

PROFESSIONAL CONTRACTORS GROUP LIMITED

Directors' Report And Financial Statements
For the year ended 30 April 2012

PROFESSIONAL CONTRACTORS GROUP LIMITED

COMPANY INFORMATION

Directors

C.J. Bryce
J. A. Brazier
N.R. Graham
D.G. Sharp (Appointed 19 May 2012)
P. Dainter
C.H.A. Bell (Appointed 19 May 2012)
S. Gardner
D.J.W. Gilmour (Appointed 19 May 2012)

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

PROFESSIONAL CONTRACTORS GROUP LIMITED

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PROFESSIONAL CONTRACTORS GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2012

It is my pleasure to present my report on PCG's activities during the year to 30 April 2012 and to outline some of our work for the current year.

We have always fought to achieve a fair business environment for freelancers, but the Government has put a number of obstacles in our way during the past year.

The Government's fiscal problems coupled with the recent unprecedented media coverage surrounding the tax affairs of many high profile freelancers and entertainers, has brought about an unwelcome change in the Government's attitude to the rules and working arrangements for all public sector contractors. Indeed there is now an apparent 'moral' challenge to freelancers' tax arrangements as a direct result.

This unwelcome and unfair development comes hard on the heels of our exhaustive work within HMRC's IR35 Forum, supported by Ernst & Young. Although HMRC originally agreed to our proposal that freelance businesses' IR35 risk levels should first be assessed using a 'business test' approach, the resulting scoring demanded by HMRC, has been deemed unfair and unworkable by virtually all stakeholders within the Forum. PCG decided to highlight this fact by re-scoring a number of members' IR35 cases which we had successfully challenged with HMRC in the past, using the new tests with HMRC's points system. On exactly the same facts, the new tests suggested that these same cases would be at a high risk of losing before HMRC and so our view remains that the current scoring renders the business tests unfit for purpose.

Following extensive media coverage of Ed Lester's role in the Student Loans Company, the Government has released proposals to question the tax affairs of 'Controlling Persons' in organisations and this has brought much focus onto the Interim Management community in particular. PCG is consulting with the Government on these proposals to ensure that they correctly exclude genuine freelancers.

With increased promotion activity and partly as a result of these unwelcome and unjustified Government proposals, PCG membership is going from strength to strength, with significant growth over last year, bringing current membership numbers close to 21,000. Revenue growth overall has been healthy as a result, increasing by £0.24m, with a substantial rise in take-up of our enhanced 'Plus' membership package.

Each year we increase our research activity as part of our work with a number of other business organisations to emphasise the economic importance and value of the freelance sector. During the past year this work has included a major project with Kingston University, which revealed growth in our sector of 12% over the past three years, the Bettany Centre for Entrepreneurship at Cranfield University, the high profile political pollsters, ComRes and some recent new research initiatives centred on the European market, working with our partners in the EU.

Our own National Freelancers Day event was again held in November 2011, this time at the impressive LSO St Luke's venue in London and attracted over 200 guests and members. This event became the highest trending item on Twitter during the day and attracted huge levels of publicity across many other media platforms. We were mentioned on Radio 4's flagship "Today" programme and the event was again skilfully hosted by veteran broadcaster Sue Lawley. We were delighted to be awarded Gold Medal status in the annual Trade Association Forum Awards ceremony in July for 'Event of the Year'.

We are continuing to raise our profile in Europe through our membership of the European Small Business Alliance and through the growth in membership of the European Forum of Independent Professionals. An event to launch recent research results into the size of the 'Independent Professionals' market in Europe will take place in Brussels later this year.

PROFESSIONAL CONTRACTORS GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2012

Working with other stakeholders, PCG continues to enhance its market position through many different initiatives. This includes working with the Recruitment and Employment Confederation on their Flexible Work Commission and jointly at the political party conferences, with the University of Buckingham and the Cabinet Office on Security Clearance Issues and our ongoing involvement in the CBI's Trade Association Council. In addition, we continue to receive invitations to speak at various round tables, seminars and conferences, which enable us to keep our message in front of key decision makers.

Our press and PR activity remains strong and we are making much more use of social media outlets, where appropriate. We strive to respond to all issues that affect our membership and work with other parties where necessary.

Our work in the political arena has been dominated by our involvement with the IR35 Forum, which was set up by the Government to improve the way in which the legislation is administered. This has resulted in many meetings, both internal and external, together with much debate, consultation and analysis in our attempts to bring about a clear and fair deal for our members and the freelance community in general. PCG was established in 1999 to fight for the repeal of the IR35 rules and we remain committed to this. HMRC are still using the IR35 rules to penalise the freelance knowledge-based sector and their new business tests scoring will do nothing to improve the lot of our members.

A new All Party Parliamentary Group for the Freelance Sector was created and a programme of work outlined in support of the freelance way of work. In addition, we continue to engage with MPs via specific meetings and more formal events at the House of Commons.

Further expansion of our extensive "PCG Events" programme for members around the country has seen a marked rise in attendance which is a direct reflection of the uncertainties facing them and an increasing need to be informed of broader agenda topics. These meetings are a vital way of engaging with members and enhancing their membership experience and cover a wide range of business and professional development subjects.

On the Information Technology front, much of our time has been spent working with our chosen supplier on the development stage of our new CRM, which is now reaching its conclusion and the system should be up and running smoothly before the end of 2012, along with new PCG websites.

Staffing has grown over the past year to 19 as we have expanded our activities and the need for more administrative support has become essential. Both membership and marketing departments have additional resource, in addition to a new web manager in the IT department.

Finally, I must thank my Board colleagues, the Executive team and the Consultative Council for all their hard work, support and input over the past year. PCG as an association goes from strength to strength and this is due to the common causes we all share and the combined efforts of all concerned.

Chris Bryce
Chairman



28/4/12

PROFESSIONAL CONTRACTORS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2012

The directors present their report and financial statements for the year ended 30 April 2012.

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 2011:

C.J. Bryce	
J. A. Brazier	
N.R. Graham	
J. Stewart	(Resigned 19 May 2012)
J.E. Collings	(Resigned 17 February 2012)
G.P. Jones	(Resigned 19 May 2012)
D.G. Sharp	(Appointed 19 May 2012)
P. Dainter	
C.H.A. Bell	(Appointed 19 May 2012)
S. Gardner	
D.J.W. Gilmour	(Appointed 19 May 2012)

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 2012

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
28/4/12
.....

PROFESSIONAL CONTRACTORS GROUP LIMITED

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

We have audited the financial statements of Professional Contractors Group Limited for the year ended 30 April 2012 set out on pages 7 to 15. 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 2012 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

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

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

4/10/12

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 2012

	Notes	2012 £	2011 £
Turnover		3,580,178	3,335,504
Administrative expenses		(3,602,822)	(3,202,288)
Other operating income		295,178	208,437
Operating surplus	2	<u>272,534</u>	<u>341,653</u>
Other interest receivable and similar income	3	34,148	33,042
Interest payable and similar charges		(711)	-
Surplus on ordinary activities before taxation		<u>305,971</u>	<u>374,695</u>
Tax on surplus on ordinary activities	4	(6,830)	(6,912)
Surplus for the year	10	<u><u>299,141</u></u>	<u><u>367,783</u></u>

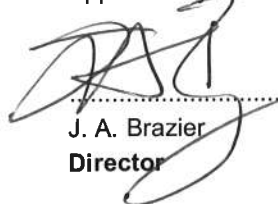
PROFESSIONAL CONTRACTORS GROUP LIMITED


BALANCE SHEET AS AT 30 APRIL 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	5		325,769		60,937
Current assets					
Debtors	6	164,007		148,217	
Cash at bank and in hand		2,844,340		2,748,590	
		<u>3,008,347</u>		<u>2,896,807</u>	
Creditors: amounts falling due within one year	7	<u>(430,598)</u>		<u>(492,142)</u>	
Net current assets			<u>2,577,749</u>		<u>2,404,665</u>
Total assets less current liabilities			<u>2,903,518</u>		<u>2,465,602</u>
Creditors: amounts falling due after more than one year	8		(10,209)		-
Accruals and deferred income	9		<u>(1,737,424)</u>		<u>(1,608,858)</u>
			<u>1,155,885</u>		<u>856,744</u>
Capital and reserves					
Other reserves	10		250,000		250,000
Income and expenditure account	10		905,885		606,744
			<u>1,155,885</u>		<u>856,744</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 28/9/12


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 2012

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 an accruals basis, 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
Assets under construction	None

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 9 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.

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 2012

2	Operating surplus	2012	2011
		£	£
	Operating surplus is stated after charging:		
	Depreciation of tangible assets	19,779	23,171
	Loss on disposal of fixed assets	353	919
	Auditors' remuneration - Audit fees	7,800	7,800
	Auditors' remuneration - Non-audit fees	1,883	1,872
	Directors' emoluments	147,019	174,364
	Directors' services and expenses	146,571	113,955
		<u>146,571</u>	<u>113,955</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2011 - 1).

3	Investment income	2012	2011
		£	£
	Bank interest	34,148	33,042
		<u>34,148</u>	<u>33,042</u>

4	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U.K. corporation tax	6,830	6,912
	Total current tax	<u>6,830</u>	<u>6,912</u>

PROFESSIONAL CONTRACTORS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 May 2011	132,462
Additions	285,164
Disposals	(850)
	<hr/>
At 30 April 2012	416,776
	<hr/>
Depreciation	
At 1 May 2011	71,525
On disposals	(297)
Charge for the year	19,779
	<hr/>
At 30 April 2012	91,007
	<hr/>
Net book value	
At 30 April 2012	325,769
	<hr/> <hr/>
At 30 April 2011	60,937
	<hr/> <hr/>

The net book value of tangible fixed assets includes £12,588 (2011 - £-) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £899 (2011 - £-) for the year.

Included within fixed assets is £260,985 (2011: £nil) in respect of the new CRM system still under development. No depreciation was charged on this asset during the year.

6 Debtors	2012	2011
	£	£
Trade debtors	30,426	26,594
Other debtors	133,581	121,623
	<hr/>	<hr/>
	164,007	148,217
	<hr/> <hr/>	<hr/> <hr/>

PROFESSIONAL CONTRACTORS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

7	Creditors: amounts falling due within one year	2012	2011
		£	£
	Net obligations under finance leases	2,247	-
	Trade creditors	194,048	250,685
	Taxation and social security	112,399	152,546
	Other creditors	121,904	88,911
		<u>430,598</u>	<u>492,142</u>
		<u><u>430,598</u></u>	<u><u>492,142</u></u>
8	Creditors: amounts falling due after more than one year	2012	2011
		£	£
	Net obligations under finance leases	10,209	-
		<u>10,209</u>	<u>-</u>
		<u><u>10,209</u></u>	<u><u>-</u></u>
9	Accruals and deferred income		
			Deferred income: Membership fees £
	Balance at 1 May 2011		1,608,858
	Increase in deferred income		128,566
	Balance at 30 April 2012		<u>1,737,424</u>

PROFESSIONAL CONTRACTORS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

10 Statement of movements on reserves

	Other reserves (see below) £	Income and expenditure account £
Balance at 1 May 2011	250,000	606,744
Surplus for the year	-	299,141
Balance at 30 April 2012	<u>250,000</u>	<u>905,885</u>
Other reserves		
Special Projects Fund reserves		
Balance at 1 May 2011 & at 30 April 2012	<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.

11 Financial commitments

At 30 April 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2013:

	2012 £	2011 £
Operating leases which expire:		
Within one year	3,990	18,667
Between two and five years	58,600	2,600
In over five years	1,599	1,599
	<u>64,189</u>	<u>22,866</u>

PROFESSIONAL CONTRACTORS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

12 Related party transactions

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

	2012			2011		
	Services rendered £	Expenses £	Total £	Services rendered £	Expenses £	Total £
N.R. Graham	24,000	772	24,772	23,600	1,048	24,648
J. Stewart	24,454	10,091	34,545	19,888	6,533	26,421
J.E. Collings	17,684	1,993	19,677	18,168	2,614	20,782
P. Dainter	18,496	2,086	20,582	-	-	-
S. Gardner	19,596	3,956	23,552	-	-	-
G.P. Jones	20,240	1,973	22,213	18,147	3,187	21,334
A. Dagen	710	520	1,230	18,621	2,149	20,770
	<u>125,180</u>	<u>21,391</u>	<u>146,571</u>	<u>98,424</u>	<u>15,531</u>	<u>113,955</u>

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

N.R. Graham	Related Party Berg Kaprow Lewis LLP
J. Stewart	Scarborough Pages Limited
J.E. Collings	Future Star Services Limited
P. Dainter	Runes Limited
S. Gardner	SirJ 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:

	2012				2011			
	Salaries £	Extra days £	Expenses £	Total £	Salaries £	Extra days £	Expenses £	Total £
C. Bryce	27,619	9,112	221	36,952	24,220	5,705	300	30,225
G. Sharp	-	-	-	-	17,220	1,607	3,695	22,522
	<u>27,619</u>	<u>9,112</u>	<u>221</u>	<u>36,952</u>	<u>41,440</u>	<u>7,312</u>	<u>3,995</u>	<u>52,747</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 2012

13 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.