

REGISTERED NUMBER: 2765607 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
FOR
CONTROLACCOUNT PLC**

SATURDAY



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CONTROLACCOUNT PLC

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CONTROLACCOUNT PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS: G A R Ball
I L Morris

SECRETARY: G A R Ball

REGISTERED OFFICE: Westec
Westgate
Ealing
London
W5 1YZ

REGISTERED NUMBER: 2765607 (England and Wales)

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

CONTROLACCOUNT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007

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

2007 was the worst year this company has experienced in its trading history

We were aware at the date of the last report that the year was likely to be poor because of the incremental costs of running the Birmingham office which was opened in January 2007. Regrettably due to staffing issues, a decision was made to shut Birmingham and the costs of both opening and closing this office have been included in these accounts.

Moreover in the latter part of the year under review a major client decided to perform our function in house, this accounted for a significant proportion of our revenue. This loss of revenue necessitated significant redundancies and again the costs of those redundancy payments are included in these accounts. In spite of these staff cut backs the business remained loss making for the balance of the year, however on a reducing basis.

The current year has started in a similar vein however we are shortly to commence work for a major new client the impact of which will be to return the business to profitability. We have also created our own in house trace and litigation departments based in Bromsgrove where we have opened a small office. Initially this has been a drain on our cash resources but will, in the medium term, increase profitability.

In conclusion we anticipate that during the latter part of the current year we will return to profitability.

DIVIDENDS

Interim dividends per share were paid as follows

£0 46	- 1 January 2007
£1 38	- 6 April 2007
£1 84	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2007 will be £91,994.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report.

G A R Ball
I L Morris

Other changes in directors holding office are as follows

R W Roberts ceased to be a director after 31 December 2007 but prior to the date of this report.

CONTROLACCOUNT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 Ltd, 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 14. 7. 08

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 2007 on pages six to seventeen. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note twenty one to 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



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

Date 17 07 2008

CONTROLACCOUNT PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
TURNOVER	2		1,578,237		1,845,464
Cost of sales			302,787		303,448
GROSS PROFIT			1,275,450		1,542,016
Administrative expenses			1,410,019		1,449,404
			(134,569)		92,612
Other operating income			44,054		34,820
OPERATING (LOSS)/PROFIT	4		(90,515)		127,432
Income from fixed asset investments	5	208		55	
Interest receivable and similar income		12,002		12,273	
			12,210		12,328
			(78,305)		139,760
Amounts written off investments	6		2,706		-
			(81,011)		139,760
Interest payable and similar charges	7		280		356
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(81,291)		139,404
Tax on (loss)/profit on ordinary activities	8		(14,666)		27,880
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(66,625)		111,524

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

The notes form part of these financial statements

CONTROLACCOUNT PLC

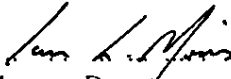
BALANCE SHEET 31 DECEMBER 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	11	77,741	90,317
Investments	12	-	13,528
		<u>77,741</u>	<u>103,845</u>
CURRENT ASSETS			
Debtors	13	367,917	400,009
Cash at bank and in hand		<u>356,792</u>	<u>180,273</u>
		724,709	580,282
CREDITORS			
Amounts falling due within one year	14	<u>666,515</u>	<u>388,134</u>
NET CURRENT ASSETS		<u>58,194</u>	<u>192,148</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		135,935	295,993
PROVISIONS FOR LIABILITIES	17	<u>1,115</u>	<u>2,554</u>
NET ASSETS		<u>134,820</u>	<u>293,439</u>
CAPITAL AND RESERVES			
Called up share capital	18	50,000	50,000
Profit and loss account	19	<u>84,820</u>	<u>243,439</u>
SHAREHOLDERS' FUNDS	22	<u>134,820</u>	<u>293,439</u>

The financial statements were approved by the Board of Directors on its behalf by

and were signed on


G A R Ball - Director


I L Morris - Director

The notes form part of these financial statements

CONTROLACCOUNT PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Net cash inflow from operating activities	1	253,985	214,227
Returns on investments and servicing of finance	2	11,930	11,972
Taxation		(27,047)	(21,200)
Capital expenditure and financial investment	2	(12,474)	(45,090)
Equity dividends paid		(91,994)	(79,254)
Increase in cash in the period		<u>134,400</u>	<u>80,655</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>134,400</u>	<u>80,655</u>
Change in net funds resulting from cash flows		<u>134,400</u>	<u>80,655</u>
Movement in net funds in the period		<u>134,400</u>	<u>80,655</u>
Net funds at 1 January		<u>180,273</u>	<u>99,618</u>
Net funds at 31 December		<u>314,673</u>	<u>180,273</u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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

	2007	2006
	£	£
Operating (loss)/profit	(90,515)	127,432
Depreciation charges	41,600	34,165
Profit on disposal of fixed assets	(5,729)	(1,000)
Decrease in debtors	45,319	138,179
Increase/(Decrease) in creditors	263,310	(84,549)
Net cash inflow from operating activities	253,985	214,227

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

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	12,002	12,273
Interest paid	(280)	(356)
Dividends received	208	55
Net cash inflow for returns on investments and servicing of finance	11,930	11,972
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(29,025)	(46,090)
Sale of tangible fixed assets	-	1,000
Sale of fixed asset investments	16,551	-
Net cash outflow for capital expenditure and financial investment	(12,474)	(45,090)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 07	Cash flow	At
	£	£	31 12 07
			£
Net cash			
Cash at bank and in hand	180,273	176,519	356,792
Bank overdraft	-	(42,119)	(42,119)
	<u>180,273</u>	<u>134,400</u>	<u>314,673</u>
Total	<u>180,273</u>	<u>134,400</u>	<u>314,673</u>

The notes form part of these financial statements

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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
Computer equipment	- 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 on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

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

	2007	2006
	£	£
Wages and salaries	899,595	941,216
Social security costs	80,147	79,853
Other pension costs	1,577	2,132
	<u>981,319</u>	<u>1,023,201</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

3 STAFF COSTS - continued

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

	2007	2006
Administration (including directors)	14	14
Debt collectors	25	26
	<u>39</u>	<u>40</u>

4 OPERATING (LOSS)/PROFIT

The operating loss (2006 - operating profit) is stated after charging/(crediting)

	2007	2006
	£	£
Hire of plant and machinery	4,156	2,123
Depreciation - owned assets	41,600	34,165
Profit on disposal of fixed assets	(5,729)	(1,000)
Auditors' remuneration	6,570	6,854
	<u>114,021</u>	<u>121,046</u>

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

Money purchase schemes	<u>1</u>	<u>-</u>
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5 INCOME FROM FIXED ASSET INVESTMENTS

	2007	2006
	£	£
Dividends received	<u>208</u>	<u>55</u>

6 AMOUNTS WRITTEN OFF INVESTMENTS

	2007	2006
	£	£
Fixed asset investments	<u>2,706</u>	<u>-</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	<u>280</u>	<u>356</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

8 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	2007 £	2006 £
Current tax		
UK corporation tax	(13,227)	27,047
Deferred tax	<u>(1,439)</u>	<u>833</u>
Tax on (loss)/profit on ordinary activities	<u><u>(14,666)</u></u>	<u><u>27,880</u></u>

UK corporation tax was charged at 19% in 2006

Factors affecting the tax (credit)/charge

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

	2007 £	2006 £
(Loss)/profit on ordinary activities before tax	<u>(81,291)</u>	<u>139,404</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2006 - 19%)	(15,445)	26,487
Effects of		
Non deductible expenses	998	1,404
Depreciation	7,904	6,491
Provision for investment write-downs	514	-
Capital and balancing allowances	(6,304)	(7,135)
Dividends and distributions received	(40)	(10)
Profits on disposal of assets	(1,088)	(190)
Capital gains on sale of investments	<u>234</u>	<u>-</u>
Current tax (credit)/charge	<u><u>(13,227)</u></u>	<u><u>27,047</u></u>

9 DIVIDENDS

	2007 £	2006 £
Ordinary shares of £1 each		
Interim	<u>91,994</u>	<u>79,254</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

10 PENSIONS

The company operates its own defined contribution pension schemes, the assets of which are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company to these funds and this amounted to £1,577 in the year (2006 - £2,132)

11 TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2007	-	107,874	16,711	179,589	304,174
Additions	1,103	850	-	27,072	29,025
	<u>1,103</u>	<u>108,724</u>	<u>16,711</u>	<u>206,661</u>	<u>333,199</u>
At 31 December 2007	1,103	108,724	16,711	206,661	333,199
DEPRECIATION					
At 1 January 2007	-	99,597	10,064	104,197	213,858
Charge for year	46	3,649	2,099	35,806	41,600
	<u>46</u>	<u>103,246</u>	<u>12,163</u>	<u>140,003</u>	<u>255,458</u>
At 31 December 2007	46	103,246	12,163	140,003	255,458
NET BOOK VALUE					
At 31 December 2007	<u>1,057</u>	<u>5,478</u>	<u>4,548</u>	<u>66,658</u>	<u>77,741</u>
At 31 December 2006	<u>-</u>	<u>8,277</u>	<u>6,647</u>	<u>75,392</u>	<u>90,316</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

12 FIXED ASSET INVESTMENTS

	Listed investments £
COST	
At 1 January 2007	47,184
Disposals	<u>(19,209)</u>
At 31 December 2007	<u>27,975</u>
PROVISIONS	
At 1 January 2007	33,656
Provision for year	2,706
Eliminated on disposal	<u>(8,387)</u>
At 31 December 2007	<u>27,975</u>
NET BOOK VALUE	
At 31 December 2007	<u>-</u>
At 31 December 2006	<u>13,528</u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	322,573	347,109
Other debtors	14,196	9,896
Tax	13,227	-
Prepayments	<u>17,921</u>	<u>43,004</u>
	<u>367,917</u>	<u>400,009</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank loans and overdrafts (see note 15)	42,119	-
Trade creditors	76,888	98,788
Tax	-	27,047
Social security and other taxes	20,034	25,581
VAT	42,128	44,550
Other creditors	80,465	44,149
Amounts repayable to clients	355,688	136,783
Accrued expenses	<u>49,193</u>	<u>11,236</u>
	<u>666,515</u>	<u>388,134</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

15 LOANS

An analysis of the maturity of loans is given below

	2007 £	2006 £
Amounts falling due within one year or on demand		
Bank overdrafts	42,119	-
	<u>42,119</u>	<u>-</u>

16 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

		Land and buildings
	2007 £	2006 £
Expiring		
Between one and five years	14,000	-
In more than five years	42,000	77,920
	<u>56,000</u>	<u>77,920</u>

17 PROVISIONS FOR LIABILITIES

	2007 £	2006 £
Deferred tax	1,115	2,554
	<u>1,115</u>	<u>2,554</u>
		Deferred tax £
Balance at 1 January 2007		2,554
Release of provision		(1,439)
		<u>1,115</u>
Balance at 31 December 2007		<u>1,115</u>

CONTROLACCOUNT PLC

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2007**

18 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £	2006 £
250,000	Ordinary		<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £	2006 £
50,000	Ordinary		<u>50,000</u>	<u>50,000</u>

19 RESERVES

	Profit and loss account £
At 1 January 2007	243,439
Deficit for the year	(66,625)
Dividends	<u>(91,994)</u>
At 31 December 2007	<u>84,820</u>

20 RELATED PARTY DISCLOSURES

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

There were no transactions with related parties during the financial year and there were no balances with related parties as at the current or previous year end

21 APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

CONTROLACCOUNT PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007**

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
(Loss)/Profit for the financial year	(66,625)	111,524
Dividends	(91,994)	(79,254)
	<u> </u>	<u> </u>
Net (reduction)/addition to shareholders' funds	(158,619)	32,270
Opening shareholders' funds	293,439	261,169
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>134,820</u>	<u>293,439</u>