Company no:
02765607

Controlaccount plc

Report and Accounts

31 December 2013

Collins

Chartered Accountants

West Midlands

Controlaccount plc

Report and accounts

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Company Information

Directors	D Harvey P Husband G A R Ball I Mitchell
Secretary	D Harvey
Auditors	Collins The Lodge, Castle Bromwich Hall Chester Road Castle Bromwich B36 9DE
Registered office	Waterside Hanbury Road Bromsgrove Worcestershire B60 4FD
Company number	02765607

Controlaccount plc

Directors' Report

The directors present their Directors Report and financial statements for the year ended 31 December 2013.

Principal activities

The company's principal activity during the year continued to be that of a debt collection agency, providing a range of credit management and debt recovery solutions to a diverse range of industry sectors.

Future developments

Controlaccount has a quality brand our customers recognise, extensive knowledge of the markets we serve combined with strong customer relationships, enabling the Company to apply it's leading-edge technologies and deliver bespoke solutions to client applications that drive performance and reduce costs.

The business is managed by an experienced senior team which sets the strategic direction and continuously seeks opportunities to improve the service, operational controls throughout the business, identify new markets and develop employees. In performing this it promotes a culture of transparency. responsibility and accountability.

Our strategy is to deliver shareholder value by:

Continuing to optimise our assets, offer an excellent service to our customers and achieve our regulatory obligations. Through the recruitment, training and development of talented people. we will continue to offer all our employees terms and conditions at least commensurate with other employers operating in our sector as well as providing training and development to support their ongoing performance:

Continued investment in modern technology:

Improving margins through a continuous drive for operational efficiencies and improvement:

Strategically developing software that enhances the customers experience.

Delivering sales growth through investment in organic growth drivers such as new product/service development:

We manage the business to drive sales growth, improve margins, maximise cash-flows and enhance returns for our shareholders while promoting a culture of responsibility. We measure our performance and the effectiveness of our strategy through key performance indicators.

Dividends

Dividends of £168,000 were declared and paid in the year on the Ordinary shares.

Directors

The following persons served as directors during the year:

D Harvey
P Husband
G A R Ball
S Lewis (Resigned 31/1/2013)
I Mitchell

Directors' responsibilities

The directors are responsible for preparing the Directors Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the necessary 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 auditor is aware of that information.

This report was approved by the board on 19 May 2014 and signed on its behalf.

D Harvey
Director

Controlaccount plc

Strategic Report

The directors present their strategic report for the year ending 31 December 2013, which is the first year that such a report is required.

Review of the business

The directors are satisfied with the performance of the company as reported in the financial statements. During the year the directors continued developing systems, personnel and expertise to drive quality of service and performance across all areas of the business. Following a lengthy tender process the Company has been awarded a substantial two year contract from a new customer. In relation to this systems, personnel and additional infrastructure to service volumes of up to 120,000 instructions per annum were all put in place by the year end. Whilst the new contract, awarded in October 2013, had not contributed significantly to sales in the year this additional investment will facilitate the contract and spearhead additional growth during 2014.

Principal risks and uncertainties

Economic climate

Continued market confidence will lead to higher levels of debt available from existing and new customers. The directors are confident in the Company's abilities to continue to maintain current customers through innovative process that drives performance and develop opportunities through complimentary services, creating the ability to recruit new business from both traditional and niche markets.

Liquidity risk

The directors consider that the Company has sufficient current assets to enable it to continue to trade and to pay its liabilities as and when they become due.

Retention of key people

Reducing uncontrolled employee turnover is a major strategic challenge for the business as it is important that key people working at all levels are retained and developed. The directors take a collaborative, supportive, and nurturing approach to the recruitment and retention of staff, which has resulted in low attrition rates.

Competitor activity

The business operates in a very large and competitive market with substantial numbers of high profile and medium sized competitors. Competition is therefore fierce with some resistance from customers to change. Our challenge in developing existing, and attracting new, customers is how we improve our offering, the directors have invested in the service by the development of software that enhance the customer experience with the ability to improve response times, and to extend the range of services improving efficiency for customers at reduced cost. Similarly operations and other areas of the business are focussed on performance in every aspect to ensure Controlaccount operates to the highest standards and continues to maintain current contracts and attract new business.

Key performance indicators

The Company's business model is extensive and relies on the timely execution of key tasks, high quality actions and early identification of problems. To ensure consistent performance the Company employs a range of key performance indicators to measure and refine the recovery process, drive employee performance and to improve quality aspects of service delivery in all areas of the business.

Whilst many of these KPI's have little significance on their own when relating them to year end financial statements, together they make a substantial contribution to the overall results. The combination of all of these can be seen in the ratio of earnings per employee. The adjusted figures taking into account the 30% increase in staffing during the final quarter of the year, connected with new undertakings as indicated in the review of the business, show an increase of 16.5% during the year from £42,319 to £49,334.

This report was approved by the board on 19 May 2014 and signed on its behalf.

D Harvey

Director

Controlaccount plc

Independent auditors' report

To the shareholders of Controlaccount plc

We have audited the financial statements of Controlaccount plc For the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the accounts

In our opinion the accounts:

give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Nigel Collins FCA
(Senior Statutory Auditor)
for and on behalf of
Collins
Statutory Auditor
19 May 2014

The Lodge, Castle Bromwich Hall
Chester Road
Castle Bromwich
West Midlands
B36 9DE

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Profit and Loss Account

For the year ended 31 December 2013

	Notes	2013	2012
		£	£
Turnover		2,008,032	1,523,511
Cost of sales		(948,231)	(627,799)
Gross profit		**1,059,801**	**895,712**
Administrative expenses		(747,249)	(658,395)
Operating profit	3	**312,552**	**237,317**
Interest receivable		258	299
Interest payable	6	(7,647)	(5,832)
Profit on ordinary activities before taxation		**305,163**	**231,784**
Tax on profit on ordinary activities	7	(64,939)	(51,646)
Profit for the financial year		**240,224**	**180,138**

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

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Balance Sheet

As at 31 December 2013

	Notes		2013		2012
			£		£
Fixed assets					
Tangible assets	8		248,308		61,664
Current assets					
Stocks	9	284,150		235,575	
Debtors	10	371,166		442,648	
Cash at bank and in hand		284,155		139,460	
		939,471		817,683	
Creditors: amounts falling due within one year	11	(808,735)		(584,000)	
Net current assets			130,736		233,683
Total assets less current liabilities			379,044		295,347
Provisions for liabilities					
Deferred taxation	12		(14,819)		(3,346)
Net assets			**364,225**		**292,001**
Capital and reserves					
Called up share capital	13		139,901		139,901
Profit and loss account	14		224,324		152,100
Shareholders' funds	16		**364,225**		**292,001**

D Harvey

Directors

G A R Ball

Company number 02765607

Approved by the board on 19 May 2014

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Cash Flow Statement

For the year ended 31 December 2013

	Notes	2013	2012
		£	£
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		312,552	237,317
Depreciation and amortisation		52,711	37,112
Increase in stocks		(48,575)	(28,813)
Decrease/(increase) in debtors		71,482	(130,512)
Increase in creditors		153,351	39,155
Net cash inflow from operating activities		541,521	154,259
CASH FLOW STATEMENT			
Net cash inflow from operating activities		541,521	154,259
Returns on investments and servicing of finance	17	(7,389)	(5,533)
Taxation		(26,754)	-
Capital expenditure	17	(239,355)	(30,772)
		268,023	117,954
Equity dividends paid		(168,000)	(126,000)
		100,023	(8,046)
Increase/(decrease) in cash		100,023	(8,046)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		100,023	(8,046)
Change in net debt	18	100,023	(8,046)
(Net debt)/net funds at 1 January		(5,560)	2,486
Net funds/(net debt) at 31 December		94,463	(5,560)

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Notes to the Accounts

For the year ended 31 December 2013

1 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Turnover

Turnover represents the amounts receivable for services provided in the year net of value added tax and inclusive of the net movement during the year in work in progress.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	25% of cost
Computer equipment	25% and 20% of cost

Stocks

Work in progress is valued at the lower of cost and net realisible value. Cost includes a relevant proportion of overheads.

Net realisible value is based on estimated selling prices less costs to be incurred to completion.

Deferred taxation

Deferred tax is provided on the liability method on all timing differences that have originated but not reversed by the balance sheet date.

Leasing commitments

Rentals paid under operating leases are charged over the duration of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover and profit of the company for the year has been derived from it's principal activities.

3 Operating profit

	2013	2012
	£	£

This is stated after charging:

Depreciation of owned fixed assets	52,711	37,112
Operating lease rentals - plant and machinery	35,200	25,200
Operating lease rentals - land buildings	20,500	18,200
Auditors' remuneration for audit services	7,000	6,000

4 Directors' emoluments

	2013	2012
	£	£
Emoluments	103,140	75,950

5 Staff costs

	2013	2012
	£	£
Wages and salaries	853,170	697,870
Social security costs	63,911	56,681
Other pension costs	1,902	640
	918,983	755,191

Average number of employees during the year	Number	Number
Administration	17	11
Debt collectors	31	25
	48	36

6 Interest payable

	2013	2012
	£	£
Bank overdrafts	4,195	4,232
Other loans	3,200	1,600
Other interest	252	-
	7,647	5,832

7 Taxation

	2013	2012
	£	£
Analysis of charge in period		
Current tax:		
Corporation tax at 21.65% (2012: 22%)	53,553	52,864
Adjustments in respect of previous periods	(87)	-
	53,466	52,864
Deferred tax:		
Origination and reversal of timing differences	11,473	(1,218)

Tax on profit on ordinary activities	**64,939**	**51,646**

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2013	2012
	£	£
Profit on ordinary activities before tax	305,163	231,784
Standard rate of corporation tax in the UK	21.65%	22%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	66,068	50,992
Effects of:		
Expenses not deductible for tax purposes	(96)	533
Capital allowances for period in excess of depreciation	(12,419)	1,339
Utilisation of tax losses	-	-
Adjustments to tax charge in respect of previous periods	(87)	-
Current tax charge for period	53,466	52,864

Factors that may affect future tax charges

The provision for deferred tax is calculated based on tax rates enacted or substantially enacted at the balance sheet date.The rate of corporation tax at 1 April 2014 is 21% and this will be reduced by 1% in 2015. It is expected that the deferred tax will unwind at the small companies rate of 20%.

8 Tangible fixed assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2013	9,464	158,167	167,631
Additions	10,403	228,952	239,355
Disposals	-	(96,942)	(96,942)
At 31 December 2013	19,867	290,177	310,044
Depreciation			
At 1 January 2013	6,555	99,412	105,967
Charge for the year	3,784	48,927	52,711
On disposals	-	(96,942)	(96,942)
At 31 December 2013	10,339	51,397	61,736
Net book value			
At 31 December 2013	**9,528**	**238,780**	**248,308**

At 31 December 2012	2,909	58,755	61,664

9 Stocks

	2013	2012
	£	£
Work in progress	284,150	235,575
	284,150	**235,575**

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10 Debtors

	2013	2012
	£	£
Trade debtors	197,466	156,690
Amounts owed by group undertakings	-	167,810
Prepayments and accrued income	173,700	118,148
	371,166	**442,648**

11 Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank overdrafts	149,692	105,020
Trade creditors	109,608	128,927
Client ledger	284,150	138,753
Directors loans	40,000	40,000
Corporation tax	106,417	79,705
Other taxes and social security costs	98,650	81,577
Accruals	20,218	10,018
	808,735	**584,000**

The bank overdrafts are secured by a debenture over all of the company's assets.

12 Deferred taxation

	2013	2012
	£	£
Accelerated capital allowances	14,819	3,346
Undiscounted provision for deferred tax	14,819	3,346

	2013	2012
	£	£
At 1 January	3,346	4,564
Deferred tax charge in profit and loss account	11,473	(1,218)
At 31 December	14,819	3,346

13 Share capital	Nominal value	2013 Number	2013 £	2012 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	50,000	50,000	50,000
Redeemable preference shares	£1 each	89,901	89,901	89,901
			139,901	**139,901**

The preference shares are non-interest bearing and must be redeemed if the company is sold.

14 Profit and loss account	2013 £
At 1 January 2013	152,100
Profit for the financial year	240,224
Dividends	(168,000)
At 31 December 2013	**224,324**

15 Dividends	2013 £	2012 £
Dividends for which the company became liable during the year:		
Dividends paid	168,000	126,000

16 Reconciliation of movement in shareholders' funds	2013 £	2012 £
At 1 January	292,001	237,863
Profit for the financial year	240,224	180,138
Dividends	(168,000)	(126,000)
At 31 December	**364,225**	**292,001**

17 Gross cash flows	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	258	299
Interest paid	(7,647)	(5,832)
	(7,389)	(5,533)
Capital expenditure		
Payments to acquire tangible fixed assets	(239,355)	(33,725)

Receipts from sales of tangible fixed assets	-	2,953
	(239,355)	(30,772)

18 Analysis of changes in net debt

	At 1 Jan 2013	Cash flows	Non-cash changes	At 31 Dec 2013
	£	£	£	£
Cash at bank and in hand	139,460	144,695		284,155
Overdrafts	(105,020)	(44,672)		(149,692)
		100,023		
Debt due within 1 year	(40,000)	-		(40,000)
Total	(5,560)	100,023	-	94,463

19 Pension commitments

The company offers a defined contribution scheme for the benefit of certain employees. The assets of the scheme are held seperately 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 £1,092 (2012 £640)

20 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013	Land and buildings 2012	Other 2013	Other 2012
	£	£	£	£
Operating leases which expire:				
within one year	-	-	8,230	7,638
within two to five years	22,760	20,500	38,221	23,466
	22,760	20,500	46,451	31,104

21 Related party transactions

	2013	2012
	£	£
D Harvey		
Director of the company		
Loan made to the company		
Amount due to the related party	20,000	20,000
P Husband		

Director of the company		
Loan made to the company		
Amount due to the related party	20,000	20,000

22 Ultimate controlling party

In the opinion of the directors the ultimate holding company is Broadriver Ltd a company incorporated in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.