

2765607

CONTROLACCOUNT PLC

FINANCIAL STATEMENTS

For the year ended 31st December 1995



FREEMAN & PARTNERS
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
30 ST JAMES'S STREET
LONDON SW1A 1HB

CONTROLACCOUNT PLC

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CONTROLACCOUNT PLC

COMPANY INFORMATION

DIRECTORS	G A R Ball D R Ball I L Morris
SECRETARY	G A R Ball
REGISTERED OFFICE	30 St James's Street LONDON SW1A 1HB
REGISTERED NUMBER	2765607
DATE OF INCORPORATION	18th November 1992
AUDITORS	Freeman & Partners Chartered Accountants Registered Auditor 30 St James's Street LONDON SW1A 1HB
BANKERS	National Westminster Bank Plc 1 The Mall Ealing LONDON W5 2PL Trustees Savings Bank Plc 115 Regent Street LONDON W1R 7HA

CONTROLACCOUNT PLCREPORT OF THE DIRECTORS

The directors present their annual report on the affairs of the company together with the audited financial statements for the year ended 31st December 1995.

Principal Activities

The principal activities of the company are those of a debt collection agency and the provision of management and consultancy services.

Results and Business Review

The results for the year under review are set out in detail on Page 5.

1995 has been a satisfactory year with pre-tax profits showing a 2% increase, achieved on a slightly reduced turnover. This is explained by strict cost containment together with improved sales margin and is in spite of continuing and increasing expenditure on sophisticated computer software.

The marketplace in which we at present operate continues to stagnate and at the same time is extremely competitive and thus we do not expect 1996 to be one of growth in our traditional areas of business and we therefore intend to broaden the range of services we provide. In the short to medium term the envisaged broadening may have a cash requirement and we are currently looking at ways in which we should fund this should it be necessary.

In 1996 we hope to obtain accreditation under BS EN ISO 9002 which should enhance both our efficiency and our attraction to potential clients.

Overall we look forward to 1996 with cautious optimism dependent upon our ability to meet the challenges of diversification.

Fixed Assets

The company invested £ 14,183 in fixed assets during the year under review. Further information on the movements in fixed assets is detailed under Notes 7 and 8 of the financial statements.

Directors

The directors who served during the year and their beneficial interests in the issued share capital of the company were as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>31.12.1995</u>	<u>31.12.1994</u>
G A R Ball	49,999	49,999
D R Ball	1	1
I L Morris	-	-
	<u> </u>	<u> </u>

CONTROLACCOUNT PLC

REPORT OF THE DIRECTORS

Dividends

The directors declared and paid a first and final dividend of 60 pence per ordinary share for the year ended 31st December 1995.

Auditors

Freeman & Partners have expressed their willingness to continue in office as auditors of the company.

A resolution proposing their re-appointment will be presented to the members at the forthcoming Annual General Meeting.

Directors' Responsibilities

The directors acknowledge their responsibility under company law to prepare financial statements, for each financial period, which give a true and fair view of the company's state of affairs at the end of the period and profit or loss for the period then ended.

The directors acknowledge that in preparing the financial statements they are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards;
- Prepare the financial statements on the going concern basis;
- Be responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985; and,
- Safeguard the assets of the company and take reasonable steps for the prevention and detection of fraud and other irregularities.

Approval

The Report of the Directors was approved by the Board on 13th March, 1996 and signed on its behalf by:-



G A R Ball
DIRECTOR

CONTROLACCOUNT PLC

REPORT OF THE AUDITORS

To the Shareholders of Controlaccount Plc:-

We have audited the financial statements set out on Pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on Page 9.

Respective Responsibilities of Directors and Auditors

As described on Page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you.

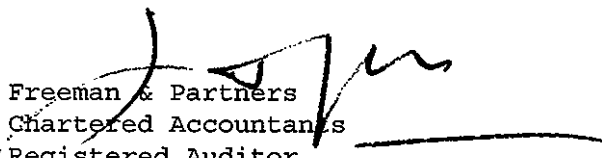
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December 1995 and of its profit and cash flows for the year ended on that date, and have been properly prepared in accordance with the Companies Act 1985.


Freeman & Partners
Chartered Accountants
Registered Auditor
London SW1

Dated: 21st March, 1996

CONTROLACCOUNT PLCPROFIT AND LOSS ACCOUNTFor the year ended 31st December 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER - Continuing Operations	2	588,243	638,582
Cost of Sales		(62,216)	(103,615)
GROSS PROFIT		<u>526,027</u>	<u>534,967</u>
Administrative Expenses		(389,435)	(399,865)
Operating profit - Continuing Operations		<u>136,592</u>	<u>135,102</u>
Interest received		2,973	1,465
Profit On Ordinary Activities Before Taxation	5	<u>139,565</u>	<u>136,567</u>
Taxation	6	(31,044)	(41,124)
Profit On Ordinary Activities After Taxation		<u>108,521</u>	<u>95,443</u>
Dividends	3	(30,000)	(72,000)
Retained Profit for the Year		<u>78,521</u>	<u>23,443</u>
Revenue Reserves brought forward		44,493	21,050
REVENUE RESERVES CARRIED FORWARD		<u>£ 123,014</u>	<u>£ 44,493</u>

There have been no recognised gains and losses other than those reported above.

CONTROLACCOUNT PLCBALANCE SHEETAs At 31st December 1995

	<u>Note</u>	£	£	<u>1994</u> £
FIXED ASSETS				
Tangible assets	8		5,487	6,959
Investments	7		6,637	-
			<u>12,124</u>	<u>6,959</u>

CURRENT ASSETS				
Debtors	9	148,105		146,567
Cash at bank and in hand		88,205		47,855
		<u>236,310</u>		<u>194,422</u>
Creditors: Amounts falling due within one year	10	(75,420)		(102,570)
Net Current Assets			<u>160,890</u>	<u>91,852</u>
			173,014	98,811
Provision for Liabilities and Charges	11		-	(4,318)
TOTAL NET ASSETS			<u>£ 173,014</u>	<u>£ 94,493</u>
				=====
 Represented By:-				
CAPITAL AND RESERVES				
Share Capital	12		50,000	50,000
Profit and Loss Account			123,014	44,493
SHAREHOLDERS' FUNDS	13		<u>£ 173,014</u>	<u>£ 94,493</u>
				=====

The financial statements set out on Pages 5 to 14 were approved by the Board of Directors on 13th March, 1996 and were signed on its behalf by:-

G A R BALL - Director



CONTROLACCOUNT PLCCASH FLOW STATEMENTAs at 31st December 1995

	£	£	<u>1994</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES (Page 8 - Note 1)		128,366	115,332 -----
<u>Return on Investments & Servicing of Finance</u>			
Interest received	2,973		1,465
Dividends paid	(50,000)		(52,000)
		(47,027)	(50,535) -----
<u>Taxation</u>			
Corporation Tax	(23,806)		(19,110)
Advanced Corporation Tax	(5,250)		(12,750)
		(29,056)	(31,860) -----
NET CASH INFLOW BEFORE INVESTING ACTIVITIES AND FINANCING		52,283	32,937 -----
<u>Investing Activities</u>			
Payments to acquire tangible fixed assets	(14,183)		(10,955)
Receipts from sale of fixed assets	2,250		200
		(11,933)	(10,755) -----
NET CASH INFLOW BEFORE FINANCING		40,350	22,182
<u>Financing</u>			
Share Subscriptions		-	-
INCREASE IN CASH & CASH EQUIVALENTS (Page 8 - Note 2)		<u>£ 40,350</u>	<u>£ 22,182</u> -----

CONTROLACCOUNT PLCNOTES TO CASH FLOW STATEMENTAs at 31st December 19951. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1995</u> £	<u>1994</u> £
Operating Profit - continuing operations	136,592	135,102
Depreciation on tangible asset	9,018	17,767
(Gain)/Loss on disposal of fixed assets	(2,250)	400
Decrease/(Increase) in debtors	962	(39,593)
(Decrease)/Increase in creditors	(15,956)	1,656
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u><u>£ 128,366</u></u>	<u><u>£ 115,332</u></u>

2. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS DURING THE YEAR

	<u>1995</u> £	<u>1994</u> £
CASH AT BANK & IN HAND		
Balance at 1st January 1995	47,855	25,673
Net Cash Flow in the year	40,350	22,182
BALANCE AS AT 31st DECEMBER 1995	<u><u>£ 88,205</u></u>	<u><u>£ 47,855</u></u>

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 1995**1. ACCOUNTING POLICIES****a. Convention**

The financial statements have been prepared in accordance with Accounting Standards under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

b. Turnover

Turnover represents the invoiced value of services supplied, exclusive of valued added tax.

c. Deferred Taxation

The charge for taxation is based on the adjusted results for the year under review and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method, only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

d. Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned at the following rates:-

Office Equipment	50%
Fixtures & Fittings	33.3%
Motor Vehicle	25%

e. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

f. Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Cost is the purchase price including acquisition costs, but excluding any payment for accrued interest or fixed dividend entitlement.

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 19952. TURNOVER

Turnover, which is attributable to the company's principal activities, arises principally in the United Kingdom.

3. DIVIDENDS

The directors declared and paid a first and final dividend of 60 pence per ordinary share (1994 : £ 1.44 pence/share) for the year ended 31st December 1995.

4. STAFF COSTS

	<u>1995</u>	<u>1994</u>
	£	£
Salaries	248,342	249,136
Social security costs	25,235	25,350
Pension contributions	28,000	28,000
	<u>£ 301,577</u>	<u>£ 302,486</u>

The average weekly number of persons (including executive directors) employed by the company during the year was:-

Debt Collectors	9	9
Administration	3	3
	<u> </u>	<u> </u>

Directors Emoluments

	£	£
Fees paid to directors in respect of their services as directors:-		
Chairman	60,000	60,000
Others	27,574	28,140
Pension Contributions	28,000	28,000
	<u>£ 115,574</u>	<u>£ 116,140</u>
Chairman/The Highest Paid Director	<u>£ 60,000</u>	<u>£ 60,000</u>

The number of directors (including the Chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges were:-

£ Nil	1	1
£ 25,001 - £ 30,000	1	1
£ 55,001 - £ 60,000	1	1
	<u> </u>	<u> </u>

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 19955. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging and crediting:-

	<u>1995</u>	<u>1994</u>
	£	£
(Gain)/loss on disposal of fixed assets	(2,250)	400
Depreciation - tangible assets	9,018	17,767
Directors' Remuneration	87,574	88,140
Auditors' Remuneration - audit	3,000	3,500
Auditors' Remuneration - other	322	1,588
	<u> </u>	<u> </u>

6. TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
Provision for Corporation Tax based on the adjusted profits for the year at the rate of 25%	35,362	36,806
Provision for deferred taxation	(4,318)	4,318
	<u>£ 31,044</u>	<u>£ 41,124</u>

7. INVESTMENTS

	<u>1995</u>	<u>1994</u>
	£	£
Listed Investments		
Additions	6,637	-
As At 31st December 1995	<u>£ 6,637</u>	<u>£ -</u>

Listed Investments comprise investments listed on the London Stock Exchange, the market value of which at 31st December 1995 amounted to £ 6,890.

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 19958. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicle</u> £	<u>Total</u> £
COST				
As at 1st January 1995	25,172	8,862	4,462	38,496
Additions	4,740	2,806	-	7,546
Disposals	(3,260)	-	-	(3,260)
As At 31st December 1995	£ 26,652	£ 11,668	£ 4,462	£ 42,782
DEPRECIATION				
As at 1st January 1995	21,557	5,519	4,461	31,537
Charges for the year	5,985	3,033	-	9,018
Disposals	(3,260)	-	-	(3,260)
As At 31st December 1995	£ 24,282	£ 8,552	£ 4,461	£ 37,295
NET BOOK VALUE				
As At 31st December 1995	£ 2,370	£ 3,116	£ 1	£ 5,487
As At 31st December 1994	£ 3,615	£ 3,343	£ 1	£ 6,959

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 1995

9. <u>DEBTORS</u>	<u>1995</u> £	<u>1994</u> £
Trade debtors	131,003	146,369
<u>Less:</u> Provision for doubtful debts	(4,881)	(6,651)
	126,122	139,718
ACT recoverable	7,500	5,000
Sundry debtors	14,483	1,849
	<u>£ 148,105</u>	<u>£ 146,567</u>

10. CREDITORS: Amounts falling due within one year.

	<u>1995</u> £	<u>1994</u> £
Trade creditors	14,858	21,703
Corporation Tax payable	30,362	23,806
ACT Payable	7,500	5,250
Customs & Excise - VAT	5,488	4,945
Inland Revenue - PAYE & NIC	8,685	7,212
Dividends payable	-	20,000
Other creditors and accruals	8,527	19,654
	<u>£ 75,420</u>	<u>£ 102,570</u>

11. <u>PROVISION FOR LIABILITIES & CHARGES</u>	<u>1995</u> £	<u>1994</u> £
<u>Deferred Taxation</u>		
Balance brought forward	4,318	-
Charges in the year:-		
Accumulated capital allowances	(4,318)	4,318
Balance Carried Forward	<u>£ -</u>	<u>£ 4,318</u>

CONTROLACCOUNT PLCNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31st December 1995

12. <u>SHARE CAPITAL</u>	<u>1995</u>	<u>1994</u>
<u>Authorised</u>		
250,000 Ordinary Shares of £1 each	£ 250,000	£ 250,000
<u>Issued and Fully Paid</u>		
50,000 Ordinary Shares of £1 each	£ 50,000	£ 50,000
13. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>		
	<u>1995</u>	<u>1994</u>
	£	£
Profit after tax	108,521	95,443
Dividends	(30,000)	(72,000)
Retained profit for the year	78,521	23,443
Opening shareholders' funds	94,493	71,050
CLOSING SHAREHOLDERS' FUNDS	£ 173,014	£ 94,493

14. CLIENT MONIES

At 31st December 1995 the company held in its clients' bank account the sum of £ 11,113 (1994 : £ 10,048) being monies collected from debtors of the company's clients and which is due to the clients. These monies have not been included in the company's Balance Sheet at 31st December 1995.