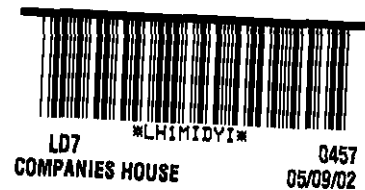


Company Registration No. 2765607 (England and Wales)

CONTROLACCOUNT PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



CONTROLACCOUNT PLC

COMPANY INFORMATION

Directors

G A R Ball
I L Morris
R Roberts

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

Business address

Shaftesbury House, 49-51 Uxbridge Road
Ealing
London
W5 5SA

Bankers

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

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

CONTROLACCOUNT PLC

CONTENTS

	Page
Directors' report	1 - 2
Independent 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 - 15

CONTROLACCOUNT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

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.

2001 saw a 14% increase in sales and a 25% increase in administrative expenses. The increase in costs in excess of the increase in gross revenue had a direct adverse impact on profit before tax. The increase in administrative expenses was largely due to the expansion of the sales team the costs of which are shown for the first time in a full year in these results. The benefits in terms of increased revenue flowing from that increased expenditure on sales was not received during 2001 - although our 'pipeline' of prospective new clients and our profile within the industry is much enhanced. Because we are now pursuing large revenue management outsourcing clients the lead time between initial contact and income derived is considerably greater than our traditional debt recovery business.

The prospects for the current year are mixed. We anticipate that a number of the larger prospects will become clients during the latter part of the year but also during this period it is likely that we will be moving to larger premises which inevitably will have an adverse cost impact.

We now have an excellent, efficient and motivated team and I would like to take this opportunity to thank them for their efforts during 2001.

On balance the directors believe the prospects for the medium term are good.

Results and dividends

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

An interim ordinary dividend was paid amounting to £20,075. The directors recommend payment of a final dividend amounting to £30,000.

Directors

The following directors have held office since 1 January 2001:

G A R Ball
I L Morris
R Roberts

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2001	1 January 2001
G A R Ball	49,999	49,999
I L Morris	-	-
R Roberts	-	-

CONTROLACCOUNT PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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.

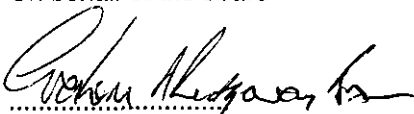
Directors' responsibilities

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.

On behalf of the board



G A R Ball

Director

11th September 2002

CONTROLACCOUNT PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONTROLACCOUNT PLC

We have audited the financial statements of Controlaccount Plc on pages 4 to 15 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

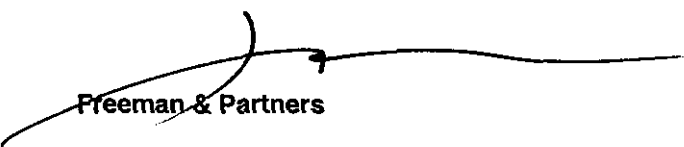
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2001 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

4th September 2002

CONTROLACCOUNT PLC**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
Turnover	2	1,696,008	1,487,405
Cost of sales		(176,266)	(112,964)
Gross profit		1,519,742	1,374,441
Administrative expenses		(1,493,812)	(1,192,633)
Other operating income		5,766	4,977
Operating profit	3	31,696	186,785
Investment income	4	345	1,314
Other interest receivable and similar income		6,829	10,776
Interest payable and similar charges	5	(4,478)	-
Profit on ordinary activities before taxation		34,392	198,875
Tax on profit on ordinary activities	6	(10,321)	(43,612)
Profit on ordinary activities after taxation		24,071	155,263
Dividends	7	(50,075)	(134,160)
Retained (loss)/profit for the year	15	(26,004)	21,103

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

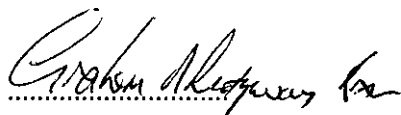
There are no recognised gains and losses other than those passing through the profit and loss account.

CONTROLACCOUNT PLC

**BALANCE SHEET
AS AT 31 DECEMBER 2001**

	Notes	2001		2000	
		£	£	£	£
Fixed assets					
Tangible assets	8		66,904		69,209
Current assets					
Debtors	9	302,802		417,500	
Investments	10	50,375		50,375	
Cash at bank and in hand		151,277		105,426	
		<u>504,454</u>		<u>573,301</u>	
Creditors: amounts falling due within one year	11	<u>(218,904)</u>		<u>(244,230)</u>	
Net current assets			285,550		329,071
Total assets less current liabilities			352,454		398,280
Creditors: amounts falling due after more than one year	12		-		(19,822)
			<u>352,454</u>		<u>378,458</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account	15		302,454		328,458
Shareholders' funds - equity interests	16		<u>352,454</u>		<u>378,458</u>

The financial statements were approved by the Board on 4th September 2002



G A R Ball
Director

CONTROLACCOUNT PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		166,480		29,462
Returns on investments and servicing of finance				
Interest received	6,829		10,776	
Interest paid	(4,478)		-	
Dividends received	345		1,314	
	<u> </u>		<u> </u>	
Net cash inflow for returns on investments and servicing of finance		2,696		12,090
Taxation		(44,259)		(41,188)
Capital expenditure				
Payments to acquire tangible assets	(52,818)		(22,824)	
Receipts from sales of tangible assets	13,649		6,750	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(39,169)		(16,074)
Equity dividends paid		(20,075)		(164,160)
		<u> </u>		<u> </u>
Net cash inflow/(outflow) before management of liquid resources and financing		65,673		(179,870)
Management of liquid resources				
Current asset investments	-		(2,500)	
	<u> </u>		<u> </u>	
		-		(2,500)
Financing				
Capital element of hire purchase contracts	(19,822)		-	
Capital element of finance lease contracts	-		(4,970)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(19,822)		(4,970)
Increase/(decrease) in cash in the year		<u>45,851</u>		<u>(187,340)</u>

CONTROLACCOUNT PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001	2000
		£	£
	Operating profit	31,696	186,785
	Depreciation of tangible assets	42,087	37,141
	Profit on disposal of tangible assets	(613)	(250)
	Decrease/(increase) in debtors	114,698	(130,522)
	Decrease in creditors within one year	(21,388)	(63,692)
	Net cash inflow from operating activities	166,480	29,462

2	Analysis of net funds	1 January 2001	Cash flow	Other non-cash changes	31 December 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	105,426	45,851	-	151,277
	Liquid resources:				
	Current asset investments	50,375	-	-	50,375
	Debt:				
	Finance leases	(19,822)	19,822	-	-
	Net funds	135,979	65,673	-	201,652

3	Reconciliation of net cash flow to movement in net funds	2001	2000
		£	£
	Increase/(decrease) in cash in the year	45,851	(187,340)
	Cash outflow from increase in liquid resources	-	2,500
	Cash outflow from decrease in debt and lease financing	19,822	4,970
	Change in net debt resulting from cash flows	65,673	(179,870)
	New finance lease	-	(24,792)
	Movement in net funds in the year	65,673	(204,662)
	Opening net funds	135,979	340,641
	Closing net funds	201,652	135,979

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 and hire purchase commitments

Assets obtained under hire purchase contracts and 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.

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 pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

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.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

CONTROLACCOUNT PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001****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

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	42,087	37,141
Loss on foreign exchange transactions	33	-
Auditors' remuneration - other	3,050	5,625
Operating lease rentals	76,338	60,111
Auditors' remuneration	4,500	4,500
and after crediting:		
Profit on disposal of tangible assets	(613)	(250)

4 Investment income

	2001	2000
	£	£
Income from fixed asset investments	345	1,314

5 Interest payable

	2001	2000
	£	£
Hire purchase interest	4,478	-

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

6	Taxation	2001	2000
		£	£
	Domestic current year tax		
	U.K. corporation tax	8,880	43,612
	Adjustment for prior years	1,441	-
	Current tax charge	10,321	43,612
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	34,392	198,875
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.74% (2000 : 20.00%)	6,789	39,775
	Effects of:		
	Non deductible expenses	1,694	2,202
	Depreciation	8,308	7,428
	Capital allowances	(7,723)	(4,834)
	Adjustments to previous periods	1,441	(646)
	Dividends and distributions received	(68)	(263)
	Other tax adjustments	(120)	(50)
		3,532	3,837
	Current tax charge	10,321	43,612
7	Dividends	2001	2000
		£	£
	Ordinary interim paid	20,075	134,160
	Ordinary final proposed	30,000	-
		50,075	134,160

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

8 Tangible fixed assets

	Office equipment and computers	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2001	68,044	40,200	31,453	139,697
Additions	1,260	18,625	32,933	52,818
Disposals	-	-	(26,072)	(26,072)
At 31 December 2001	69,304	58,825	38,314	166,443
Depreciation				
At 1 January 2001	30,558	28,032	11,898	70,488
On disposals	-	-	(13,036)	(13,036)
Charge for the year	17,326	10,010	14,751	42,087
At 31 December 2001	47,884	38,042	13,613	99,539
Net book value				
At 31 December 2001	21,420	20,783	24,701	66,904
At 31 December 2000	37,486	12,168	19,555	69,209

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

	Motor vehicles £
Net book values	
At 31 December 2001	-
At 31 December 2000	19,554
Depreciation charge for the year	
31 December 2001	6,518
31 December 2000	6,518

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

9 Debtors	2001	2000
	£	£
Trade debtors	273,676	388,895
Other debtors	18,843	17,400
Prepayments and accrued income	10,283	11,205
	<u>302,802</u>	<u>417,500</u>

10 Current asset investments	2001	2000
	£	£
Listed investments	<u>50,375</u>	<u>50,375</u>
Market valuation of listed investments	<u>43,908</u>	<u>75,004</u>

The historic cost of the current asset investments at 31st December 2001 was £50,375 (2000 - £50,375)

11 Creditors: amounts falling due within one year	2001	2000
	£	£
Trade creditors	53,126	65,009
Corporation tax	8,880	42,818
Other taxes and social security costs	76,064	96,308
Other creditors	28,320	15,707
Accruals and deferred income	22,514	24,388
Proposed dividend	30,000	-
	<u>218,904</u>	<u>244,230</u>

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

12 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Net obligations under hire purchase contracts	-	19,822
Net obligations under hire purchase contracts		
Repayable within one year	-	5,283
Repayable between one and five years	-	14,539
	-	19,822
	-	19,822
13 Pension costs		
Defined contribution		
	2001	2000
	£	£
Contributions payable by the company for the year	28,669	28,375
14 Share capital	2001	2000
	£	£
Authorised		
250,000 Ordinary shares of £ 1 each	250,000	250,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000
15 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2001		328,458
Retained loss for the year		(26,004)
Balance at 31 December 2001		302,454

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

16 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	24,071	155,263
Dividends	(50,075)	(134,160)
Net (depletion in)/addition to shareholders' funds	(26,004)	21,103
Opening shareholders' funds	378,458	357,355
Closing shareholders' funds	352,454	378,458

17 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
Expiry date:				
Within one year	-	-	24,654	-
Between two and five years	45,000	44,818	14,165	36,389
	45,000	44,818	38,819	36,389

At 31st December 2001 the company held in its client bank account, the sum of £8,606 (2000 - £14,288), 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 2001.

CONTROLACCOUNT PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2001**

18 Directors' emoluments	2001	2000
	£	£
Emoluments for qualifying services	228,472	152,500
Company pension contributions to money purchase schemes	28,165	28,375
	<u>256,637</u>	<u>180,875</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2000 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	147,000	123,000
Company pension contributions to money purchase schemes	28,000	28,000
	<u>175,000</u>	<u>151,000</u>

19 Employees**Number of employees**

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

	2001	2000
	Number	Number
Debt collectors	30	26
Administration	11	11
	<u>41</u>	<u>37</u>

Employment costs

	£	£
Wages and salaries	912,936	666,249
Social security costs	86,934	58,744
Other pension costs	28,669	28,375
	<u>1,028,539</u>	<u>753,368</u>

20 Control

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