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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
CONTROLACCOUNT PLC**



CONTROLACCOUNT PLC

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CONTROLACCOUNT PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003

DIRECTORS:

G A R Ball
I L Morris
R W Roberts

SECRETARY:

G A R Ball

REGISTERED OFFICE:

Westec
Westgate
Ealing
London
W5 1YZ

REGISTERED NUMBER:

2765607 (England and Wales)

AUDITORS:

Arthur Wigglesworth & Co
Chartered Accountants &
Registered Auditors
Springfield House
South Parade
Doncaster
DN1 2EG

CONTROLACCOUNT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of a debt collection agency and the provision of debt management outsourcing, management and consultancy services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The Directors consider the results for the year to be acceptable. A modest increase in turnover yielded a disproportionate increase in profits significantly due but by no means entirely due to a change in treatment of the controlling Director's remuneration from salary to dividend.

During 2004 we are intending to change our application software which ultimately will enable us to provide a more sophisticated service to our clients but will inevitably cause short term disruption. Our efforts to increase turnover remain the most pressing priority.

DIVIDENDS

An interim dividend of 1.05548 per share was paid on 31 December 2003. The directors recommend a final dividend of 0.80 per share, making a total of 1.85548 per share for the year ended 31 December 2003.

The total distribution of dividends for the year ended 31 December 2003 will be £92,774.

DIRECTORS

The directors during the year under review were:

G A R Ball
I L Morris
R W Roberts

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary £1 shares		
G A R Ball	49,999	49,999
I L Morris	-	-
R W Roberts	-	-

STATEMENT OF 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.

CONTROLACCOUNT PLC

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, Arthur Wigglesworth & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



G A R Ball - Secretary

Date:27.07.04.....

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF CONTROLACCOUNT PLC

We have audited the financial statements of Controlaccount PLC for the year ended 31 December 2003 on pages six to seventeen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone 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 described on pages two and three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

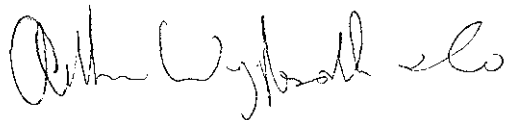
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CONTROLACCOUNT PLC**

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Wigglesworth & Co
Chartered Accountants &
Registered Auditors
Springfield House
South Parade
Doncaster
DN1 2EG

Date: 27 July 2004

CONTROLACCOUNT PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

		2003		2002	
	Notes	£	£	£	£
TURNOVER	2		1,651,686		1,604,438
Cost of sales			251,445		193,293
GROSS PROFIT			1,400,241		1,411,145
Administrative expenses			1,287,464		1,390,469
			112,777		20,676
Other operating income			4,778		2,502
OPERATING PROFIT	4		117,555		23,178
Income from investments	5	1,827		3,771	
Interest receivable and similar income		8,288		1,294	
			10,115		5,065
			127,670		28,243
Amounts written off investments	6		-		3,191
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			127,670		25,052
Tax on profit on ordinary activities	7		21,189		4,570
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			106,481		20,482
Dividends	8		92,774		73,000
			13,707		(52,518)
Retained profit brought forward			249,936		302,454
RETAINED PROFIT CARRIED FORWARD			£263,643		£249,936

The notes form part of these financial statements

CONTROLACCOUNT PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

CONTROLACCOUNT PLC

BALANCE SHEET

31 DECEMBER 2003

		2003	2002
	Notes	£	£
FIXED ASSETS:			
Tangible assets	9	46,217	47,709
Investments	10	47,184	47,184
		<u>93,401</u>	<u>94,893</u>
CURRENT ASSETS:			
Debtors	11	258,394	311,391
Cash at bank and in hand		<u>189,884</u>	<u>131,089</u>
		448,278	442,480
CREDITORS: Amounts falling due within one year	12	<u>228,036</u>	<u>237,437</u>
NET CURRENT ASSETS:		<u>220,242</u>	<u>205,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£313,643</u>	<u>£299,936</u>
CAPITAL AND RESERVES:			
Called up share capital	14	50,000	50,000
Profit and loss account		<u>263,643</u>	<u>249,936</u>
SHAREHOLDERS' FUNDS:	18	<u>£313,643</u>	<u>£299,936</u>

ON BEHALF OF THE BOARD:

Robert A. Litzgansky, Jr.
- Director

Approved by the Board on 27.07.02

The notes form part of these financial statements

CONTROLACCOUNT PLC
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

		2003		2002	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		185,598		49,845
Returns on investments and servicing of finance	2		10,115		5,065
Taxation			(4,570)		(8,880)
Capital expenditure	2		(21,574)		(21,218)
Equity dividends paid			(110,774)		(45,000)
Increase/(Decrease) in cash in the period			<u>£58,795</u>		<u>£(20,188)</u>
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period		58,795		(20,188)	
Cash inflow from decrease in liquid resources		-		(50,375)	
Change in net funds resulting from cash flows			<u>58,795</u>		<u>(70,563)</u>
Movement in net funds in the period			<u>58,795</u>		<u>(70,563)</u>
Net funds at 1 January			<u>131,089</u>		<u>201,652</u>
Net funds at 31 December			<u><u>£189,884</u></u>		<u><u>£131,089</u></u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	117,555	23,178
Depreciation charges	23,757	37,913
Loss on sale of fixed assets	-	2,500
Profit on sale of fixed assets	(691)	-
Decrease/(Increase) in debtors	52,997	(8,589)
Decrease in creditors	(8,020)	(5,157)
Net cash inflow from operating activities	185,598	49,845

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	8,288	1,294
Dividends received	1,827	3,771
Net cash inflow for returns on investments and servicing of finance	10,115	5,065
Capital expenditure		
Purchase of tangible fixed assets	(24,337)	(41,218)
Sale of tangible fixed assets	2,763	20,000
Net cash outflow for capital expenditure	(21,574)	(21,218)

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	At 31.12.03 £
Net cash:			
Cash at bank and in hand	131,089	58,795	189,884
	<u>131,089</u>	<u>58,795</u>	<u>189,884</u>
 Total	 <u>131,089</u>	 <u>58,795</u>	 <u>189,884</u>
Analysed in Balance Sheet			
Cash at bank and in hand	131,089		189,884
	<u>131,089</u>		<u>189,884</u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Office equipment and computers	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

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. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

3. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	762,786	831,585
Social security costs	77,175	79,992
Other pension costs	4,745	28,420
	844,706	939,997

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2003	2002
Administration (including directors)	11	11
Debt collectors	23	25
	<u>—</u>	<u>—</u>
	34	36
	<u>==</u>	<u>==</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Hire of plant and machinery	6,052	41,675
Depreciation - owned assets	23,757	37,913
(Profit)/Loss on disposal of fixed assets	(691)	2,500
Auditors' remuneration	5,000	9,745
	<u>=====</u>	<u>=====</u>
Directors' emoluments	121,798	162,321
Directors' pension contributions to money purchase schemes	2,000	28,000
	<u>=====</u>	<u>=====</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	2
	<u>==</u>	<u>==</u>

5. INCOME FROM INVESTMENTS

	2003	2002
	£	£
Dividends received	1,827	3,771
	<u>=====</u>	<u>=====</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2003	2002
	£	£
Current asset investments	-	3,191
	<u>=====</u>	<u>=====</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	21,189	4,570
	<u>21,189</u>	<u>4,570</u>
Tax on profit on ordinary activities	<u>21,189</u>	<u>4,570</u>

UK corporation tax has been charged at 19% (2002 - 16.70%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>127,670</u>	<u>25,052</u>
Profit on ordinary activities <i>multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 16.703%)</i>	24,257	4,184
Effects of:		
Non deductible expenses	51	928
Depreciation	4,514	6,333
(Profit)/Loss on disposal of assets	(131)	418
Capital and balancing allowances	(7,155)	(6,663)
Dividends and distributions received periods	(347)	(630)
	<u>21,189</u>	<u>4,570</u>
Current tax charge	<u>21,189</u>	<u>4,570</u>

8. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Dividends paid	52,774	15,000
Dividends proposed	40,000	58,000
	<u>92,774</u>	<u>73,000</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Office equipment and computers	Totals
	£	£	£	£
COST:				
At 1 January 2003	94,005	12,403	71,254	177,662
Additions	7,679	-	16,658	24,337
Disposals	(2,763)	-	-	(2,763)
	<u>98,921</u>	<u>12,403</u>	<u>87,912</u>	<u>199,236</u>
At 31 December 2003				
DEPRECIATION:				
At 1 January 2003	56,830	7,870	65,253	129,953
Charge for year	15,459	1,755	6,543	23,757
Eliminated on disposals	(691)	-	-	(691)
	<u>71,598</u>	<u>9,625</u>	<u>71,796</u>	<u>153,019</u>
At 31 December 2003				
NET BOOK VALUE:				
At 31 December 2003	<u>27,323</u>	<u>2,778</u>	<u>16,116</u>	<u>46,217</u>
At 31 December 2002	<u>37,175</u>	<u>4,533</u>	<u>6,001</u>	<u>47,709</u>

10. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2003 and 31 December 2003	<u>47,184</u>
NET BOOK VALUE:	
At 31 December 2003	<u>47,184</u>
At 31 December 2002	<u>47,184</u>
	2003
	£
Investments listed on recognised stock exchange	<u>47,184</u>
	2002
	£
	<u>47,184</u>

Market value of listed investments at 31 December 2003 - £46,704 (2002 - £38,868).

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade debtors	218,641	257,255
Other debtors	5,031	21,407
Prepayments	34,722	32,729
	<u>258,394</u>	<u>311,391</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	52,765	64,680
Other creditors	30,980	26,769
Dividend proposed	40,000	58,000
V.A.T.	39,804	33,539
Social security & other taxes	21,579	24,931
Taxation	21,189	4,570
Accrued expenses	21,719	24,948
	<u>228,036</u>	<u>237,437</u>

13. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiring:				
Within one year	-	-	-	5,194
In more than five years	77,920	77,920	-	-
	<u>77,920</u>	<u>77,920</u>	<u>-</u>	<u>5,194</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

14. CALLED UP SHARE CAPITAL

Authorised:			2003	2002
Number:	Class:	Nominal value:	£	£
250,000	Ordinary	£1	<u>250,000</u>	<u>250,000</u>

Allotted, issued and fully paid:			2003	2002
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

15. CAPITAL COMMITMENTS

	2003	2002
	£	£
Contracted but not provided for in the financial statements	<u>43,964</u>	<u>-</u>

16. OTHER FINANCIAL COMMITMENTS

At 31 December 2003, the company held in its client bank account, the sum of £15,661 (2002 - £47,377), 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 as at 31 December 2003.

17. RELATED PARTY DISCLOSURES

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

There are no balances with related parties as at 31 December 2003.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	106,481	20,482
Dividends	<u>(92,774)</u>	<u>(73,000)</u>
Net addition/(reduction) to shareholders' funds	13,707	(52,518)
Opening shareholders' funds	<u>299,936</u>	<u>352,454</u>
Closing shareholders' funds	<u>313,643</u>	<u>299,936</u>
Equity interests	<u>313,643</u>	<u>299,936</u>