

Company Registration No. 2765607 (England and Wales)

CONTROLACCOUNT PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



A29
COMPANIES HOUSE

AKA884MA

0154
04/10/01

CONTROLACCOUNT PLC

COMPANY INFORMATION

Directors G A R Ball
I L Morris
R Roberts (Appointed 1 January 2000)

Secretary G A R Ball

Company number 2765607

Registered office 30 St James's Street
London
SW1A 1HB

Auditors Freeman & Partners
Chartered Accountants
30 St. James's Street
London
SW1A 1HB

Bankers National Westminster Bank Plc
1 The Mall
Ealing
London
W5 2PL

Lloyds TSB Bank Plc
20 St Mary At Hill
London
EC3R 8NA

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 14

CONTROLACCOUNT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The principal activities of the company continue to be those of a debt collection agency and the provision of debt management outsourcing, management and consultancy services.

The year 2000 saw a 10% increase in turnover, but a 14% increase in administrative expenses. Expenses were disproportionately higher due to continuing investment in information technology and at the latter end of year an increase in the numbers of our sales team. We do not expect the benefits of our investment in sales personnel to yield results until the second half of 2001. Moreover it is likely that our enhanced level of IT expenditure will become the norm rather than an exception. The overall effect of this is that it is likely that margins will reduce in the future as we take on larger volume clients for whom sophisticated IT is a pre-requisite.

Because of the increased level of administrative costs referred to above the first half of 2001 has produced only a small profit, however the second half has started well and there are a number of prospects for large increments in business. It remains to be seen whether a significant number of these prospects become clients.

We believe the short to medium prospects to be good.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2000:

G A R Ball	
D R Ball	(Resigned 12 November 2000)
I L Morris	
R Roberts	(Appointed 1 January 2000)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G A R Ball	49,999	49,999
I L Morris	-	-
R Roberts	-	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Freeman & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

CONTROLACCOUNT PLC

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the board



G A R Ball

Director

27th September 2001

CONTROLACCOUNT PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF CONTROLACCOUNT PLC

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 those statements and to report our opinion to you.

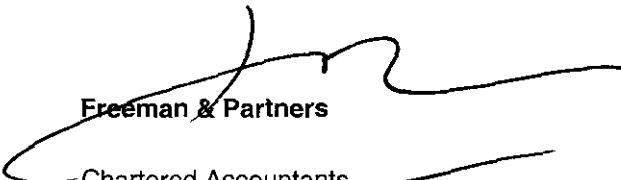
Basis of opinion

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 misstatement, 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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Freeman & Partners

Chartered Accountants
Registered Auditor
30 St. James's Street
London

SW1A 1HB

27th September 2001

CONTROLACCOUNT PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Turnover	2	1,487,405	1,344,801
Cost of sales		(112,964)	(100,890)
Gross profit		1,374,441	1,243,911
Administrative expenses		(1,192,633)	(1,045,176)
Other operating income		4,977	3,237
Operating profit	3	186,785	201,972
Investment income	4	1,314	2,251
Other interest receivable and similar income		10,776	3,558
Amounts written back on investments	5	-	19,299
Profit on ordinary activities before taxation		198,875	227,080
Tax on profit on ordinary activities	6	(43,612)	(41,644)
Profit on ordinary activities after taxation		155,263	185,436
Dividends	7	(134,160)	(30,000)
Retained profit for the year	15	21,103	155,436

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CONTROLACCOUNT PLC

BALANCE SHEET
AS AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	8		69,209		65,234
Current assets					
Debtors	9	417,500		286,978	
Investments	10	50,375		47,875	
Cash at bank and in hand		105,426		292,766	
		<u>573,301</u>		<u>627,619</u>	
Creditors: amounts falling due within one year	11	<u>(244,230)</u>		<u>(335,498)</u>	
Net current assets			329,071		292,121
Total assets less current liabilities			398,280		357,355
Creditors: amounts falling due after more than one year	12		<u>(19,822)</u>		<u>-</u>
			<u>378,458</u>		<u>357,355</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account	15		328,458		307,355
Shareholders' funds - equity interests	16		<u>378,458</u>		<u>357,355</u>

The financial statements were approved by the Board on

21st September 2001



G A R Ball
Director

CONTROLACCOUNT PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £	1999 £
Net cash inflow from operating activities	29,462	247,718
Returns on investments and servicing of finance		
Interest received	10,776	3,558
Dividends received	1,314	2,251
	<u>12,090</u>	<u>5,809</u>
Net cash inflow for returns on investments and servicing of finance	12,090	5,809
Taxation	(41,188)	(25,288)
Capital expenditure		
Payments to acquire tangible assets	(22,824)	(66,067)
Receipts from sales of tangible assets	6,750	-
	<u>(16,074)</u>	<u>(66,067)</u>
Net cash outflow for capital expenditure	(16,074)	(66,067)
Equity dividends paid	(164,160)	(80,000)
	<u>(179,870)</u>	<u>82,172</u>
Net cash (outflow)/inflow before management of liquid resources and financing	(179,870)	82,172
Management of liquid resources		
Current asset investments	(2,500)	(4,014)
Financing		
Capital element of finance lease contracts	(4,970)	-
	<u>(4,970)</u>	<u>-</u>
Net cash outflow from financing	(4,970)	-
(Decrease)/increase in cash in the year	<u>(187,340)</u>	<u>78,158</u>

CONTROLACCOUNT PLC

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

1	Reconciliation of operating profit to net cash inflow from operating activities	2000	1999
		£	£
	Operating profit	186,785	201,972
	Depreciation of tangible assets	37,141	29,410
	Profit on disposal of tangible assets	(250)	-
	Increase in debtors	(130,522)	(150,113)
	(Decrease)/Increase in creditors within one year	(63,692)	166,449
	Net cash inflow from operating activities	29,462	247,718

2	Analysis of net funds	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	292,766	(187,340)	-	105,426
	Liquid resources:				
	Short-term investments	47,875	2,500	-	50,375
	Debt:				
	Finance leases	-	4,970	(24,792)	(19,822)
	Net funds	340,641	(179,870)	(24,792)	135,979

3	Reconciliation of net cash flow to movement in net funds	2000	1999
		£	£
	(Decrease)/increase in cash in the year	(187,340)	78,158
	Cash outflow from increase in liquid resources	2,500	4,014
	Cash outflow from decrease in debt and lease financing	4,970	-
	Change in net debt resulting from cash flows	(179,870)	82,172
	New finance lease	(24,792)	-
	Amounts written off short-term investments	-	19,299
	Movement in net funds in the year	(204,662)	101,471
	Opening net funds	340,641	239,170
	Closing net funds	135,979	340,641

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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:

Office equipment and computers	25% per annum straight line
Fixtures & fittings	25% per annum straight line
Motor vehicles	25% per annum straight line

1.5 Leasing

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

1.6 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.7 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.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	37,141	29,410
Auditors' remuneration - other	5,625	3,765
Operating lease rentals	67,570	63,358
Auditors' remuneration	4,500	4,500

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000

4	Investment income	2000	1999
		£	£
	Income from fixed asset investments	1,314	2,251
		<u> </u>	<u> </u>
5	Amounts written back on investments	2000	1999
		£	£
	Amounts written back on current asset investments	-	(19,299)
		<u> </u>	<u> </u>
6	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999 - 20%)	43,612	41,644
		<u> </u>	<u> </u>
7	Dividends	2000	1999
		£	£
	Ordinary interim paid	134,160	-
	Ordinary final proposed	-	30,000
		<u> </u>	<u> </u>
		134,160	30,000
		<u> </u>	<u> </u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000

8 Tangible fixed assets

	Office equipment and computers	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000	119,253	34,289	22,381	175,923
Additions	15,633	5,911	26,072	47,616
Disposals	(66,842)	-	(17,000)	(83,842)
At 31 December 2000	68,044	40,200	31,453	139,697
Depreciation				
At 1 January 2000	74,261	21,096	15,332	110,689
On disposals	(66,842)	-	(10,500)	(77,342)
Charge for the year	23,139	6,936	7,066	37,141
At 31 December 2000	30,558	28,032	11,898	70,488
Net book value				
At 31 December 2000	37,486	12,168	19,555	69,209
At 31 December 1999	44,991	13,194	7,049	65,234

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2000	19,554
Depreciation charge for the year	
31 December 2000	6,518

9 Debtors

	2000 £	1999 £
Trade debtors	388,895	260,010
Other debtors	17,400	15,763
Prepayments and accrued income	11,205	11,205
	417,500	286,978

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

10 Current asset investments	2000 £	1999 £
Listed investments	<u>50,375</u>	<u>47,875</u>
Market valuation of listed investments	<u>75,004</u>	<u>77,816</u>

The historic cost of the current asset investments at 31st December 2000 was £50,375 (1999 - £47,875)

11 Creditors: amounts falling due within one year	2000 £	1999 £
Trade creditors	65,009	85,858
Corporation tax	42,818	40,394
Other taxes and social security costs	96,308	129,286
Other creditors	15,707	15,990
Accruals and deferred income	24,388	33,970
Proposed dividend	-	30,000
	<u>244,230</u>	<u>335,498</u>

12 Creditors: amounts falling due after more than one year	2000 £	1999 £
Net obligations under finance leases	<u>19,822</u>	<u>-</u>
Net obligations under finance leases		
Repayable within one year	5,283	-
Repayable between one and five years	14,539	-
	<u>19,822</u>	<u>-</u>
	<u>19,822</u>	<u>-</u>

13 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,375 (1999 - £31,150).

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000**

14 Share capital	2000	1999
	£	£
Authorised		
250,000 Ordinary shares of £ 1 each	250,000	250,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000
	<u> </u>	<u> </u>
15 Statement of movements on profit and loss account		
		Profit and loss account £
Balance at 1 January 2000		307,355
Retained profit for the year		21,103
		<u> </u>
Balance at 31 December 2000		328,458
		<u> </u>
16 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial year	155,263	185,436
Dividends	(134,160)	(30,000)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	21,103	155,436
Opening shareholders' funds	357,355	201,919
	<u> </u>	<u> </u>
Closing shareholders' funds	378,458	357,355
	<u> </u>	<u> </u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

17 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2000	1999	2000	1999
	£	£	£	£
Expiry date:				
Within one year	-	-	-	3,523
Between two and five years	44,818	50,818	-	-
	<u>44,818</u>	<u>50,818</u>	<u>-</u>	<u>3,523</u>

At 31st December 2000 the company held in its client bank account, the sum of £14,288 (1999 - £95,274), being monies collected from debtors of the company's clients and which is payable to the clients.

These monies have not been included in the company's balance sheet at 31st December 2000.

18 Directors' emoluments

	2000	1999
	£	£
Emoluments for qualifying services	152,500	134,078
Company pension contributions to money purchase schemes	28,375	31,150
	<u>180,875</u>	<u>165,228</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1999 - 2).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2000

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Debt collectors	26	19
Administration	11	7
	<u>37</u>	<u>26</u>

Employment costs

	£	£
Wages and salaries	724,993	608,875
Other pension costs	28,375	31,150
	<u>753,368</u>	<u>640,025</u>

20 Control

The ultimate controlling party is G A R Ball who is the majority shareholder and a director.