

**PROFESSIONAL CONTRACTORS GROUP LIMITED**

**Directors' Report And Financial Statements**

**For the year ended 30 April 2011**

**Company Registration No. 03770926 (England And Wales)**

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## COMPANY INFORMATION

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### Directors

C.J. Bryce  
J. A. Brazier  
N.R. Graham  
J. Stewart  
J.E. Collings  
G.P. Jones  
P. Dainter (Appointed 21 May 2011)  
S. Gardner (Appointed 21 May 2011)

### Secretary

BKL Company Services Limited

### Company number

03770926

### Registered office

35 Ballards Lane  
London  
N3 1XW

### Auditors

Kingston Smith LLP  
Middlesex House  
800 Uxbridge Road  
Hayes  
Middlesex  
UB4 0RS

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# PROFESSIONAL CONTRACTORS GROUP LIMITED

## CONTENTS

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	<b>Page</b>
Chairman's Statement	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Income and expenditure account	7
Balance sheet	8
Notes to the financial statements	9 - 14

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# PROFESSIONAL CONTRACTORS GROUP LIMITED

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2011

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The past year has been one of stability in membership numbers, coupled with some high level engagement with the Government through our seats on the Office of Tax Simplification's Consultative Committee, looking at small business taxation and the appointment to the recently formed IR35 Forum, set up to bring about a better administrative regime for this legislation. As such, simply administering bad law better is no substitute for abolition but our members' needs are best served by PCG remaining on the front line in all current and future discussions.

The new All Party Parliamentary Group for the Freelance Sector was created with PCG holding the secretariat, and we held our second National Freelancers Day, featuring the first Freelance Lecture at the impressive Stationers' Hall in London. We have also been working with the University of Buckingham's Centre for Security and Intelligence Studies to compile a major report on the security clearance regime for freelance contractors, which is an additional problem for many of our members.

PCG's consistent lobbying has now ensured that major abuses of Intra Company Transfer arrangements will be less likely, thanks to substantial changes in Government policy, including upward revisions to minimum salary levels.

The refresh of PCG's strategy, which we started earlier in the year has now been finalised and a revised PCG vision created; one of "a thriving freelance community with an influential voice". PCG's stated mission is "Promoting freelancing and defending our members". Our strategic objectives are showcased within the PCG website and the introduction of additional sites for National Freelancers Day and our magazine "Freelancing Matters" have all added weight to our profile. With more intense and targeted marketing activity, we will be able to ensure that our messages are received by the widest possible freelance community. This will then aid membership growth, particularly from new sectors.

PCG's finances remain strong, with further expansion of revenues and reserves since last year. Whilst better administration of the IR35 rules should mean fewer and shorter investigations, HMRC are stepping up their activities within the small business arena generally, particularly in the area of business record checks, so we must remain aware that this increased activity could affect our members.

Further additions to staffing have enabled an increase in marketing and research activity, two areas of importance for PCG as we strive to grow the influence of our sector amongst Government and the client base, upon whom our members' livelihood depends. Additionally, we have strengthened our PR capability with the appointment of an internal press officer, who, working in conjunction with our Press and Media Consultant is seeking out new media opportunities to highlight the importance of freelancing to UK plc and the threats to our members' chosen way of working.

The Board of Directors and senior management team took part in an intensive media training day to improve their skills in this area, in anticipation of more regular interview opportunities and such courses will be repeated as and when the need is felt.

PCG continues to research its members' attitudes to freelancing and their satisfaction with the work we do on their behalf and we use this to monitor our own performance and to guide future plans. This work, coupled with the experience of the Consultative Council and the Board of Directors helps us to keep abreast of all relevant market developments. Further 'economic value' related research is also planned in our efforts to promote the tangible benefits of our work sector to the economy.

Our engagement with members in the field is driven by our relentless drive to host as many Real Life Meetings as possible around the country. For this to be successful, PCG provides organisational and administrative assistance to those members willing to act as hosts and in addition liaises with industry stakeholders in sourcing presentations on subjects of importance to them.

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2011

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Our work in Europe gathers pace, following the launch of the European Forum of Independent Professionals last year. Engagement with our colleagues across the Continent and increasingly with our Commonwealth and North American counterparts is starting to bear fruit, as we attempt to define more accurately the international freelance market through research initiatives.

Finally, PCG has once again been recognised in the annual Trade Association Forum awards, winning in the Membership Success and Electronic Communication of the Year categories. This is testament again to the professional and sterling work the executive team does on behalf of the association, coupled with the ongoing advice of the Consultative Council and Board of Directors, who remain dedicated to furthering our aims.



Chris Bryce  
Chairman

24.9.11.....

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2011

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The directors present their report and financial statements for the year ended 30 April 2011.

### Principal activities

The principal activity of the company during the year was that of a representational body for knowledge-based freelance contractors and consultants.

### Directors

The following directors have held office since 1 May 2010:

C.J. Bryce

J. A. Brazier

N.R. Graham

D.G. Sharp

(Resigned 21 May 2011)

J. Stewart

J.E. Collings

G.P. Jones

A. Dagen

(Resigned 21 May 2011)

P. Dainter

(Appointed 21 May 2011)

S. Gardner

(Appointed 21 May 2011)

### Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing 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 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 of the surplus or deficit of the company 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 transactions and 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.

# PROFESSIONAL CONTRACTORS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2011

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## Statement of disclosure to auditors


So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

## Qualifying 3rd party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

  
.....  
J. A. Brazier  
Director  
24.9.11  
.....

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROFESSIONAL CONTRACTORS GROUP LIMITED

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We have audited the financial statements of Professional Contractors Group Limited for the year ended 30 April 2011 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 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 Directors' Report 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 company's affairs as at 30 April 2011 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# PROFESSIONAL CONTRACTORS GROUP LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF PROFESSIONAL CONTRACTORS GROUP LIMITED

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### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



**Maureen Penfold (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

28.9.2011  
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**Chartered Accountants**  
**Statutory Auditor**

Middlesex House  
800 Uxbridge Road  
Hayes  
Middlesex  
UB4 0RS

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 APRIL 2011

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		2011 £	2010 £
<b>Turnover</b>		3,335,504	3,173,145
Administrative expenses		(3,202,288)	(3,334,053)
Other operating income		208,437	242,456
<b>Operating surplus</b>	<b>2</b>	<u>341,653</u>	<u>81,548</u>
Other interest receivable and similar income	<b>3</b>	<u>33,042</u>	<u>17,124</u>
<b>Surplus on ordinary activities before taxation</b>		374,695	98,672
Tax on surplus on ordinary activities	<b>4</b>	(6,912)	(3,596)
<b>Surplus for the year</b>	<b>9</b>	<u><u>367,783</u></u>	<u><u>95,076</u></u>

# PROFESSIONAL CONTRACTORS GROUP LIMITED


## BALANCE SHEET AS AT 30 APRIL 2011

	Notes	2011		2010	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		60,937		35,607
<b>Current assets</b>					
Debtors	6	148,217		113,158	
Cash at bank and in hand		2,748,590		2,200,060	
		<u>2,896,807</u>		<u>2,313,218</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(492,142)</u>		<u>(325,342)</u>	
<b>Net current assets</b>			<u>2,404,665</u>		<u>1,987,876</u>
<b>Total assets less current liabilities</b>			<u>2,465,602</u>		<u>2,023,483</u>
<b>Accruals and deferred income</b>	8		<u>(1,608,858)</u>		<u>(1,534,522)</u>
			<u>856,744</u>		<u>488,961</u>
<b>Capital and reserves</b>					
Other reserves	9	250,000		250,000	
Income and expenditure account	9	606,744		238,961	
			<u>856,744</u>		<u>488,961</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 24.9.11.....

  
.....  
J. A. Brazier  
Director

  
.....  
N.R. Graham  
Director

Company Registration No. 03770926

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover represents subscriptions receivable from members and affiliates during the period exclusive of value added tax. Membership subscription is accounted for on the accruals concept, with subscriptions being spread over the term of the membership.

#### **1.4 Other operating income**

Other operating income includes voluntary contributions received from members and affiliates towards present and future legal expenses of the company. As such these donations are matched against the expenditure and the balance of the donations are deferred to be matched against future expenditure.

In addition it includes other sponsorship, advertising, commission and insurance receipts for various other services provided during the year.

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	20% Straight Line

#### **1.6 Accruals and deferred income**

As noted above the company has adopted a prudent policy in respect of recognising subscription income. Such income is shown as deferred income in Note 8 to the accounts and is not refundable to the member, should the company cease to trade.

#### **1.7 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2011

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<b>2</b>	<b>Operating surplus</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Operating surplus is stated after charging:		
	Depreciation of tangible assets	22,252	16,761
	Loss on disposal of fixed assets	919	2,815
	Auditors' remuneration - Audit fees	7,800	9,650
	Auditors' remuneration - Non-audit fees	1,872	2,750
	Directors' emoluments	174,364	152,863
	Directors' services and expenses	113,955	137,045
		<u>113,955</u>	<u>137,045</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2010 - 1).

<b>3</b>	<b>Investment income</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Bank interest	33,042	17,124
		<u>33,042</u>	<u>17,124</u>

<b>4</b>	<b>Taxation</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	6,912	3,596
	<b>Total current tax</b>	<u>6,912</u>	<u>3,596</u>

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2011

### 5 Tangible fixed assets

	Plant and machinery etc
	£
<b>Cost</b>	
At 1 May 2010	102,402
Additions	57,004
Disposals	(26,944)
	<hr/>
At 30 April 2011	132,462
	<hr/>
<b>Depreciation</b>	
At 1 May 2010	66,795
On disposals	(18,441)
Charge for the year	23,171
	<hr/>
At 30 April 2011	71,525
	<hr/>
<b>Net book value</b>	
At 30 April 2011	60,937
	<hr/> <hr/>
At 30 April 2010	35,607
	<hr/> <hr/>

6 Debtors	2011	2010
	£	£
Trade debtors	26,594	14,118
Other debtors	121,623	99,040
	<hr/>	<hr/>
	148,217	113,158
	<hr/> <hr/>	<hr/> <hr/>

7 Creditors: amounts falling due within one year	2011	2010
	£	£
Trade creditors	250,685	174,380
Taxation and social security	152,546	95,719
Other creditors	88,911	55,243
	<hr/>	<hr/>
	492,142	325,342
	<hr/> <hr/>	<hr/> <hr/>

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2011

### 8 Accruals and deferred income

	<b>Deferred income: Membership fees £</b>
Balance at 1 May 2010	1,534,522
Increase in deferred income	74,336
Balance at 30 April 2011	<u>1,608,858</u>

### 9 Statement of movements on reserves

	<b>Other reserves (see below) £</b>	<b>Income and expenditure account £</b>
Balance at 1 May 2010	250,000	238,961
Surplus for the year	-	367,783
Balance at 30 April 2011	<u>250,000</u>	<u>606,744</u>
<b>Other reserves</b>		
<b>Special Projects Fund reserves</b>		
Balance at 1 May 2010 & at 30 April 2011	<u>250,000</u>	

Other reserves consist of the Special Funds Project Account which consists of funds set aside by the Board of Directors to fund specific projects to defend the interests of the members.

### 10 Financial commitments

At 30 April 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2012:

	<b>2011 £</b>	<b>2010 £</b>
Operating leases which expire:		
Within one year	18,667	-
Between two and five years	2,600	58,600
In over five years	1,599	-
	<u>22,866</u>	<u>58,600</u>

# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2011

### 11 Related party transactions

The following transactions occurred with the directors or with entities controlled by them during the year:

	2011			2010		
	Services rendered	Expenses	Total	Services rendered	Expenses	Total
	£	£	£	£	£	£
N.R. Graham	23,600	1,048	24,648	23,650	533	24,183
D.G. Sharp	-	-	-	19,904	4,964	24,868
J. Stewart	19,888	6,533	26,421	21,810	5,445	27,255
J.E. Collings	18,168	2,614	20,782	18,676	1,587	20,263
A. Watts	-	-	-	1,512	797	2,309
G.P. Jones	18,147	3,187	21,334	17,900	1,273	19,173
A. Dagen	18,621	2,149	20,770	17,549	1,445	18,994
	<u>98,424</u>	<u>15,531</u>	<u>113,955</u>	<u>121,001</u>	<u>16,044</u>	<u>137,045</u>

The related party for each of the directors is as follows:

	Related Party
N.R. Graham	Berg Kaprow Lewis LLP
D.G. Sharp (Resigned 21 May 2011)	Morgan Johnson Networks Limited
J. Stewart	Scarborough Pages Limited
J.E. Collings	Future Star Services Limited
A. Watts	LPW Computer Services Limited
A. Dagen (Resigned 21 May 2011)	Shingle End Limited
G.P. Jones	Arctic Systems Limited

All the above transactions were for services rendered to the PCG and were on an arm's length basis.

During the year, elected directors received payments as detailed below:

	2011				2010			
	Salaries	Extra days	Expenses	Total	Salaries	Extra days	Expenses	Total
	£	£	£	£	£	£	£	£
C. Bryce	24,220	5,705	300	30,225	24,688	2,627	2,045	29,360
G. Sharp	17,220	1,607	3,695	22,522	1,467	-	-	1,467
	<u>41,440</u>	<u>7,312</u>	<u>3,995</u>	<u>52,747</u>	<u>26,155</u>	<u>2,627</u>	<u>2,045</u>	<u>30,827</u>

There were no other material transactions during the year between the company and the directors or with entities controlled by them, other than those disclosed above.



# PROFESSIONAL CONTRACTORS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2011

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### **12 Company limited by guarantee**

The company is limited by guarantee and does not have share capital. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up while they are a member, or within one year after they cease to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amounts as may be required not exceeding £1.

### **13 Post balance sheet events**

On 11 May 2011, the company entered into a 1 year office service agreement representing a total financial commitment of £39,900.

On 1 September 2011 the company entered into a 5 year lease agreement with a 3 month break clause after the first year, at an annual rent of £56,000.