

REGISTERED NUMBER: 04211271 (England and Wales)

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2011
FOR
I.P. INTEGRATION GROUP LIMITED



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FOR THE YEAR ENDED 30TH SEPTEMBER 2011

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I P. INTEGRATION GROUP LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

DIRECTORS:

D J Glasgow
J D Little
Adventure Finance Investments Limited

SECRETARY:

S A Lawrence

REGISTERED OFFICE:

Integration House
Turnhams Green Business Park
Pincent's Lane
Reading
Berkshire
RG31 4UH

REGISTERED NUMBER:

04211271 (England and Wales)

AUDITORS:

Sproull & Co
Chartered Accountants
Statutory Auditors
31/33 College Road
Harrow
Middlesex
HA1 1EJ

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

The directors present their report with the financial statements of the company and the group for the year ended 30th September 2011

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the sale and support of telephone systems

REVIEW OF BUSINESS

The directors are pleased with the financial results for the year. The group has seen well above average industry growth in both revenues and operating profits following investments made to extend the company's reach into the Mid Corporate marketplace

Overall Revenues grew by 26% on the previous year with operating profit increasing by 30% whilst overall gross margin has been maintained at 54% highlighting the company's ability to combat price completion whilst driving sales through adding value to the customer

System & Network Sales grew 34% following continued success in securing multiyear framework contracts providing significant opportunity for growth over the next few years

Support revenues grew by 17% during the year and the contracted support base also grew, highlighting the group's ability to secure support wins on multiyear contracts

Key Performance Indicators

| Key Performance Indicator | 2011 | 2010 |
|---------------------------|-------------|------------|
| Turnover | £10,133,919 | £8,043,492 |
| Gross Margin % | 54.1% | 55.9% |
| Operating Profit | £704,303 | £543,575 |

Operating profit for the year is stated before restructuring costs of £237,500 which have been excluded and itemised as Exceptional Items due to these being discretionary costs rather than contractual costs and a one off item relating to the restructuring of the Executive Board

Since the year end trading conditions have continued to be strong, and the directors are confident that the group is on course for a profitable result for the next financial year. With no external debt and no gearing or leverage issues the group is in a strong financial position, with the right financial resources and working capital in place to take advantage of opportunities which will present themselves as a result of the challenging economic times that still lie ahead

Principal risks and uncertainties facing the group

The group continues to address the need to evolve its portfolio of products and services in line with the new technologies and customer requirements. Its ability to continue this evolution and attract sufficient resources with the requisite skills are expected to remain the cornerstone to its continued success

In relation to the key financial risks of price, foreign currency, credit, liquidity, cash flow and interest rate risks, the directors have familiarised themselves with the concepts of these risks and have assessed that at this time there is no significant exposure to the group. The directors will continue to monitor the group's activities to address any significant risks that do arise to ensure these are minimised to the maximum possible extent

Operational risks stemming from compliance requirements in a number of areas including legal, employment, health and safety and environmental matters, the directors have implemented a number of initiatives during the period to mitigate such risks. These initiatives include significant investment in gaining ISO accreditation in the key areas of

ISO 9001 Quality Management
ISO 1401 Environmental Management
ISO 27001 Information & Security Management

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

DIVIDENDS

No interim dividends were paid during the year ended 30th September 2011

The directors recommend final dividends per share as follows

| | |
|----------------------|-------|
| Ordinary 10p shares | £1 10 |
| Preference £1 shares | NIL |

The total distribution of dividends for the year ended 30th September 2011 will be £138,860.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st October 2010 to the date of this report

D J Glasgow
J D Little

Other changes in directors holding office are as follows

S Walker - resigned 31st July 2011

Adventure Finance Investments Limited was appointed as a director after 30th September 2011 but prior to the date of this report

S P Haggith ceased to be a director after 30th September 2011 but prior to the date of this report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.


I.P. INTEGRATION GROUP LIMITED (REGISTERED NUMBER. 04211271)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

AUDITORS

The auditors, Sproull & Co , will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

D J Glasgow - Director

8th June 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
I.P. INTEGRATION GROUP LIMITED

We have audited the financial statements of I P Integration Group Limited for the year ended 30th September 2011 on pages seven to twenty. The financial reporting framework that has been applied in their preparation 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30th September 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LP INTEGRATION GROUP LIMITED

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



Philip Cole (Senior Statutory Auditor)
for and on behalf of Sproull & Co
Chartered Accountants
Statutory Auditors
31/33 College Road
Harrow
Middlesex
HA1 1EJ

12th June 2012

I.P. INTEGRATION GROUP LIMITED (REGISTERED NUMBER: 04211271)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

| | Notes | 2011 £ | 2010 £ |
|--|-------|------------|-----------|
| TURNOVER | | 10,133,919 | 8,043,492 |
| Cost of sales | | 4,647,591 | 3,545,486 |
| GROSS PROFIT | | 5,486,328 | 4,498,006 |
| Administrative expenses | | 4,782,025 | 3,954,431 |
| OPERATING PROFIT | 3 | 704,303 | 543,575 |
| Exceptional items | 4 | 237,500 | - |
| | | 466,803 | 543,575 |
| Interest receivable and similar income | | 6,030 | 2,716 |
| | | 472,833 | 546,291 |
| Interest payable and similar charges | 5 | 19 | 5,199 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 472,814 | 541,092 |
| Tax on profit on ordinary activities | 6 | 8,778 | 29,125 |
| PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP | | 464,036 | 511,967 |

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

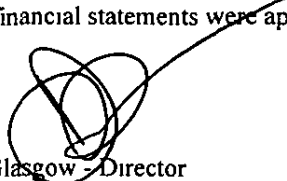
The group has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
30TH SEPTEMBER 2011

| | Notes | 2011 £ | 2010 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | 202,640 | 170,920 |
| Tangible assets | 10 | 118,399 | 167,747 |
| Investments | 11 | 76,680 | 76,680 |
| | | <u>397,719</u> | <u>415,347</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 471,539 | 433,156 |
| Debtors | 13 | 3,210,450 | 2,552,146 |
| Cash at bank and in hand | | 1,072,535 | 744,957 |
| | | <u>4,754,524</u> | <u>3,730,259</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>2,596,509</u> | <u>1,965,048</u> |
| NET CURRENT ASSETS | | <u>2,158,015</u> | <u>1,765,211</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,555,734</u> | <u>2,180,558</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 15 | <u>50,000</u> | <u>-</u> |
| NET ASSETS | | <u><u>2,505,734</u></u> | <u><u>2,180,558</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 491,000 | 491,000 |
| Profit and loss account | 17 | 2,014,734 | 1,689,558 |
| SHAREHOLDERS' FUNDS | 19 | <u><u>2,505,734</u></u> | <u><u>2,180,558</u></u> |

The financial statements were approved by the Board of Directors on 8th June 2012 and were signed on its behalf by


D J Glasgow - Director


J D Little - Director

The notes form part of these financial statements


COMPANY BALANCE SHEET
30TH SEPTEMBER 2011


| | Notes | 2011 £ | £ | 2010 £ | £ |
|--|-------|---------------|-----------------|---------------|-----------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | | - | | - |
| Tangible assets | 10 | | - | | - |
| Investments | 11 | | 86,683 | | 86,683 |
| | | | <u>86,683</u> | | <u>86,683</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 10,000 | | 10,000 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | <u>86,683</u> | | <u>86,683</u> | |
| NET CURRENT LIABILITIES | | | <u>(76,683)</u> | | <u>(76,683)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>10,000</u> | | <u>10,000</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | <u>10,000</u> | | <u>10,000</u> |
| SHAREHOLDERS' FUNDS | 19 | | <u>10,000</u> | | <u>10,000</u> |

The financial statements were approved by the Board of Directors on behalf by

8th June 2012

and were signed on its


D J Glasgow - Director


J D Little - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

| | Notes | 2011 £ | 2010 £ |
|--|-------|------------------|----------------|
| Net cash inflow from operating activities | 1 | 549,750 | 657,606 |
| Returns on investments and servicing of finance | 2 | 6,011 | (2,483) |
| Taxation | | - | (39,200) |
| Capital expenditure | 2 | (95,323) | (255,841) |
| Equity dividends paid | | (138,860) | (28,860) |
| | | <u>321,578</u> | <u>331,222</u> |
| Financing | 2 | 6,000 | - |
| Increase in cash in the period | | <u>327,578</u> | <u>331,222</u> |
| Reconciliation of net cash flow to movement in net funds | 3 | | |
| Increase in cash in the period | | <u>327,578</u> | <u>331,222</u> |
| Change in net funds resulting from cash flows | | <u>327,578</u> | <u>331,222</u> |
| Movement in net funds in the period | | 327,578 | 331,222 |
| Net funds at 1st October | | <u>744,957</u> | <u>413,735</u> |
| Net funds at 30th September | | <u>1,072,535</u> | <u>744,957</u> |

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2011****1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

| | 2011 £ | 2010 £ |
|--|----------------|----------------|
| Operating profit | 704,303 | 543,575 |
| Depreciation charges | 112,942 | 92,340 |
| Loss/(profit) on disposal of fixed assets | 9 | (55) |
| Exceptional items | (237,500) | - |
| (Increase)/decrease in stocks | (38,383) | 118,178 |
| Increase in debtors | (658,304) | (515,543) |
| Increase in creditors | 666,683 | 419,111 |
| Net cash inflow from operating activities | 549,750 | 657,606 |

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2011 £ | 2010 £ |
|--|-----------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 6,030 | 2,716 |
| Interest paid | (19) | (5,199) |
| Net cash inflow/(outflow) for returns on investments and servicing of finance | 6,011 | (2,483) |
| Capital expenditure | | |
| Purchase of intangible fixed assets | (38,070) | (159,306) |
| Purchase of tangible fixed assets | (57,570) | (98,125) |
| Sale of tangible fixed assets | 317 | 1,590 |
| Net cash outflow for capital expenditure | (95,323) | (255,841) |
| Financing | | |
| Amount introduced by directors | 6,000 | - |
| Net cash inflow from financing | 6,000 | - |

3 ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 10 10 £ | Cash flow £ | At 30 9 11 £ |
|--------------------------|--------------------|----------------|--------------------|
| Net cash | | | |
| Cash at bank and in hand | 744,957 | 327,578 | 1,072,535 |
| | <u>744,957</u> | <u>327,578</u> | <u>1,072,535</u> |
| Total | 744,957 | 327,578 | 1,072,535 |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

I ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The Group financial statements consolidate the financial statements of I.P. Integration Group Limited and its subsidiaries. All intragroup balances and transactions are eliminated in full.

Turnover

Turnover represents net invoiced sale of goods and services, excluding value added tax.

Turnover from the provision of goods is recognised when the risks and rewards of ownership of those goods have transferred to the customer. The risks and rewards of ownership are deemed to be transferred when the goods are shipped to the customer.

Turnover in respect of services provided is recognised at determinable points in the contract, such as deposit, installation and completion.

Turnover from the provision of goods and services is only recognised when the amounts to be recognised are fixed or determinable and recovery is reasonably assured.

Intangible fixed assets

Costs associated with the rebranding of the company have been capitalised and are being amortised over five years.

Costs associated with the assignment of Intellectual Property Rights have been capitalised. The directors believe that the residual value of this asset will be at least equal to its original cost, and therefore any amortisation thereof is immaterial.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|----------------------------|
| Plant and machinery | - 33.33% on cost |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - at varying rates on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

2 STAFF COSTS

| | 2011 | 2010 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,206,131 | 2,733,928 |
| Social security costs | 352,491 | 281,308 |
| Other pension costs | 62,985 | 63,241 |
| | <u>3,621,607</u> | <u>3,078,477</u> |

The average monthly number of employees during the year was as follows

| | 2011 | 2010 |
|------------------------|-----------|-----------|
| Management | 5 | 6 |
| Administration | 7 | 7 |
| Sales | 14 | 10 |
| Service and operations | 32 | 28 |
| Development | 5 | 4 |
| | <u>63</u> | <u>55</u> |

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

| | 2011 | 2010 |
|--|----------------|----------------|
| | £ | £ |
| Hire of plant and machinery | 5,311 | 5,311 |
| Other operating leases | 125,769 | 119,918 |
| Depreciation - owned assets | 106,592 | 86,926 |
| Loss/(profit) on disposal of fixed assets | 9 | (55) |
| Licences, trade marks and similar rights and assets | 6,350 | 5,413 |
| Auditors' remuneration - audit services | 11,250 | 8,725 |
| Auditors' remuneration - taxation services | 1,050 | 925 |
| Auditors' remuneration - all other services | 3,700 | - |
| Foreign exchange differences | 7,729 | 1,183 |
| | <u>322,749</u> | <u>329,338</u> |
| Directors' remuneration | 29,687 | 21,273 |
| Directors' pension contributions to money purchase schemes | | |

The number of directors to whom retirement benefits were accruing was as follows

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows

| | 2011 | 2010 |
|---|--------------|---------------|
| | £ | £ |
| Emoluments etc | 135,152 | 135,495 |
| Pension contributions to money purchase schemes | <u>9,000</u> | <u>10,000</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011****4 EXCEPTIONAL ITEMS**

The Exceptional item of £237,500 relates to the restructuring of the Executive Board and represents the discretionary payment made to a director on leaving his office over and above his contractual entitlement

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2011 | 2010 |
|------------------------|-----------|--------------|
| | £ | £ |
| Bank interest | 19 | 22 |
| Other interest charges | - | 5,177 |
| | <u>19</u> | <u>5,199</u> |

6 TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

| | 2011 | 2010 |
|---------------------------------------|--------------|---------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | 8,778 | - |
| Corporation tax prior year adjustment | - | 201 |
| Group relief | - | 28,924 |
| | <u>8,778</u> | <u>29,125</u> |
| Tax on profit on ordinary activities | <u>8,778</u> | <u>29,125</u> |

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

| | 2011 | 2010 |
|---|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>472,814</u> | <u>541,092</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.500% (2010 - 0%) | 96,927 | - |
| Effects of | | |
| Expenses not deductible for tax purposes | 3,259 | - |
| Depreciation in excess of capital allowances | 833 | - |
| Adjustments to tax charge in respect of previous periods | - | 201 |
| Enhanced research and development deduction | (92,241) | - |
| Group relief | - | 28,924 |
| Current tax charge | <u>8,778</u> | <u>29,125</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £110,000 (2010 - £0)

8 DIVIDENDS

| | 2011 £ | 2010 £ |
|---------------------------------------|----------------|---------------|
| Ordinary shares of 10p each Final | 110,000 | - |
| Preference shares of £1 each Final | 28,860 | 28,860 |
| | <u>138,860</u> | <u>28,860</u> |

9 INTANGIBLE FIXED ASSETS

Group

| | Licences, trade marks and similar rights £ |
|------------------------|---|
| COST | |
| At 1st October 2010 | 181,910 |
| Additions | 38,070 |
| At 30th September 2011 | <u>219,980</u> |
| AMORTISATION | |
| At 1st October 2010 | 10,990 |
| Amortisation for year | 6,350 |
| At 30th September 2011 | <u>17,340</u> |
| NET BOOK VALUE | |
| At 30th September 2011 | <u>202,640</u> |
| At 30th September 2010 | <u>170,920</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011**10 TANGIBLE FIXED ASSETS****Group**

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|------------------------|-----------------------------|----------------------------------|----------------------------|-------------|
| COST | | | | |
| At 1st October 2010 | 164,444 | 173,067 | 248,783 | 586,294 |
| Additions | 15,024 | 2,903 | 39,643 | 57,570 |
| Disposals | - | - | (48,244) | (48,244) |
| At 30th September 2011 | 179,468 | 175,970 | 240,182 | 595,620 |
| DEPRECIATION | | | | |
| At 1st October 2010 | 123,641 | 153,458 | 141,448 | 418,547 |
| Charge for year | 39,615 | 5,146 | 61,831 | 106,592 |
| Eliminated on disposal | - | - | (47,918) | (47,918) |
| At 30th September 2011 | 163,256 | 158,604 | 155,361 | 477,221 |
| NET BOOK VALUE | | | | |
| At 30th September 2011 | 16,212 | 17,366 | 84,821 | 118,399 |
| At 30th September 2010 | 40,803 | 19,609 | 107,335 | 167,747 |

11 FIXED ASSET INVESTMENTS**Group**

| | Shares in group undertakings £ |
|--|---|
| COST | |
| At 1st October 2010 and 30th September 2011 | 76,680 |
| NET BOOK VALUE | |
| At 30th September 2011 | 76,680 |
| At 30th September 2010 | 76,680 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

11 FIXED ASSET INVESTMENTS - continued

Company

Shares in
group
undertakings
£

COST

At 1st October 2010
and 30th September 2011

86,683

NET BOOK VALUE

At 30th September 2011

86,683

At 30th September 2010

86,683

The Shares in Group Undertakings included within the consolidated financial statements represent capitalised professional fees in relation to the acquisition of a subsidiary company

The following companies are subsidiary undertakings of I P Integration Group Limited The results of those companies have been consolidated into these financial statements

Subsidiaries

I.P. Integration Limited

Nature of business Sale and support of telephone systems

Class of share

Ordinary

%
holding
100 00

Integration Properties Limited

Nature of business Dormant

Class of share

Ordinary

%
holding
100 00

CTI Labs Limited

Nature of business Dormant

Class of share

Ordinary

%
holding
100 00

I P Integration Professional Services Limited

Nature of business Dormant

Class of share

Ordinary

%
holding
100 00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

12 STOCKS

| | Group | |
|----------------|----------------|----------------|
| | 2011 | 2010 |
| | £ | £ |
| Finished goods | <u>471,539</u> | <u>433,156</u> |

13 DEBTORS

| | Group | | Company | |
|--|------------------|------------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Trade debtors | 2,541,225 | 2,197,113 | - | - |
| Other debtors | 182,561 | 112,143 | - | - |
| Called up share capital not paid | 10,000 | 10,000 | 10,000 | 10,000 |
| Prepayments | 376,664 | 232,890 | - | - |
| | <u>3,110,450</u> | <u>2,552,146</u> | <u>10,000</u> | <u>10,000</u> |
| Amounts falling due after more than one year | | | | |
| Other debtors | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Aggregate amounts | <u>3,210,450</u> | <u>2,552,146</u> | <u>10,000</u> | <u>10,000</u> |

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|------------------------------------|------------------|------------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Trade creditors | 1,059,148 | 935,582 | - | - |
| Amounts owed to group undertakings | - | - | 86,683 | 86,683 |
| Taxation | 8,778 | - | - | - |
| Social security and other taxes | 111,565 | 100,096 | - | - |
| VAT | 275,637 | 190,127 | - | - |
| Other creditors | 119,166 | - | - | - |
| Directors' current accounts | 6,000 | - | - | - |
| Accruals and deferred income | 1,016,215 | 739,243 | - | - |
| | <u>2,596,509</u> | <u>1,965,048</u> | <u>86,683</u> | <u>86,683</u> |

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | |
|-----------------|---------------|----------|
| | 2011 | 2010 |
| | £ | £ |
| Other creditors | <u>50,000</u> | <u>-</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

16 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid | | Nominal value | 2011 | 2010 |
|---------------------------------|------------|------------------|----------------|----------------|
| Number | Class | | £ | £ |
| 100,000 | Ordinary | 10p | 10,000 | 10,000 |
| 481,000 | Preference | £1 | 481,000 | 481,000 |
| | | | <u>491,000</u> | <u>491,000</u> |

17 RESERVES

Group

| | Profit and loss account £ |
|------------------------|------------------------------------|
| At 1st October 2010 | 1,689,558 |
| Profit for the year | 464,036 |
| Dividends | (138,860) |
| At 30th September 2011 | <u>2,014,734</u> |

Company

| | Profit and loss account £ |
|------------------------|------------------------------------|
| Profit for the year | 110,000 |
| Dividends | (110,000) |
| At 30th September 2011 | <u>-</u> |

18 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr B J Prentis by virtue of his beneficial shareholding in I P Integration Group Limited, the ultimate parent company of the group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2011

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

| | 2011 £ | 2010 £ |
|--|------------------|------------------|
| Profit for the financial year | 464,036 | 511,967 |
| Dividends | (138,860) | (28,860) |
| Net addition to shareholders' funds | 325,176 | 483,107 |
| Opening shareholders' funds | 2,180,558 | 1,697,451 |
| Closing shareholders' funds | 2,505,734 | 2,180,558 |

Company

| | 2011 £ | 2010 £ |
|------------------------------------|---------------|---------------|
| Profit for the financial year | 110,000 | - |
| Dividends | (110,000) | - |
| Opening shareholders' funds | 10,000 | 10,000 |
| Closing shareholders' funds | 10,000 | 10,000 |

20 SUBSEQUENT EVENTS

The following events have occurred since the balance sheet date

- On 1st October 2011 the share capital of IP Professional Services Limited has been acquired by the company
- On 22nd May 2012 I P Integration Limited acquired the share capital of Micropoint Managed Services Limited

The results of both of these companies will be included in the consolidated financial statements of I P Integration Group Limited for the year ended 30th September 2012