

Registered number
02765607

Controlaccount plc

Report and Financial Statements

31 December 2017

Collins

Chartered Accountants

West Midlands

Controlaccount plc
Report and accounts
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Controlaccount plc
Company Information

Directors

D Harvey
P Husband
G A R Ball
I Mitchell
R Jefferies

Secretary

D Harvey

Auditors

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

Registered office

Compass House Waterside
Hanbury Road
Bromsgrove
Worcestershire
B60 4FD

Registered number

02765607

Controlaccount plc

Registered number: 02765607

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2017.

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

Despite a difficult trading period during 2017, Controlaccount is a recognised quality brand with strong long term and contracted customer relationships, enabling the Company to apply its leading-edge technology and deliver bespoke recovery solutions to client applications that drive performance. The business is managed by an experienced senior team which sets the strategic direction and continuously seeks opportunities to enhance and extend its service offering and bring new ideas to market, improve operational controls, minimise cost through automated efficiency, identify new markets and develop employees promoting a culture of transparency, responsibility and accountability.

In the past our consistent strategy has delivered strong and steady business performance while allowing expansion into areas of growth. We look to build on this by leveraging our key competitive strengths through a focused corporate strategy that will deliver growth in both revenue and profitability. The key elements of the Controlaccount strategy include:

- Continuing to optimise our assets, offering excellent service to our customers and achieve our regulatory obligations;
- Through training and the development of talented people, we will continue to offer all our employees terms and conditions commensurate with other employers operating in our sector;
- Continued investment in technology that delivers competitive advantage and operational efficiencies;
- Consistently look to identify customers' needs that can be solved by our capabilities;
- Improving margins through a continuous drive for operational efficiencies;
- Delivering sales growth through investment in organic growth drivers such as new product/service development;
- Development of on-line services
- The acquisition of complementary businesses

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 £211,503 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
I Mitchell

Directors' responsibilities

The directors are responsible for preparing the 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 (Financial Reporting Standard 102 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 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;
- 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 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 5 June 2018 and signed on its behalf.

D Harvey
Director

The directors present their strategic report for the year ending 31 December 2017.

Review of the business

2017 has proved to be one of the toughest trading periods for Controlaccount in recent years, borne out by the reduction in sales and profitability. The decline in revenue during the year was caused by a variety of short terms issues linked to the re-organisation of departments within operations and delays in contract re-negotiations with two of our largest customers. Working through these difficulties took the business most of the year; and all but a few smaller problems were eventually solved during the final quarter, far too late in the day to change the year outturn. The contract re-negotiations were unavoidable and necessary and the decision to re-organise parts of operations will lead to more streamlined and profitable business in the future.

Controlaccount is a good business with a great future, solving the problems experienced during 2017 will lead to stronger sales and levels of profitability during 2018, however the impact on the business was significant and has prompted us to take a fresh look at everything we do and ensure as far as we can, no repetition of such events. During a busy year we continued to invest in our software platform “CogendaWorks” to support multi-faceted collection models as well as developing cloud based applications for greater customer interaction with our service. Secure feature rich software defines our communication systems, strengthening our competitive advantage making us more productive and provides the digital tools that our customers require for effortless efficiency. Controlling IT development is therefore extremely important to the business as quality software helps us work better and stand out from the crowd, maintaining a multi-disciplined team ensures that planned development work is completed on time and within budget.

The directors are satisfied with the performance of the company as reported in the financial statements and will continue to drive revenue growth, customer value and shareholder returns, while broadening the Company's offering and optimising efficiency for increased profitability. Re-negotiated terms with two of our largest customers at the end of 2017 and the addition of major contract awarded at the end of 2017 through to the end of 2020 will spearhead growth during the next trading year and beyond.

Principal risks and uncertainties

Economic climate

The directors are confident in the Company's abilities to continue to maintain current customers through innovative process which drives performance and develops opportunities through complementary services, creating the ability to recruit new business from both traditional and niche markets in the UK and Worldwide. In addition the Directors believe that there will be greater levels of opportunity for growth post “Brexit” given the markets served by the business.

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's 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 large and competitive market that has a substantial number of high profile and medium size competitors. Our challenge in developing existing customers and attracting new business is how we deliver services and improve our offering. The directors have invested in the service by the development of feature rich software that keep our customers connected to the service effortlessly across all boundaries, with speed and connectivity that delivers both functionality and total transparency. Within operations we focus on performance in every aspect to ensure Controlaccount plc operates to the highest standards, we look to identify customers' needs that can be solved by our capabilities and our pricing solutions take into account competitor options and activity

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 activity.

Whilst many of these KPI's have little significance on their own when relating them to year end accounts, together they make a substantial contribution to the overall results and can be seen in the ratio of earnings per productive employee which shows an increase from the previous year from £53,440 in 2016 to £62,285, this improvement in performance is connected with reductions in staff linked to the re-organisation of operations.

This report was approved by the board on 5 June 2018 and signed on its behalf.

D Harvey

Controlaccount plc

Independent auditors' report

to the members of Controlaccount plc

We have audited the financial statements of Controlaccount plc for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and express an opinion on 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 of the accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

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 2017 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 Directors' Report and the Strategic 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 accounts 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

Accountants and Statutory Auditors

5 June 2018

The Lodge, Castle Bromwich Hall

Chester Road

Castle Bromwich

West Midlands

B36 9DE

Controlaccount plc
Income Statement
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	2	2,304,561	2,618,572
Cost of sales		(1,223,076)	(1,321,546)
Gross profit		1,081,485	1,297,026
Administrative expenses		(819,749)	(908,807)
Operating profit	3	261,736	388,219
Interest receivable		24	123
Interest payable	6	(12,428)	(13,718)
Profit on ordinary activities before taxation		249,332	374,624
Tax on profit on ordinary activities	7	(47,707)	(73,488)
Profit for the financial year		201,625	301,136

Controlaccount plc
Statement of Financial Position
as at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	8	291,867	270,499
Current assets			
Stocks	9	530,045	434,392
Debtors	10	246,158	381,411
Cash at bank and in hand		385,004	398,285
		<u>1,161,207</u>	<u>1,214,088</u>
Creditors: amounts falling due within one year	11	(834,618)	(863,319)
Net current assets		<u>326,589</u>	<u>350,769</u>
Total assets less current liabilities		<u>618,456</u>	<u>621,268</u>
Provisions for liabilities			
Deferred taxation	12	(40,387)	(33,321)
Net assets		<u>578,069</u>	<u>587,947</u>
Capital and reserves			
Called up share capital	13	139,901	139,901
Profit and loss account	14	438,168	448,046
Total equity		<u>578,069</u>	<u>587,947</u>

G A R Ball

D Harvey

Directors

Approved by the board on 5 June 2018

Controlaccount plc
Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	139,901	348,746	488,647
Profit for the financial year		301,136	301,136
Dividends		(201,836)	(201,836)
At 31 December 2016	<u>139,901</u>	<u>448,046</u>	<u>587,947</u>
At 1 January 2017	139,901	448,046	587,947
Profit for the financial year		201,625	201,625
Dividends		(211,503)	(211,503)
At 31 December 2017	<u>139,901</u>	<u>438,168</u>	<u>578,069</u>

Controlaccount plc
Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Operating activities			
Profit for the financial year		201,625	301,136
Adjustments for:			
Interest receivable		(24)	(123)
Interest payable		12,428	13,718
Tax on profit on ordinary activities		47,707	73,488
Depreciation		26,481	54,120
Increase in stocks		(95,653)	(63,386)
Decrease in debtors		135,253	65,558
Increase/(decrease) in creditors		10,349	(73,713)
		<u>338,166</u>	<u>370,798</u>
Interest received		24	123
Interest paid		(12,428)	(13,718)
Corporation tax paid		(69,348)	(69,750)
Cash generated by operating activities		<u>256,414</u>	<u>287,453</u>
Investing activities			
Payments to acquire tangible fixed assets		(47,849)	(60,774)
Cash used in investing activities		<u>(47,849)</u>	<u>(60,774)</u>
Financing activities			
Equity dividends paid		(211,503)	(201,836)
Proceeds from new loans		69,348	69,750
Repayment of loans		(49,994)	(76,760)
Cash used in financing activities		<u>(192,149)</u>	<u>(208,846)</u>
Net cash generated			
Cash generated by operating activities		256,414	287,453
Cash used in investing activities		(47,849)	(60,774)
Cash used in financing activities		(192,149)	(208,846)
Net cash generated		<u>16,416</u>	<u>17,833</u>
Cash and cash equivalents at 1 January		226,193	208,360
Cash and cash equivalents at 31 December		<u>242,609</u>	<u>226,193</u>

Cash and cash equivalents comprise:

Cash at bank		385,004	398,285
Bank overdrafts	11	(142,395)	(172,092)
		<u>242,609</u>	<u>226,193</u>

Controlaccount plc
Notes to the Accounts
for the year ended 31 December 2017

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover comprises revenue earned from the rendering of services and is adjusted for the movement in work in progress.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

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

Work in progress

Work in progress is measured at the lower of cost and net realisable value. Cost comprises all services carried out towards debt recovery, and due to commission and fees being only receivable on successful recovery, the anticipated success rate is applied on each category of debt to these costs. Net realisable value is the commission and fees on the successful debt collection.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are recognised at transaction price including any transaction costs.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are recognised at transaction price net of any transaction costs.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that

are expected to apply to the reversal of the timing difference. Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Analysis of turnover	2017	2016
	£	£
Services rendered	<u>2,304,561</u>	<u>2,618,572</u>
By geographical market:		
UK	2,304,561	2,618,572

The turnover and profit for the year has been derived from its principal activities.

3 Operating profit	2017	2016
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	26,481	54,120
Operating lease rentals - plant and machinery	26,004	57,551
Operating lease rentals - land and buildings	78,760	78,760
Auditors' remuneration for audit services	<u>8,000</u>	<u>8,000</u>

4 Directors' emoluments	2017	2016
	£	£
Emoluments	<u>40,000</u>	<u>47,250</u>
Number of directors to whom retirement benefits accrued:	2017	2016
	Number	Number
Defined contribution plans	<u>1</u>	<u>1</u>
5 Staff costs	2017	2016
	£	£
Wages and salaries	1,091,825	1,212,957
Other pension costs	<u>17,055</u>	<u>18,644</u>
	<u>1,108,880</u>	<u>1,231,601</u>
Average number of employees during the year	Number	Number
Administration	21	25
Collectors	<u>37</u>	<u>49</u>
	<u>58</u>	<u>74</u>
6 Interest payable	2017	2016
	£	£
Bank loans and overdrafts	<u>12,428</u>	<u>13,718</u>
7 Taxation	2017	2016
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	<u>40,641</u>	<u>69,348</u>
Deferred tax:		
Origination and reversal of timing differences	<u>7,066</u>	<u>4,140</u>
	<u>47,707</u>	<u>73,488</u>
Tax on profit on ordinary activities	<u>47,707</u>	<u>73,488</u>

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:

	2017	2016
	£	£
Profit on ordinary activities before tax	249,332	374,624
Standard rate of corporation tax in the UK	19.25%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	47,996	74,925
Effects of:		
Expenses not deductible for tax purposes	110	-
Capital allowances for period in excess of depreciation	(7,465)	(5,577)
Current tax charge for period	40,641	69,348

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 2017 is 19%. It is expected that the deferred tax will unwind at the small companies rate of 19%.

8 Tangible fixed assets

	Computer Equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2017	336,491	35,457	371,948
Additions	47,599	250	47,849
Disposals	(10,392)	-	(10,392)
At 31 December 2017	373,698	35,707	409,405
Depreciation			
At 1 January 2017	73,858	27,591	101,449
Charge for the year	21,914	4,567	26,481
On disposals	(10,392)	-	(10,392)
At 31 December 2017	85,380	32,158	117,538
Carrying amount			
At 31 December 2017	288,318	3,549	291,867
At 31 December 2016	262,633	7,866	270,499

9 Stocks

	2017	2016
	£	£
Work in progress	530,045	434,392

10 Debtors	2017	2016
	£	£
Trade debtors	179,775	226,040
Prepayments and accrued income	66,383	155,371
	<u>246,158</u>	<u>381,411</u>

11 Creditors: amounts falling due within one year	2017	2016
	£	£
Bank overdrafts	142,395	172,092
Other loans	57,640	64,286
Trade creditors	66,692	48,728
Client ledger	384,461	376,575
Directors loans	46,000	20,000
Corporation tax	40,641	69,348
Other taxes and social security costs	78,713	91,538
Accruals and deferred income	18,076	20,752
	<u>834,618</u>	<u>863,319</u>

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

12 Deferred taxation	2017	2016
	£	£
Accelerated capital allowances	<u>40,387</u>	<u>33,321</u>

	2017	2016
	£	£
At 1 January	33,321	29,181
Charged to the profit and loss account	7,066	4,140
At 31 December	<u>40,387</u>	<u>33,321</u>

13 Share capital	Nominal value	2017 Number	2017 £	2016 £
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
			<u>139,901</u>	<u>139,901</u>

14 Profit and loss account	2017	2016
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	£	£
At 1 January	448,046	348,746
Profit for the financial year	201,625	301,136
Dividends	(211,503)	(201,836)
At 31 December	<u>438,168</u>	<u>448,046</u>

15 Dividends	2017	2016
	£	£
Dividends on ordinary shares (note 14)	<u>211,503</u>	<u>201,836</u>

16 Defined benefit pension plans

The company offers a defined contribution scheme for the benefit of certain employees. The assets of the scheme are held separately 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 £17,055 (2016 £18,644)

17 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings	Land and buildings	Other	Other
	2017	2016	2017	2016
	£	£	£	£
Falling due:				
within one year	78,760	78,760	15,800	20,698
within two to five years	105,163	183,923	3,607	24,894
	<u>183,923</u>	<u>262,683</u>	<u>19,407</u>	<u>45,592</u>

18 Controlling party

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

19 Presentation currency

The financial statements are presented in Sterling.

20 Legal form of entity and country of incorporation

Controlaccount plc is a private company limited by shares and incorporated in England.

21 Principal place of business

The address of the company's principal place of business and registered office is:

Compass House Waterside
Hanbury Road
Bromsgrove
Worcestershire
B60 4FD

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.