£**	**Over five years** **£**	**Total** **£**
Trade payables	286,235	-	-	-	286,235
Other payables	304,381	-	-	-	304,381
Lease capital and interest	55,374	26,238	-	-	81,612
Loans	68,390	136,780	130,047	1,306,142	1,641,359
At 30 June 2014	**714,380**	**163,018**	**130,047**	**1,306,142**	**2,313,587**

2013	Less than one year £	One to two years £	Two to five years £	Total £
Trade payables	162,259	-	-	162,259
Other payables	352,416	2,000	-	354,416
Lease capital and interest	68,297	37,099	-	105,396
Loans	29,505	-	-	29,505
At 30 June 2013	**612,477**	**39,099**	**-**	**651,576**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

21. Financial instruments (continued)

Foreign currencies

During the year exchange differences of £22,403 (2013: £5,212) have arisen and at the year-end £nil (2013: £nil) 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 year end. At present foreign exchange is minimal and hedging and risk management is not deemed necessary.

Financial assets by category

2014	**Loans and receivables £**	**Non-financial assets £**	**Total £**
Cash at bank	459,693	-	459,693
Trade receivables - current	1,372,920	-	1,372,920
Other receivables	16,595	-	16,595
Current tax asset	-	30,131	30,131
Prepayments and accrued income	-	288,651	288,651
	1,849,208	**318,782**	**2,167,990**

2013	**Loans and receivables £**	**Non-financial assets £**	**Total £**
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 and accrued income	-	178,673	178,673
	1,985,484	**199,432**	**2,184,916**

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

Financial liabilities by category

2014	**Financial liabilities measured at amortised cost £**	**Non-financial liabilities £**	**Total £**
Trade payables	286,235	-	286,235
Accruals	290,247	-	290,247
Other payables	12,134	-	12,134
VAT and tax payable	-	403,656	403,656
Deferred payments	-	2,000	2,000
Loans	33,284	-	33,284
Leases	-	51,990	51,990
	621,900	**457,646**	**1,079,546**

21. Financial instruments (continued)

Financial liabilities by category

2013	Financial liabilities measured at amortised cost £	Non-financial liabilities £	Total £
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
	519,842	**477,864**	**997,706**

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

22. Capital commitments

The Group has no capital commitments at 30 June 2014 or 30 June 2013.

23. Contingent assets

The Group has no contingent assets at 30 June 2014 or 30 June 2013.

24. Contingent liabilities

The Group has no other contingent liabilities at 30 June 2014 or 30 June 2013.

25. Operating lease commitments

	2014 £	2013 £
Total future lease payments:		
Less than one year	**67,156**	125,077
After one and within two years	**71,504**	76,497
After two and within five years	**196,910**	3,466

Operating lease commitments relate to the lease of buildings at Martlesham and Bentwaters which expire in March 2019 (with a break clause in June 2015), January 2016, January 2019 respectively.

26. Transactions with directors

There were no transactions with directors in the year to June 2014 or June 2013 other than the dividends noted below.

27. Dividends

The directors have proposed a dividend of 0.15 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.

During the year dividends of 0.3 pence per share were paid.

The following directors received dividend payments as follows:

	Dividend 2014 £	**Dividend** 2013 £
W A Catchpole	7,775	-
RSM Gordon	2,904	-
G Forsyth	2,974	-
PJ Dayer	880	-

COMPANY BALANCE SHEET

As at 30 June 2014

	Note	**2014** £	2013 £
Fixed assets			
Investments	3	**201,609**	201,609
Tangible fixed assets: land and buildings	3	**1,594,523**	8,300
		1,796,132	209,909
Current assets			
Debtors	4	**299,860**	510,570
Cash at bank and in hand		**38,375**	8,184
		338,235	518,754
Creditors: amounts falling due within one year	5	**(68,801)**	(19,987)
Net current assets		**269,434**	498,767
Total assets less current liabilities		**2,065,566**	708,676
Creditors: amounts falling due after more than one year	6	**(1,127,171)**	-
Net Assets		**938,395**	708,676
Capital and reserves			
Called up share capital	8	**317,212**	317,212
Share premium account	10	**89,396**	89,396
Profit and loss account	10	**531,787**	302,068
Shareholders' funds	11	**938,395**	708,676

The Board of Directors approved the financial statements on 29 August 2014.

W A Catchpole
Director

R S M Gordon
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

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 year end. 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 year end.

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.

Land and buildings
Land and buildings are stated at cost, net of depreciation and any provision for impairment.

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 £354,130 (2013: £146,623).

3. Fixed assets

Investments

	Subsidiary undertakings £	Total £
Cost at 1 July 2013	201,609	201,609
Additions	-	-
Cost at 30 June 2013	201,609	201,609
Disposals	-	-
Cost at 30 June 2014	201,609	201,609

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 2014

3. Fixed assets – investments (continued)

2014	Land £	Buildings £	Total £
Cost:			
At 1 July 2013	-	8,300	8,300
Additions	346,000	1,287,744	1,633,744
At 30 June 2014	**346,000**	**1,296,044**	**1,642,044**
Depreciation (included within administrative expenses):			
At 1 July 2013	-	-	-
Charge for year	-	47,521	47,521
At 30 June 2014	**-**	**47,521**	**47,521**
Net book amount at 30 June 2014	**346,000**	**1,248,523**	**1,594,523**

2013	Land £	Buildings £	Total £
Cost:			
At 1 July 2012	-	-	-
Additions	-	8,300	8,300
At 30 June 2013	**-**	**8,300**	**8,300**
Depreciation (Included within administrative expenses):			
At 1 July 2012	-	-	-
Charge in year	-	-	-
At 30 June 2013	**-**	**-**	**-**
Net book amount at 30 June 2013	**-**	**8,300**	**8,300**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

4. Current assets

	2014 £	2013 £
Other debtors	**16,208**	63,173
Amount owed by Group undertaking	**278,741**	349,626
Deferred taxation	-	93,000
Prepayments and accrued income	**4,911**	4,771
	299,860	510,570

5. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	**15,420**	19,487
Accruals and deferred income	**20,097**	500
Bank loans	**33,284**	-
	68,801	19,987

6. Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans	**1,127,171**	-
	1,127,171	-

7. Deferred taxation
Deferred tax assets are calculated at a rate of 20% (2013:23%).

	2014 £	2013 £
Provided - trading losses	-	93,000
Unprovided - trading losses	-	-
	-	93,000

8. Share capital

	2014 Number	2014 £	2013 Number	2013 £
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 2014, which are detailed in Group note 20.

9. Dividends

The directors have proposed a dividend of 0.15 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.

During the year dividends of 0.3 pence per share were paid.

The following directors received dividend payments as follows:

	Dividend 2014 £	Dividend 2013 £
W A Catchpole	7,775	-
RSM Gordon	2,904	-
G Forsyth	2,974	-
PJ Dayer	880	-

10. Reserves

	Share premium account £	Profit and loss account £
At 1 July 2013	89,396	302,068
Purchase of treasury shares	-	(29,750)
Dividend paid	-	(94,661)
Profit for the year	**-**	**354,130**
At 30 June 2014	**89,396**	**531,787**

11. Reconciliation of movement in shareholders funds

	2014 £
At 1 July 2013	**708,676**
Purchase of treasury shares	(29,750)
Dividend paid	(94,661)
Profit for the year	**354,130**
At 30 June 2014	**938,395**

IPPlus Plc

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