

REGISTERED NUMBER: 2765607 (England & Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005
FOR
CONTROLACCOUNT PLC**



CONTROLACCOUNT PLC

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	12

CONTROLACCOUNT PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2005

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 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

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 recovery in 2004 that followed the traumatic loss of revenue in the last quarter of 2003 continued during 2005. Turnover rose significantly (16%) over the previous year and there was a marked improvement in net profit as a result. We are at the stage that any improvement in fee revenue has a major impact on contribution to profits.

During 2005 we continued to bed in our new software and we continue to discover new applications enabling us to obtain greater in depth management information and provide a better service to our clients. We continue to invest heavily in IT and capital equipment but in spite of this our cash flow has improved mainly due to a tighter control of our own receivables.

The increase in sales has continued during 2006 but to a slower rate.

Our thanks go to all our staff for continuing to bear with us during this transition period.

DIVIDENDS

Interim dividends per share were paid as follows:

30.00p	- 1 January 2005
80.49p	- 6 April 2005
110.49p	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2005 will be £55,247.

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 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary £1 shares		
G A R Ball	49,999	49,999
I L Morris	-	-
R W Roberts	-	-

CONTROLACCOUNT PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

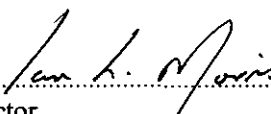
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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:


.....
- Director

Date: 27th July 2006

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 2005 on pages six to eighteen. These financial statements have been prepared under 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 page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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: 27/7/2006

CONTROLACCOUNT PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

		2005		2004	
	Notes	£	£	£	£
TURNOVER	2		1,831,982		1,581,963
Cost of sales			227,310		243,696
GROSS PROFIT			1,604,672		1,338,267
Administrative expenses			1,537,492		1,336,429
			67,180		1,838
Other operating income			27,951		13,675
OPERATING PROFIT	4		95,131		15,513
Income from investments	5	151		50	
Interest receivable and similar income		12,985		7,481	
			13,136		7,531
			108,267		23,044
Amounts written off investments	6		13,190		20,466
			95,077		2,578
Interest payable and similar charges	7		1,975		186
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			93,102		2,392
Tax on profit on ordinary activities	8		22,349		572
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			70,753		1,820
Retained profit brought forward			195,663		263,643
			266,416		265,463
Dividends	9		(55,247)		(69,800)

The notes form part of these financial statements

CONTROLACCOUNT PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	<u>£</u>	<u>£</u>
RETAINED PROFIT CARRIED FORWARD	<u><u>£211,169</u></u>	<u><u>£195,663</u></u>

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 2005

		2005		2004	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	10		78,392		61,526
Investments	11		13,528		26,718
			<u>91,920</u>		<u>88,244</u>
CURRENT ASSETS:					
Debtors	12	538,188		344,200	
Cash at bank and in hand		<u>178,388</u>		<u>500</u>	
		716,576		344,700	
CREDITORS: Amounts falling due within one year	13	<u>545,606</u>		<u>186,709</u>	
NET CURRENT ASSETS:			<u>170,970</u>		<u>157,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			262,890		246,235
PROVISIONS FOR LIABILITIES:	16		<u>1,721</u>		<u>572</u>
			<u>£261,169</u>		<u>£245,663</u>
CAPITAL AND RESERVES:					
Called up share capital	17		50,000		50,000
Profit and loss account			<u>211,169</u>		<u>195,663</u>
SHAREHOLDERS' FUNDS:	19		<u>£261,169</u>		<u>£245,663</u>

ON BEHALF OF THE BOARD:

.....
- Director

Approved by the Board on 27th July 2006.

The notes form part of these financial statements

CONTROLACCOUNT PLC
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	201,234	(35,315)
Returns on investments and servicing of finance	2	11,161	7,345
Taxation		-	(21,189)
Capital expenditure	2	(49,289)	(39,166)
Equity dividends paid		(55,247)	(109,800)
Increase/(Decrease) in cash in the period		<u>£107,859</u>	<u>£(198,125)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>107,859</u>	<u>(198,125)</u>
Change in net debt resulting from cash flows		<u>107,859</u>	<u>(198,125)</u>
Movement in net debt in the period		<u>107,859</u>	<u>(198,125)</u>
Net (debt)/funds at 1 January		<u>(8,241)</u>	<u>189,884</u>
Net funds/(debt) at 31 December		<u>£99,618</u>	<u>£(8,241)</u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	95,131	15,513
Depreciation charges	32,423	23,855
Increase in debtors	(193,988)	(85,804)
Increase in creditors	267,668	11,121
	<u>201,234</u>	<u>(35,315)</u>
Net cash inflow/(outflow) from operating activities	<u><u>201,234</u></u>	<u><u>(35,315)</u></u>

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

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	12,985	7,481
Interest paid	(1,975)	(186)
Dividends received	151	50
	<u>11,161</u>	<u>7,345</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>11,161</u></u>	<u><u>7,345</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(49,289)	(39,166)
	<u>(49,289)</u>	<u>(39,166)</u>
Net cash outflow for capital expenditure	<u><u>(49,289)</u></u>	<u><u>(39,166)</u></u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.05 £	Cash flow £	At 31.12.05 £
Net cash:			
Cash at bank and in hand	500	177,888	178,388
Bank overdraft	(8,741)	(70,029)	(78,770)
	<u>(8,241)</u>	<u>107,859</u>	<u>99,618</u>
Total	<u>(8,241)</u>	<u>107,859</u>	<u>99,618</u>
Analysed in Balance Sheet			
Cash at bank and in hand	500		178,388
Bank overdraft	(8,741)		(78,770)
	<u>(8,241)</u>		<u>99,618</u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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

	2005	2004
	£	£
Wages and salaries	883,218	761,405
Social security costs	83,448	74,830
Other pension costs	1,761	2,592
	968,427	838,827

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

3. STAFF COSTS - continued

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

	2005	2004
Administration (including directors)	13	9
Debt collectors	27	23
	<u>40</u>	<u>32</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Hire of plant and machinery	500	105
Depreciation - owned assets	32,423	23,855
Auditors' remuneration	6,000	5,000
	<u>38,923</u>	<u>28,960</u>

Directors' emoluments	<u>118,728</u>	<u>105,805</u>
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5. INCOME FROM INVESTMENTS

	2005 £	2004 £
Dividends received	151	50
	<u>151</u>	<u>50</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2005 £	2004 £
Fixed asset investments	13,190	20,466
	<u>13,190</u>	<u>20,466</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank interest	1,975	186
	<u>1,975</u>	<u>186</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

8. TAXATION

Analysis of the tax charge

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

	2005 £	2004 £
Current tax:		
UK corporation tax	21,200	-
Deferred taxation	1,149	572
Tax on profit on ordinary activities	<u>22,349</u>	<u>572</u>

UK corporation tax has been charged at 19%

Factors affecting the tax charge

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

	2005 £	2004 £
Profit on ordinary activities before tax	<u>93,102</u>	<u>2,392</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 19%)	17,689	454
Effects of:		
Non deductible expenses	1,138	5,328
Depreciation	6,160	4,532
Provision for investment write-downs	2,506	-
Capital and balancing allowances	(6,264)	(8,463)
Dividends and distributions received	(29)	(9)
Adjustments for differing rates of taxation	-	(1,842)
Current tax charge	<u>21,200</u>	<u>-</u>

9. DIVIDENDS

	2005 £	2004 £
Equity shares:		
Dividends paid	<u>55,247</u>	<u>69,800</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Office equipment and computers	Totals
	£	£	£	£
COST:				
At 1 January 2005	99,121	12,403	126,878	238,402
Additions	5,897	-	43,392	49,289
Disposals	-	-	(25,518)	(25,518)
	<u>105,018</u>	<u>12,403</u>	<u>144,752</u>	<u>262,173</u>
DEPRECIATION:				
At 1 January 2005	85,597	11,381	79,898	176,876
Charge for year	10,406	1,022	20,995	32,423
Eliminated on disposals	-	-	(25,518)	(25,518)
	<u>96,003</u>	<u>12,403</u>	<u>75,375</u>	<u>183,781</u>
NET BOOK VALUE:				
At 31 December 2005	<u>9,015</u>	<u>-</u>	<u>69,377</u>	<u>78,392</u>
At 31 December 2004	<u>13,524</u>	<u>1,022</u>	<u>46,980</u>	<u>61,526</u>

11. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2005 and 31 December 2005	<u>47,184</u>
PROVISIONS:	
At 1 January 2005	20,466
Provision during year	<u>13,190</u>
At 31 December 2005	<u>33,656</u>
NET BOOK VALUE:	
At 31 December 2005	<u>13,528</u>
At 31 December 2004	<u>26,718</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

11. FIXED ASSET INVESTMENTS - continued

	2005	2004
	£	£
Investments listed on recognised stock exchange	<u>13,528</u>	<u>26,718</u>

Market value of listed investments at 31 December 2005 - £15,511 (2004 - £26,718).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	494,446	302,744
Other debtors	4,750	6,892
Prepayments	38,992	34,564
	<u>538,188</u>	<u>344,200</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 14)	78,770	8,741
Trade creditors	95,832	47,304
Other creditors	46,043	52,965
Amounts repayable to clients	176,851	-
V.A.T.	66,182	50,013
Social security & other taxes	27,016	21,270
Taxation	21,200	-
Accrued expenses	33,712	6,416
	<u>545,606</u>	<u>186,709</u>

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>78,770</u>	<u>8,741</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

15. OPERATING LEASE COMMITMENTS

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

	Land and buildings operating leases	
	2005 £	2004 £
Expiring: In more than five years	<u>77,920</u>	<u>77,920</u>

16. PROVISIONS FOR LIABILITIES

	2005 £	2004 £
Deferred taxation	<u>1,721</u>	<u>572</u>

	Deferred tax £
Balance at 1 January 2005	572
Accelerated capital allowances	<u>1,149</u>
Balance at 31 December 2005	<u>1,721</u>

17. CALLED UP SHARE CAPITAL

Authorised:			2005	2004
Number:	Class:	Nominal value:	£	£
250,000	Ordinary	£1	<u>250,000</u>	<u>250,000</u>

Allotted, issued and fully paid:			2005	2004
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

18. RELATED PARTY DISCLOSURES

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

During the year, the company provided a loan of £45,000 to a business partnership, of which G A R Ball was a partner. This loan was repaid in full during the year. No interest was payable on the outstanding amount.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	70,753	1,820
Dividends	(55,247)	(69,800)
Net addition/(reduction) to shareholders' funds	15,506	(67,980)
Opening shareholders' funds	245,663	313,643
Closing shareholders' funds	261,169	245,663
Equity interests	261,169	245,663