COUNTY CONTACT CENTRES PLC

Annual Report and Accounts 2008

County Contact Centres PLC provide a **24/7 365** days a year bureau call centre service to a large range of clients, trading as Ansaback, as well as developing and selling, on a **world-wide** basis, the CallScripter scripting and call centre management software suite.

Ansaback

Ansaback is a 24/7 Contact Centre and Business Services Bureau based in Ipswich.

For over 10 years it has been supplying telephone solutions for business. Ansaback provides the highest levels of service and professionalism.

Company registration number:	3869545
Registered office:	Melford Court The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ
Directors:	Philip John Dayer Peter Michael Brown William Alexander Catchpole Geoffrey Forsyth Robert Stuart McWhinnie Gordon Stephen John Allen (appointed 1 February 2008)
Secretary:	Robert Stuart McWhinnie Gordon BA FCMA
Bankers:	Barclays Bank PLC National Westminster Bank PLC
Solicitors:	Fasken Martineau Stringer Saul LLP
Auditors:	Grant Thornton UK LLP
Nominated Advisers and Brokers:	Brewin Dolphin Limited
Registrars:	Equiniti Limited

Financial statements available at
www.countycontactcentres.com

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Financial summary

The board is pleased to report continued growth in both sales and profit before tax against an economic climate which is becoming gloomier by the day, with each part of the group contributing to this success. CallScripter has gained large client software sales, both home and abroad, whilst Ansaback has continued to grow its TV Shopping, Telecoms and Call Centre Partner channels.

As a result the group has declared record profits for the third successive year.

The group profit before taxation for the year to June 2008 is £392,202 (June 2007: £353,918), achieved on turnover of £3,947,385 (June 2007: £3,572,059).

In preparing the figures for the year to 30 June 2008, we have made the transition from UK GAAP to International Financial Reporting Standards ("IFRS"). There are many changes in the way we report our results and, in particular, a review of the capitalisation of development costs was undertaken. This highlighted that the capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory. As such, the group has capitalised and amortised the development work undertaken within the CallScripter division (note 9).

In addition, under IFRS a holiday pay provision must be accrued. As our holiday year runs from January to December, a provision is required each June which is then released each December (note 9).

During the previous year, the company decided to reorganise its capital and held an Extraordinary General Meeting in June 2007 to obtain shareholder approval. Following subsequent court proceedings, the capital reorganisation became effective on 6 August 2007. All of the costs of the capital reorganisation have been charged to the Income Statement in the previous year. This reorganisation has a positive effect on both the group and company Balance Sheets, as well as allowing the company to pay dividends in the future if the board consider it appropriate to do so.

Risks

A key risk within Ansaback is the technology utilised in the call centre and as such we have invested in a 'state-of-the-art' modern telephone switch. This new switch includes fail-over systems to further increase our business continuity/disaster recovery readiness whilst also enabling us to offer additional services to clients. Looking at other risks, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, while our main computer systems have been upgraded to improve their resilience and minimise any down time should a problem arise. Finally, the consumer downturn may have a knock-on effect on the volumes of calls for our TV shopping channel clients, reducing the sales in this sector.

The risks to the CallScripter division continue to be in the ability of our internal sales team and the partner resellers to achieve market penetration. We are confident that the sales targets can be achieved. The board is keen to capitalise on the current CallScripter momentum and is actively encouraging the executive team to push on with significant investment and resourcing in the division. This effort may result in a flattish CallScripter profit for the year ahead, but with the second year yielding the benefit.

Change of name

In light of the varied component parts of the group we now feel it appropriate to de-emphasise the call centre within the parent company and are proposing to change the name to IPPlus PLC at the Annual General Meeting in September.

IP has a number of significant meanings within the industry including, Internet Protocol, and Intellectual Property as well as IP being the Ipswich postcode. In this way the new name will travel well across borders whilst still offering a strong sense of ownership with the staff at the front-line.

Dividend and articles of association

The company will not be declaring a dividend. The board considers it is appropriate to conserve cash against the present background of restricted credit markets. Further, the board believes the cash balance will enable it to take advantage of any opportunities to acquire distressed businesses.

Additionally, the company will be proposing a change to its Articles of Association at the Annual General Meeting in September to provide the authority to buy back shares if this is deemed appropriate in the future.

Outlook

There are difficult trading times ahead, but with the addition of the new CallScripter sales executives and the new Ansaback general manager we expect further progress.

In addition, we are pleased to welcome Stephen Allen as a non-executive director of the group. Stephen has experience of selling software products on a global basis and will add significantly to the resources available to our software division. He has already made an effective contribution to the group and we look forward to his continued advice.

Whilst the outlook is challenging, the directors believe that the group is strongly based and they remain cautiously confident.

Philip Dayer
13 August 2008

Business summary

County Contact Centres PLC operates through two principal subsidiaries, County Contact Centres (UK) Limited and CallScripter Limited.

The group trades under two main trading styles, namely Ansaback and CallScripter.

Ansaback is a 24 hours a day, 7 days a week bureau telephony service providing overflow and out of hours call handling, emergency cover, dedicated phone resources, non-geographic, low call and freephone telephone facilities as well as disaster recovery lines and other ancillary telecommunication services.

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Our clients gain major benefits by introducing CallScripter's dynamic scripting environment into their organisation. The software facilitates the rapid set-up, handling and reporting of sophisticated inbound, outbound and e-mail campaigns.

Key performance indicators

The group performance is monitored using the following key financial performance indicators which are measured against budget and forecasts:

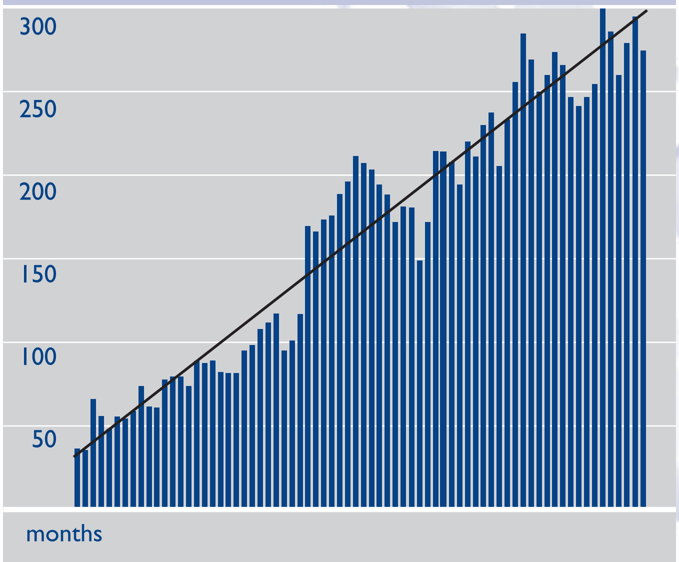
	2008	2007
	£	£
Revenue	**3,947,385**	3,572,059
Profit before taxation	**392,202**	353,918
Cash and cash equivalents	**309,514**	413,890

The market

Our call centre, operating a 24/7 bureau service, is well placed to capture new customers who need overflow and out of hours support, but may not have the volume to justify a full-blown offshore facility. As some (notably larger) clients do not wish to advertise the fact that they outsource, our client list remains confidential, but includes blue-chip companies, TV shopping channels, London solicitors and high profile charities plus, of course, a wide spectrum of business users from across the UK.

The push towards eco-friendly working practices, coupled with the recent surge in fuel costs affecting many businesses, may have a positive knock-on effect to the call centre industry. The ability to route calls at Network level from office to office and field workers if unanswered and then overflow to a bureau call centre is likely to gain traction with some calls being diverted to home workers. The home worker could either be a direct employee or an external contractor via an agency. An example of this could be a London firm who wished to increase its eco-friendliness and achieve a carbon neutral standing by outsourcing its call handling to this 'ultra green' networked call centre whose carbon footprint is very negligible. CallScripter has been directly involved in just such a move, selling our CallScripter software to a company that emphasises its green credentials by serving calls at network level to its agents, all of whom are home based.

Ansaback Sales (£000)
April 2001 – June 2008



Review of operations

Ansaback

Once again, progress has seen turnover rise and costs continue to be diligently controlled.

With several new account wins, billable minutes have risen and a total of 19 other call centres now use Ansaback for overflow, weekend, business continuity and disaster recovery plans.

The call volumes were up 5%, compared to last year, while client numbers remained consistent with no key account desertions. As we have a significant number of TV shopping and mail order clients, we eagerly awaited the upturn in calls relating to the Christmas season. Unfortunately, one major TV client was quieter than in the previous year and we saw a 4% fall in October calls. However, as has been customary, November became a new record high for billable minutes and this momentum carried on into December resulting in a satisfactory outcome for the division. Overall, however, the sales increase was not as hoped.

The Ansaback sales director returned from maternity leave in August 2007 and subsequently left the group in October 2007. A new Ansaback general manager joined in May 2008 with a wide-ranging brief.

The outlook for new contracts remains good, enabling us to continue building the business. These contracts, along with the retention of our client base, are key to the continued profitable progress of this division.

The chart left highlights a new record in November 2007 and the continuing upward trend.

Despite the credit crunch, the seasonal jump caused by TV shopping duly arrived in November and the call centre was humming with fervent activity.

The momentum carried on with new campaigns from various companies fuelled by a burst of activity from the charity sector.

The ability to switch calls at network level seamlessly provides both our and other call centres' clients with the option of having more than one call centre working for them. This process of maximising the returns and responsiveness to media advertising remains a strong driving force, as a client advertising on a television shopping channel will be looking for an answering response rate as near to 100% as possible. This high level can only be achieved by using modern systems, as well as multiple call centres. Outsourcing increases the flexibility of capacity required by clients and alleviates the necessity for large investment to set up in-house call centres. Independent call centres are focused to offer a better service as their core competence, monitored by tough client KPIs showing demonstrable results.

We continue to remain at the forefront of out of hours fault repair logging and this is another area which we have developed and requires slightly more specialist agent knowledge. We joined the Federation of Communication Services and attended their conferences promoting our specialist services.

We use the developed CallScripter software package, which enables our agents to handle the vast array of calls presented. Scripts have a client graphic or picture on the front screen providing an auto-cognitive focus helping the agent identify with the client's business activity.

We continue to provide clients with detailed data regarding call durations and outcomes, using the CallScripter software package. Scripts are designed in a manner reflecting the client businesses, ensuring that the agent delivery reflects the culture of the client's organisation. Ansaback is monitored and controlled on the actual and predicted billable minutes and this Key Performance Indicator, as well as the number of agent call minutes per hour, is reviewed on a daily basis to ensure the correct levels of staff efficiencies within the call centre. We also scrutinise our Grade of Service and Percentage of Calls Answered to maintain our contracted Service Level Agreements of answering 80% of calls presented within 20 seconds.

Significant investment in new infrastructure has occurred during the period. The network has been upgraded and a new telephony switch has been installed and commissioned within the Ansaback back office environment. A staged roll-out across the call centre is being planned as we transfer over 3,000 client telephone numbers onto the new system. This new telephony platform will open up the world of VoIP (Voice Over Internet Protocol) to the call centre allowing us to explore new areas such as Internet call handling, advanced Interactive Voice Response functionality for automated call handling, natural speech recognition, enhanced call recording, agent home working and intelligent call routing between contact centres.

Our Internet data feed has also been upgraded from a 2Mbps to a 100Mbps bearer.

CallScripter

This division sells our software to other call and contact centres.

In autumn 2007 we attended our seventh Call Centre Expo, the principal showcase for suppliers to the call centre trade, which attracts both a domestic and international audience looking for the latest offerings. We followed this up by attending GC 2008expo which is the leading public sector IT event in the UK, where public servants come to see the very latest technologies in action and to discover the solutions to the challenges they face within government.

In the past we have been diffident regarding the inordinate delays in decision making within the public sector despite good interest. We now think the time is right for us to give the sector a concerted push.

In the interim accounts we reported that CallScripter had broadened its channels to market and in this regard we have pushed forward with the network hosted (Application Service Provider) route (now commonly referred to as SaaS — Software as a Service) which allows businesses to use the product on a "needs basis" without either complex licence or in-house technical support. We already have six clients signed up and using this service and whilst this is still early days it would seem to provide a low cost entry model for using CallScripter which suits a number of clients where their internal IT resource is limited. Internationally it also enables us to offer a low cost direct channel and we anticipate further growth in the coming year.

Similar to previous years, we were invited as guests of Interactive Intelligence (ININ), our American OEM (Original Equipment Manufacturer) distributor, to their annual EMEA conference held in Vienna to meet both existing and new ININ distributors. This was a successful event and provided introductions to an audience that would have been difficult to meet without the partnership. Post the Vienna conference we have already attended substantive collaborative presentations in Turkey.

Steve Allen, our new non-executive, has been instrumental in a procedural overview and we have actively embarked upon a recruitment campaign to bolster the division to ensure recent contracts are satisfactorily handled. The pipeline has several encouraging prospects both domestically and internationally.

Two prestigious orders have recently been won and successfully installed. The first was a Cypriot bank and the second a substantial world theme park operator. Both of these installations have the potential to be further rolled out throughout the respective organisations and produce ongoing revenues.

The outlook for our call centre software remains positive as contact centres look to their software solution providers for increasing agent performance and maximising their profitability.

IP3Tele.com

We currently provide a range of network-based interactive call services on a managed basis and are now able to offer a self-serve option. With this clients can route their required services through our web portal, which allows them to monitor their call traffic in real time or have periodic reports sent via email. Our web portal allows fast and efficient configuration of services with detailed logging for reviewing changes and are hosted across resilient platforms with triple redundancy for location, infrastructure and service providers. Web access also allows remote management from anywhere in the world, without any proprietary software requirement.

Social responsibilities

The company employees support a designated charity throughout the year and raised £1,100 for the Alzheimer's Society.

Looking ahead

Both sides of our business will continue to push forward with exciting prospects.

Ansaback will be focusing on further development of the Ansaback Plus up-selling service and telephone fault logging services — areas where we feel we have a unique selling point, while CallScripter will continue to target new revenue streams with reselling partners and other software manufacturers as well as increasing the existing revenue streams from both the OEM and direct sales.

William A Catchpole

13 August 2008

The directors present their report together with the financial statements for the year to 30 June 2008.

1. Principal activity

The company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

2. Results, dividends, future prospects

The trading results of the group are set out in the annexed accounts and are summarised as follows:

	2008	2007
	£	£
Revenue	**3,947,385**	3,572,059
Profit before taxation	**392,202**	353,918

The Chairman's Statement and Business Review contain a full explanation of developments during the year, key performance indicators, principal risks and uncertainties and the group's future prospects, which are requirements of the Directors' Report.

The directors do not recommend payment of a dividend (2007: £nil).

3. Directors

The present membership of the board who, apart from Stephen Allen, served through the year is set out below.

The beneficial and other interests of the directors and their families in the shares of the company at 30 June 2008 and 1 July 2007 were as follows:

	30 June 2008 Ordinary shares of 1p each	1 July 2007 Ordinary shares of 1p each
P M Brown (non-executive)	**2,129,779**	2,129,779
W A Catchpole	**1,436,145**	1,399,169
R S M Gordon	**659,122**	598,000
G Forsyth	**587,908**	531,427
P J Dayer (non-executive)	**293,619**	293,619
S J Allen (non-executive) appointed 1 February 2008	**—**	—

The above interests include 33,220 (2007: 33,220) ordinary shares held by or on behalf of Mr Catchpole's wife.

On 12 September 2002, directors were granted options to subscribe for ordinary shares in the company as follows:

	Number of Shares	**Exercise Price (pence)**
W A Catchpole	1,000,000	12.36
R S M Gordon	1,000,000	12.36
G Forsyth	1,000,000	12.36
P M Brown	200,000	12.36

These options can be realised on the following formula between three and ten years from their grant:

If the share price is at or above	**Percentage of options realisable**
25p	25%
40p	50%
65p	75%
100p	100%

During the year, the share price fluctuated between 18.25 pence and 11.5 pence and closed at 11.5 pence on 30 June 2008.

4. Substantial shareholdings

The beneficial and other interests of other substantial shareholders and their families in the shares of the company at 30 June 2008 and 1 July 2007 were as follows:

	30 June 2008 Ordinary shares of 1p each	1 July 2007 Ordinary shares of 1p each
Suffolk Life Annuities Limited	**4,637,422**	4,406,690
P Wildey	**4,565,000**	4,400,000

The Suffolk Life Annuities Limited holding includes 2,072,422 shares (2007: 1,871,690 shares) held on behalf of the directors.

5. Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and 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 group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and company financial statements in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Standards). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these consolidated 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 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware;
  and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Research and development

The group continues to develop CallScripter, a web-based workflow management software suite for modern contact centres.

7. Payment practice

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of the terms and to abide by them. Trade payables at the year-end amount to 66 days (2007: 85 days) of average supplies for the year.

8. Employee policy

The group operates a policy of non-discrimination in respect of ethnicity, sexual orientation, gender, religion and disability and encourages the personal and professional development of all persons working within the group by giving full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

9. International financial reporting standards

IFRS became applicable to AIM companies in respect of financial years commencing on or after 1 January 2007 and in preparing the figures for the year to 30 June 2008 we have made the transition from UK GAAP to IFRS. This highlighted that the capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory. As such, the group has capitalised and amortised the development work undertaken within the CallScripter division.

This generated an intangible asset carried forward in the Balance Sheet at June 2007 of £182,770, which increased profits in the years ended June 2007, 2006 and prior by £54,957, £70,179, and £57,634 respectively (note 9).

In addition, under IFRS a holiday pay provision must be accrued. As our holiday year runs from January to December, a provision is required each June which is then released each December. A brought forward provision of £32,100 was created at June 2006, which was then released by December 2006. A new accrual of £38,000 was then created by June 2007, which was then released in the following six months.

10. Corporate governance

The company recognises the requirement for high standards of corporate governance but is restricted by having a small board of directors, 50% of which are non-executive directors.

As an AIM listed company, we are not obliged to comply with the Combined Code on Corporate Governance, but we do acknowledge the overall importance of the guidelines and apply as many of the principles therein as appropriate to a company of our size and nature.

Internal financial control

The board is responsible for establishing and maintaining the group's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet particular needs of the group concerned and the risks to which it is exposed and by their nature can provide reasonable, but not absolute, assurance against misstatement or loss. The directors confirm that they have established such procedures as necessary to implement the group's internal controls.

The full board meets on at least six occasions each year to review trading performance and discuss strategy and policy issues. Budgets are approved annually and management accounts are produced on a monthly basis. All directors review these accounts. The executive board meet on a regular basis to discuss the group's performance, inviting input from the non-executive directors as appropriate. The group reports to shareholders twice a year. The board considers that a separate internal audit function is not justified having regard to the size of the group.

The Chairman, who carries out his duties on a part-time basis, is primarily responsible for running the board. The Managing Director is responsible for the day-to-day running of the group and for implementing group strategy.

All directors are aware of their right to seek independent professional advice at the company's expense to assist them in their duties and to have access to the services of the Company Secretary.

Remuneration committee

The Remuneration Committee consists of Peter Brown and Philip Dayer. Peter Brown is chairman of Independent Remuneration Solutions Limited, an independent company, which advises on and helps implement executive directors' packages, annual and long-term incentives and independent directors' fees to corporate bodies.

The committee is responsible for setting the terms and conditions of employment for the executive directors and met on two occasions during the year.

The current policy is to set remuneration in accordance with market conditions in order to attract, retain and motivate the executive board.

The committee reviews group performance and arising from those reviews may determine performance related bonuses.

No director is involved in deciding his or her own remuneration level or performance related bonuses.

The fees for non-executive directors are set at smaller turnover AIM quoted market rates to attract individuals with the necessary experience and ability to make a substantial contribution to the group's affairs and its continued development.

Audit committee

Whilst the Audit Committee formally consists of Philip Dayer and Peter Brown, due to the size of the Group, any business relating to the audit has been considered by the full board.

Our audit partner can, however, raise any issues and request a meeting of the committee if it is felt that any governance or other issues need to be discussed without the executive directors' attendance.

11. Financial risk management

The financial risk management policies and objectives are disclosed in note 21, along with information regarding exposure to price risk, liquidity risk and cash flow risk.

12. Qualifying third party indemnity provision

During the financial year, a qualifying third party indemnity provision for the benefit of the directors was in force.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COUNTY CONTACT CENTRES PLC

We have audited the group and parent company financial statements (the 'financial statements') of County Contact Centres PLC for the year ended 30 June 2008 which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity, notes 1 to 25 for the group and 1 to 9 for the parent company. 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 auditor's 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 Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement and Business Review that is cross-referred from the Directors' Report.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Business Review and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2008 and of its profit for the year then ended
- the group financial statements have been properly prepared in accordance with the Companies Act 1985
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 June 2008
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

Registered Auditors — Ipswich

Chartered Accountants — 13 August 2008

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2008

	Note	2008 £	2007 £
Continuing operations			
Revenue		**3,947,385**	3,572,059
Cost of sales		**(1,970,925)**	(1,802,932)
Gross profit		**1,976,460**	1,769,127
Administrative expenses		**(1,600,486)**	(1,417,135)
Operating profit		**375,974**	351,992
Finance income	6	**22,426**	10,962
Finance expenditure	7	**(6,198)**	(9,036)
Profit before taxation	5	**392,202**	353,918
Taxation	12	**180,566**	50,558
Profit for the year		**572,768**	404,476
Attributable to:			
Equity holders of the parent company		**572,768**	404,476
Basic and diluted earnings per share	11	**1.92p**	1.36p

All activities of the group are classed as continuing.

There were no recognised gains or losses for the year other than the profit disclosed above.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 30 June 2008

	Note	2008 £	2007 £
ASSETS			
Non-current assets			
Intangible assets	13	**222,252**	182,770
Plant and equipment	14	**259,715**	79,727
Deferred taxation	18	**280,000**	76,000
Non-current assets		**761,967**	338,497
Current assets			
Trade and other receivables	15	**943,826**	660,243
Cash and cash equivalents		**309,514**	413,890
Current assets		**1,253,340**	1,074,133
Total assets		**2,015,307**	1,412,630
LIABILITIES			
Non-current liabilities			
Long-term borrowings	17	**(3,781)**	(34,564)
Deferred taxation	18	**(58,160)**	(34,726)
Non-current liabilities		**(61,941)**	(69,290)
Current liabilities			
Trade and other payables	16	**(614,793)**	(544,156)
Current portion of long-term borrowings	16	**(30,783)**	(64,162)
Current liabilities		**(645,576)**	(608,318)
Total liabilities		**(707,517)**	(677,608)
Net assets		**1,307,790**	735,022
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		**297,908**	297,908
Share premium account		**—**	6,045,563
Other reserves		**18,396**	18,396
Profit and loss account		**991,486**	(5,626,845)
Total equity		**1,307,790**	735,022

The accompanying accounting policies and notes form an integral part of these financial statements.

The board of directors approved and authorised the issue of the financial statements on 13 August 2008.

W A Catchpole Director
R S M Gordon Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2008

	2008	2007
	£	£
Cash flows from operating activities		
Profit for the year	**572,768**	404,476
Adjustments for:		
Interest income	**(22,426)**	(10,962)
Interest expense	**3,802**	6,233
Interest element of finance leases	**2,396**	2,803
Deferred tax provision	**(180,566)**	(65,558)
Tax expense	**—**	15,000
Depreciation	**40,222**	36,252
Amortisation of intangible assets	**83,677**	45,991
Increase in trade and other receivables	**(283,583)**	(169,799)
(Decrease)/increase in trade and other payables	**(9,727)**	78,058
Cash generated from operations	**206,563**	342,494
Interest paid	**(3,802)**	(6,233)
Interest element of finance leases	**(2,396)**	(2,803)
Tax paid	**—**	(15,000)
Net cash generated from operating activities	**200,365**	318,458
Cash flows from investing activities		
Interest received	**22,426**	10,962
Capitalisation of development costs	**(108,121)**	(100,948)
Customer contracts purchased	**(15,038)**	—
Purchase of property, plant and equipment	**(148,769)**	(51,250)
Net cash used in investing activities	**(249,502)**	(141,236)
Cash flows from financing activities		
Repayment of borrowings	**(46,667)**	(50,000)
Capital element of finance leases	**(8,572)**	(13,224)
Net cash used in financing activities	**(55,239)**	(63,224)
Net (decrease)/increase in cash	**(104,376)**	113,998
Cash at beginning of year	**413,890**	299,892
Net (decrease)/increase in cash	**(104,376)**	113,998
Cash at end of year	**309,514**	413,890

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	**Total Equity £**
Balance at 1 July 2006	297,908	6,045,563	18,396	(6,031,321)	**330,546**
Profit for the period	—	—	—	404,476	**404,476**
Total recognised income and expense for the period	—	—	—	404,476	**404,476**
Balance at 30 June 2007	297,908	6,045,563	18,396	(5,626,845)	**735,022**
Profit for the period	—	—	—	572,768	**572,768**
Total recognised income and expense for the period	—	—	—	572,768	**572,768**
Capital reorganisation	—	(6,045,563)	—	6,045,563	**—**
Balance at 30 June 2008	297,908	—	18,396	991,486	**1,307,790**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2008

1. AUTHORISATION OF FINANCIAL STATEMENTS

The group's consolidated financial statements (the "financial statements") of County Contact Centres PLC (the "company") and its subsidiaries (together the "group") for the year ended 30 June 2008 were authorised for issue by the board of directors on 13 August 2008 and the Managing Director William Catchpole and the Financial Director R Stuart Gordon signed the balance sheet.

2. NATURE OF OPERATIONS AND GENERAL INFORMATION

County Contact Centres PLC is the group's ultimate parent company. It is a public limited company incorporated and domiciled in the United Kingdom. County Contact Centres PLC's shares are listed and publicly traded on the AIM division of the London Stock Exchange. The address of County Contact Centres PLC's registered office is also its principal place of business.

The company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

3. STATEMENT OF COMPLIANCE WITH IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards", because they are for the period covered by the group's first IFRS financial statements for the year ended 30 June 2008. The financial statements were prepared in accordance with UK GAAP until 30 June 2007. The date of transition to IFRS was 1 July 2006. The comparative figures in respect of 30 June 2007 have been restated to reflect changes in accounting policies as a result of the adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP are given in the reconciliation schedules and explained in note 9.

The principal accounting policies adopted by the group are set out in Note 4. The accounting policies have been applied consistently throughout the group for the purposes of preparation of these financial statements.

The following Standards and Interpretations have been issued, but not yet effective and have not been adopted early by the group:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment — Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements — Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items (effective 1 July 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 January 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the group, except for additional disclosures and amendment to presentation as required by IAS 1.

4. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out below. These are based on the International Financial Reporting Standards issued by the International Reporting Accounting Standards Board ("IFRS") in issue as adopted by the European Union (EU).

The financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company, and under the historical cost convention.

b) Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertakings (see note 19) drawn up to 30 June 2008. A subsidiary is a company controlled directly by the group and all of the subsidiaries are 100% owned by the group. Control is achieved where the group has the power to govern the financial and operating policies of the investee entity to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Unrealised gains on transactions between the group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

The group has utilised the exemption (within IFRS 1) not to apply IFRS to pre-transition business combinations. The results of County Contact Centres (UK) Limited are consolidated using merger accounting principles. All other subsidiaries are accounted for using the acquisition method.

c) Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or the transfer of risk to the customer.

Call centre turnover is recognised based on billable minutes in the month, along with standing monthly charges and any specific supplementary service charges.

Software turnover is recognised at the point of sale for contracts sold in perpetuity, as it is at this point that the group has performed all of its obligations. Turnover from annual software licences and maintenance contracts may be received in a single amount or in monthly instalments. Such turnover is recognised over the period to which it relates, reflecting the fact that customers could cancel the maintenance contract if there were any disputes.

d) Significant judgements

The group makes estimates and assumptions concerning the future in assessing the carrying amounts of capitalised development costs. To substantiate the carrying amount the directors have applied the criteria of IAS 38 and considered the future economic benefit likely as a result of the investment.

4. PRINCIPAL ACCOUNTING POLICIES CONTINUED

e) Intangible assets

Customer contracts

Customer contracts are included at cost and cost less estimated residual amount is amortised on a straight-line basis over their useful economic lives. The amortisation charge is shown within administrative expenses. The rate generally applicable is:

- Customer Contracts 33%

Research and development

The capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred are capitalised when all of the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the group intends to complete the intangible asset
- the group is able to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits; among other things, this requires that there is a market for the output from the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the expenditure attributable to the intangible asset during the development can be measured reliably

The costs of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include development engineer's salary and on-costs incurred on software development. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired software. However, until completion of the development project, the assets are subject to impairment testing only.

Amortisation commences upon completion of the asset, and is shown within administrative expenses on the Income Statement. Amortisation is calculated to write down the cost less estimated residual value of all intangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Development Costs 33%

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

4. PRINCIPAL ACCOUNTING POLICIES CONTINUED

f) Plant and equipment

Plant and equipment is stated at cost, net of depreciation and any provision for impairment. Leased plant is included in plant and equipment only where it is held under a finance lease.

Disposal of assets

The gain or loss arising on disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all plant and equipment assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Motor vehicles 33%
- Fixtures and fittings 20% to 50%
- Computer equipment 33%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

g) Impairment testing of other intangible assets, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use based on an internal discounted cash flow evaluation. Any impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists.

h) Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

4. PRINCIPAL ACCOUNTING POLICIES CONTINUED

i) Taxation

Current tax is the tax payable based on the profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related tax charge is also charged or credited directly to equity.

j) Dividends

Dividend distributions payable to equity shareholders are included in "other short-term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

k) Financial assets and liabilities

The group's financial assets comprise cash and trade and other receivables, which under IAS39 are classed as "loans and receivables". Financial assets are recognised on inception at fair value plus transaction costs. Loans and receivables are non-derivative financial liabilities and assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

As the group has not entered into any derivative contracts it does not have any financial liabilities, which are carried at fair value through profit or loss. The group has a number of financial liabilities including trade and other payables and bank borrowings. These are classed as "other financial liabilities" in IAS 39. These financial liabilities are carried on inception at fair value net of transaction costs, and are thereafter carried at amortised cost under the effective interest method.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4. PRINCIPAL ACCOUNTING POLICIES CONTINUED

m) Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Other Reserves" represents the Merger Reserve resulting from the demerger from KDM International PLC in November 1999 and represents the difference between the value of the shares acquired (nominal value plus related share premium) and the nominal value of shares issued
- "Profit and loss reserve" represents retained profits

n) Contribution to defined contribution pension schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

o) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit and loss account in the period in which they arise.

p) Share options

All material share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 July 2006 are recognised in the financial statements.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserves".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transactions are credited to share capital, and where appropriate share premium.

The fair value of the share options granted after 7 November 2002 and not vested at 1 July 2006 has been assessed in accordance with IFRS 2 — Share-based Payments. The directors do not consider that the amounts involved are material and therefore no charge has been recognised.

q) Capital management

The capital structure of the group consists of debt, cash and equity. The group's objective when managing capital is to maintain the cash position to protect the future ongoing profitable growth which will reflect in shareholder value.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after:

	2008	2007
	£	£
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	**5,800**	5,600
Fees payable to the group's auditors for other services:		
The audit of the company's subsidiaries pursuant to legislation	**9,550**	9,300
Taxation services	**3,200**	18,498
Accounting advice	**9,675**	855
Depreciation and amortisation		
Intangible assets	**83,677**	45,991
Plant and equipment — owned	**22,616**	22,036
Plant and equipment — leased	**17,606**	14,216
Rents payable	**106,838**	98,622

The Wages and Salaries cost included in Cost of Sales in 2007 have been reduced by £211,999 as this is felt to better reflect the operations of the company.

6. FINANCE INCOME

	2008	2007
	£	£
Bank interest receivable	**22,426**	10,962

7. FINANCE EXPENDITURE

	2008	2007
	£	£
Interest on bank borrowings	**3,802**	6,233
Finance charges in respect of finance leases	**2,396**	2,803
	6,198	9,036

8. DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Staff costs of the group, including the directors, during the year were as follows:		
Wages and salaries	**2,442,456**	2,196,892
Social security costs	**209,963**	198,049
Other pension costs	**28,639**	22,309
	2,681,058	2,417,250

	2008	2007
	Heads	Heads
Average number of employees during the year was	**175**	161

Remuneration in respect of directors was as follows:

	2008	2007
	£	£
Emoluments	**393,554**	373,058
Pension contributions to money purchase pension schemes	**28,988**	24,061
	422,542	397,119

During the year 3 (2007: 3) directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2008	2007
	£	£
Emoluments	**124,647**	118,986
Pension contributions to money purchase pension schemes	**12,157**	9,786

9. TRANSITION TO IFRS

The company has utilised the exemption (within IFRS 1) not to apply IFRS to pre-transition business combinations and also IFRS 2 (Share-Based Payments) has been applied to awards made after 7 November 2002 that remained unvested at 1 January 2006. Earlier awards have not been restated.

a) Reconciliation of equity at 1 July 2006

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Share capital	297,908	—	297,908
Share premium account	6,045,563	—	6,045,563
Other reserves	18,396	—	18,396
Profit and loss account	(6,102,750)	71,429	(6,031,321)
Balance at 1 July 2006	259,117	71,429	330,546

The profit and loss account has been increased by £127,813 at 1 July 2006 due to the capitalisation and amortisation of the development work undertaken within the CallScripter division. The intangible assets have also increased by the same as analysed in note 13.

The group holiday year runs from January to December and as a holiday pay provision is mandatory under IFRS the profit and loss account has been decreased by £32,100 at 1 July 2006 to cover the cost of holidays accrued but not yet taken at 30 June 2006.

A deferred tax liability of £24,284 has been recognised on the temporary differences on the intangible assets.

b) Reconciliation of profit before taxation and equity at 30 June 2007

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Revenue	3,572,059	—	3,572,059
Cost of Sales	(1,797,032)	(5,900)	(1,802,932)
Administrative expenses	(1,472,092)	54,957	(1,417,135)
Other income	1,926	—	1,926
Profit before taxation	304,861	49,057	353,918
Share capital	297,908	—	297,908
Share premium account	6,045,563	—	6,045,563
Other reserves	18,396	—	18,396
Profit and loss account	(5,736,889)	110,044	(5,626,845)
Balance at 30 June 2007	624,978	110,044	735,022

9. TRANSITION TO IFRS CONTINUED

b) Reconciliation of profit before taxation and equity at 30 June 2007 continued

The Profit and Loss Account has been increased by £144,770 at 30 June 2007 due to the treatment of the capitalisation and amortisation of the development work undertaken within the CallScripter division and the adjustment for the holiday pay provision.

The capitalisation and amortisation is made up of a prior year element of £127,813 and an adjustment in the period of £54,957. The intangible assets have also increased by the same as analysed in note 13. The prior year holiday pay provision of £32,100 was released, as it was no longer required, while a new accrual of £38,000 was created.

A deferred tax liability of £34,726 has been recognised on the temporary differences on the intangible assets.

c) Reconciliation of intangible assets at 30 June 2007

In preparing the figures for the year to 30 June 2008, we have made the transition from UK GAAP to IFRS and a review of the capitalisation of development costs was undertaken. This highlighted that the capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory. As such, the group has capitalised and amortised the development work undertaken within the CallScripter division.

The following table highlights the effects of the transition to IFRS on the capitalisation and amortisation of intangible assets.

	Development Costs £
Additions — prior years	147,613
Amortisation — prior years	(19,800)
Carrying amount at 1 July 2006	127,813
Additions	100,948
Amortisation	(45,991)
Carrying amount at 30 June 2007	182,770
Additions	108,121
Amortisation	(83,176)
Carrying amount at 30 June 2008	207,715

10. SEGMENTAL INFORMATION

County Contact Centres PLC operates two business sectors, Ansaback and CallScripter. These divisions are the basis on which the group reports its primary segment information. The inter-segment sales are insignificant. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items such as cash and cash equivalents, taxation and borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

2008	**Ansaback** **£**	**CallScripter** **£**	**Unallocated** **£**	**Total** **£**
Revenue	3,244,122	703,263	—	3,947,385
Segment result	359,722	16,252	—	375,974
Finance income				22,426
Finance costs				(6,198)
Profit before taxation				392,202
Taxation				180,566
Profit for the year from continuing operations				572,768
Segment assets	863,306	539,957	612,044	2,015,307
Segment liabilities	(480,982)	(163,265)	(63,270)	(707,517)
Other segment items:				
Capital expenditure				
— Plant and equipment	215,849	4,361	—	220,210
— Intangible assets	15,038	108,121	—	123,159
Depreciation (note 14)	(39,717)	(505)	—	(40,222)
Amortisation of intangible assets (note 13)	(501)	(83,176)	—	(83,677)

2007	Ansaback £	CallScripter £	Unallocated £	Total £
Revenue	3,071,980	500,079	—	3,572,059
Segment result	343,556	8,436	—	351,992
Finance income				10,962
Finance costs				(9,036)
Profit before taxation				353,918
Taxation				50,558
Profit for the year from continuing operations				404,476
Segment assets	677,949	303,481	431,200	1,412,630
Segment liabilities	(441,245)	(145,944)	(90,419)	(677,608)
Other segment items:				
Capital Expenditure				—
— Plant and equipment	—	75,662	—	75,662
— Intangible assets	100,948	—	—	100,948
Depreciation (note 14)	—	(36,252)	—	(36,252)
Amortisation of intangible assets (note 13)	(45,991)	—	—	(45,991)

10. SEGMENTAL INFORMATION CONTINUED

Revenue can be split into the following geographical segments:

	2008 £	2007 £
Ansaback		
United Kingdom	**3,105,373**	3,070,194
North America	**73,299**	—
Europe	**65,450**	1,786
CallScripter		
North America	**76,295**	119,210
Europe	**55,138**	41,028
Australia	**26,086**	18,865
	703,263	500,079
	3,947,385	3,572,059

11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit after taxation added to reserves divided by the weighted average number of ordinary shares in issue during the relevant period. No diluted profit per share is shown because all options are non-dilutive. Details of potential share options are disclosed in note 20.

	12 months ended 30 June 2008	12 months ended 30 June 2007
Profit after taxation added to reserves	**£572,768**	£404,476
Weighted average number of ordinary shares in issue during the period	**29,790,743**	29,790,743
Basic and diluted earnings per share	**1.92p**	1.36p

12. TAXATION

Analysis of credit in the year	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 29.5% (2007: 19%)	**—**	—
Prior year adjustment	**—**	15,000
Total current tax	**—**	15,000
Deferred tax:		
Origination and reversal of temporary differences	**(204,000)**	(76,000)
Liability on capitalised intangibles	**23,434**	10,442
Credit	**(180,566)**	(50,558)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 29.5% (2007: 19%). The standard rate of tax for large companies decreased from 30% to 28% in April 2008 resulting in an average rate for the year of 29.5%. The small company tax rate of 19% applied in 2007.

	2008 £	2007 £
Profit on ordinary activities before tax	**392,202**	353,918
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2007: 19%)	**115,700**	67,244
Expenses not deductible for tax purposes	**8,153**	5,886
Capital allowances in excess of depreciation for the year	**(68,079)**	(43,074)
Losses carried forward	**5,986**	6,110
Losses utilised	**(43,200)**	(36,166)
Other	**(18,560)**	—
Prior year charge	**—**	15,000
Liability on capitalised intangibles	**23,434**	10,442
Provision in respect of tax losses	**(204,000)**	(76,000)
Total tax credit for the year	**(180,566)**	(50,558)

13. INTANGIBLE ASSETS

2008 Cost	Customer contracts £	Internally generated R&D £	Total £
Customer contracts	—	—	—
CallScripter V3.5	—	79,190	79,190
CallScripter V4	—	117,545	117,545
CallScripter (Dialler/Hosted)	—	51,826	51,826
CallScripter (Feature Pack)	—	—	—
Cost at 1 July 2007	—	248,561	248,561
Customer contracts	15,038	—	15,038
CallScripter V3.5	—	—	—
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	53,754	53,754
CallScripter (Feature Pack)	—	54,367	54,367
Additions	15,038	108,121	123,159
Customer contracts	—	—	—
CallScripter V3.5	—	—	—
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Disposals	—	—	—
Customer contracts	15,038	—	15,038
CallScripter V3.5	—	79,190	79,190
CallScripter V4	—	117,545	117,545
CallScripter (Dialler/Hosted)	—	105,580	105,580
CallScripter (Feature Pack)	—	54,367	54,367
Cost at 30 June 2008	15,038	356,682	371,720

13. INTANGIBLE ASSETS CONTINUED

2008 **Amortisation (included within administrative expenses)**	**Customer contracts £**	**Internally generated R&D £**	**Total £**
Customer contracts	—	—	—
CallScripter V3.5	—	46,200	46,200
CallScripter V4	—	19,591	19,591
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Amortisation at 1 July 2007	—	65,791	65,791
Customer contracts	501	—	501
CallScripter V3.5	—	26,397	26,397
CallScripter V4	—	39,182	39,182
CallScripter (Dialler/Hosted)	—	17,597	17,597
CallScripter (Feature Pack)	—	—	—
Charge for the year	501	83,176	83,677
Customer contracts	—	—	—
CallScripter V3.5	—	—	—
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Disposals	—	—	—
Customer contracts	501	—	501
CallScripter V3.5	—	72,597	72,597
CallScripter V4	—	58,773	58,773
CallScripter (Dialler/Hosted)	—	17,597	17,597
CallScripter (Feature Pack)	—	—	—
Amortisation at 30 June 2008	501	148,967	149,468
Net book amount			
Customer contracts	14,537	—	14,537
CallScripter V3.5	—	6,593	6,593
CallScripter V4	—	58,772	58,772
CallScripter (Dialler/Hosted)	—	87,983	87,983
CallScripter (Feature Pack)	—	54,367	54,367
Net book amount at 30 June 2008	14,537	207,715	222,252

13. INTANGIBLE ASSETS CONTINUED

2007 **Cost**	Customer contracts £	Internally generated R&D £	Total £
Customer contracts	—	—	—
CallScripter V3.5	—	79,190	79,190
CallScripter V4	—	68,423	68,423
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Cost at 1 July 2006	—	147,613	147,613
Customer contracts	—	—	—
CallScripter V3.5	—	—	—
CallScripter V4	—	49,122	49,122
CallScripter (Dialler/Hosted)	—	51,826	51,826
CallScripter (Feature Pack)	—	—	—
Additions	—	100,948	100,948
Customer contracts	—	—	—
CallScripter V3.5	—	—	—
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Disposals	—	—	—
Customer contracts	—	—	—
CallScripter V3.5	—	79,190	79,190
CallScripter V4	—	117,545	117,545
CallScripter (Dialler/Hosted)	—	51,826	51,826
CallScripter (Feature Pack)	—	—	—
Cost at 30 June 2007	—	248,561	248,561

13. INTANGIBLE ASSETS CONTINUED

2007 **Amortisation** **(included within administrative expenses)**	Customer contracts £	Internally generated R&D £	Total £
Customer contracts	—	—	—
CallScripter V3.5	—	19,800	19,800
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Amortisation at 1 July 2006	—	19,800	19,800
Customer contracts	—	—	—
CallScripter V3.5	—	26,400	26,400
CallScripter V4	—	19,591	19,591
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Charge for the year	—	45,991	45,991
Customer contracts	—	—	—
CallScripter V3.5	—	—	—
CallScripter V4	—	—	—
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Disposals	—	—	—
Customer contracts	—	—	—
CallScripter V3.5	—	46,200	46,200
CallScripter V4	—	19,591	19,591
CallScripter (Dialler/Hosted)	—	—	—
CallScripter (Feature Pack)	—	—	—
Amortisation at 30 June 2007	—	65,791	65,791
Net book amount			
Customer contracts	—	—	—
CallScripter V3.5	—	32,990	32,990
CallScripter V4	—	97,954	97,954
CallScripter (Dialler/Hosted)	—	51,826	51,826
CallScripter (Feature Pack)	—	—	—
Net book amount at 30 June 2007	—	182,770	182,770

14. PLANT AND EQUIPMENT

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:				
At 1 July 2007	22,050	208,057	351,509	581,616
Additions	—	177,982	42,228	220,210
Disposals	—	—	(4,626)	(4,626)
At 30 June 2008	22,050	386,039	389,111	797,200
Depreciation (included within administrative expenses):				
At 1 July 2007	10,699	201,617	289,573	501,889
Charge in year	5,617	2,391	32,214	40,222
Disposals	—	—	(4,626)	(4,626)
At 30 June 2008	16,316	204,008	317,161	537,485
Net book amount at 30 June 2008	5,734	182,031	71,950	259,715

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost:				
At 1 July 2006	13,200	201,768	351,529	566,497
Additions	8,850	6,289	60,523	75,662
Disposals	—	—	(60,543)	(60,543)
At 30 June 2007	22,050	208,057	351,509	581,616
Depreciation (included within administrative expenses):				
At 1 July 2006	6,311	200,164	319,705	526,180
Charge in year	4,388	1,453	30,411	36,252
Disposals	—	—	(60,543)	(60,543)
At 30 June 2007	10,699	201,617	289,573	501,889
Net book amount at 30 June 2007	11,351	6,440	61,936	79,727

Included within the net book amount of £259,715 is £17,619 (2007: £35,225) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,606 (2007: £14,216).

15. TRADE AND OTHER RECEIVABLES

	2008	2007
	£	£
Trade receivables	**704,828**	468,009
Other receivables	**81,295**	81,675
Prepayments and accrued income	**157,703**	95,529
Pension contributions	**—**	15,030
Trade and other receivables	**943,826**	660,243

All amounts fall due within one year and therefore the fair value is considered to be approximately equal to the carrying value. All of the group's trade and other receivables are denominated in pounds sterling. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The group holds £11,602 (2007: £9,757) of deposits as security against certain accounts.

Other receivables of £81,295 include £81,075 (2007: £81,075) relating to a rent deposit falling due within one year. This lease expires in May 2010.

Trade receivables have been reviewed for indicators of impairment and a provision has been recorded as follows:

	2008	2007
	£	£
Opening provision at 30 June 2007	**19,900**	18,828
(Credited)/charged to income	**(13,062)**	1,072
Closing provision at 30 June 2008	**6,838**	19,900

In addition some of the non-impaired trade receivables are past due at the reporting date:

	2008	2007
	£	£
0–30 days past due	**455**	3,030
30–60 days past due	**11,300**	15,044
	11,755	18,074

Amounts which are past due but not impaired are considered to be recoverable at their carrying value.

16. CURRENT LIABILITIES

	2008 £	2007 £
Trade payables	**242,523**	127,553
Social security and other taxes	**200,209**	175,402
Other payables	**172,061**	241,201
Trade and other payables	**614,793**	544,156
Bank loans (note 17)	**15,000**	46,667
Amounts due under finance leases	**15,783**	17,495
Current portion of long-term borrowings	**30,783**	64,162
Current liabilities	**645,576**	608,318

Amounts due under finance leases are secured on the related assets.

17. NON-CURRENT LIABILITIES

Amounts due under finance leases fall due as follows:

	2008 £	2007 £
Within one year	**15,783**	17,495
After one and within two years	**3,781**	15,783
After two and within five years	**—**	3,781
	19,564	37,059

Interest due under finance leases falls due as follows:

	2008 £	2007 £
Within one year	**956**	2,396
After one and within two years	**83**	956
After two and within five years	**—**	82
	1,039	3,434

Borrowings	2008 £	2007 £
Bank loans	**—**	15,000
Amounts due under finance leases	**3,781**	19,564
Non-current liabilities	**3,781**	34,564

	2008 £	2007 £
Bank loans are repayable as follows:		
Within one year	**15,000**	46,667
After one year and within two years	**—**	15,000
	15,000	61,667

17. NON-CURRENT LIABILITIES CONTINUED

On 20 March 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a bank loan of £100,000 repayable over 5 years in equal monthly instalments of £1,667, secured by a Department of Trade and Industry Guarantee in favour of the bank. Interest on the loan is payable at 2% above the bank base rate. This loan ended in April 2008.

On 16 July 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a further bank loan of £150,000 repayable over 5 years in equal monthly instalments of £2,500, secured by a Department of Trade and Industry Guarantee in favour of the bank. Interest on the loan is payable at 2% above the bank base rate.

Amounts due under finance leases are secured on the related assets.

Interest on bank loans fall due as follows:

	2008	2007
	£	£
Within one year	**307**	3,014
After one and within two years	**—**	339
	307	3,353

18. DEFERRED TAXATION

Deferred taxation is calculated at a rate of 28% (2007: 19%).

	Tax losses	**Capitalised intangibles**	**Total**
	£	**£**	**£**
Opening balance at 1 July 2006	—	(24,284)	(24,284)
Credited/(charged) through the Income Statement in the year	76,000	(10,442)	65,558
At 30 June 2007	76,000	(34,726)	41,274
Credited/(charged) through the Income Statement in the year	204,000	(23,434)	180,566
At 30 June 2008	280,000	(58,160)	221,840

	2008	2007
	£	£
Unprovided deferred tax assets		
Accelerated capital allowances	**98,000**	122,000
Trading losses	**246,000**	304,000
	344,000	426,000

The deferred tax asset of £280,000 in respect of carried forward tax losses have been recognised on the basis that the directors believe that it is more likely than not to be realised against future taxable profits of the group.

The unprovided deferred tax assets are calculated at a rate of 28%. The unprovided deferred tax assets attributable to losses should be recoverable against future profits.

19. GROUP UNDERTAKINGS

At 30 June 2008, the group included the following subsidiary undertakings, which are included in the consolidated accounts:

Name	Country of incorporation	Class of share capital held	Proportion held	Nature of business
County Contact Centres (UK) Limited	England	Ordinary	100%	Out of hours and overflow telephony service and software company
CallScripter Limited	England	Ordinary	100%	Software reseller
Eco Repair Services Limited	England	Ordinary	100%	Dormant
Ansaback Limited	England	Ordinary	100%	Dormant
County Contact Nominees Limited	England	Ordinary	100%	Dormant
EasyScripter Limited	England	Ordinary	100%	Dormant
Vital Contact (UK) Limited (previously Ansaback Europe Limited)	England	Ordinary	100%	Dormant
CallScripter (U.K.) Limited	England	Ordinary	100%	Dormant

20. SHARE CAPITAL

Group	2008 Number	2008 £	2007 Number	2007 £
Authorised:				
Ordinary shares of 1p each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	**29,790,743**	**297,908**	29,790,743	297,908

Contingent rights to the allotment of shares

The group has granted the following options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30 June 2008.

Date of grant	Number of shares	Exercise price	Period exercisable
30 December 1999	50,000	50.00p	From 3 months to 10 years from grant
12 September 2002	3,526,000	12.36p	See below *
1 February 2004	300,000	12.36p	See below *
1 May 2005	500,000	12.36p	See below *
1 July 2005	400,000	12.36p	See below *
1 March 2006	500,000	12.36p	See below *

During the year, the share price fluctuated between 18.25 pence and 11.5 pence and closed at 11.5 pence on 30 June 2008.

* These options can be realised on the following formula between three and ten years from their grant:

20. SHARE CAPITAL CONTINUED

If the share price is at or above	Percentage of options realisable
25p	25%
40p	50%
65p	75%
100p	100%

The fair value of the share options granted after 7 November 2002 and not vested at 1 July 2006 has been assessed in accordance with IFRS 2. The directors do not consider that the amounts involved are material and therefore no charge has been recognised.

The Weighted Average Exercise Price of share options outstanding at 30 June 2007 and 30 June 2008 was 12.7p.

	2008 Share options	2007 Share options
Amounts outstanding at beginning	**5,576,000**	5,626,000
Expirations in period	**(300,000)**	(50,000)
Amounts outstanding at year end	**5,276,000**	5,576,000

21. FINANCIAL INSTRUMENTS

The group uses various financial instruments including loans; cash, trade receivables, trade payables, and leasing that arise directly from its operations. The main purpose of these financial instruments is to maintain adequate finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in detail below. The directors do not consider price risk to be a significant risk. The directors review and agree policies for managing each of these risks, as summarised below, and these remain unchanged from previous years.

Financial risk management and objectives

The total loan balance outstanding at 30 June 2008 is £15,000 (2007: £61,667). Interest is payable at 2% above the bank's base rate (note 17).

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The directors achieve this by regularly preparing and reviewing forecasts based on the trends shown in the monthly management accounts.

Credit risk

The group's principal financial assets are cash and trade receivables, with the principal credit risk arising from trade receivables. In order to manage credit risks the group conducts third party credit reviews on all new clients, takes deposits where this is deemed necessary and collects payment by direct debit on all new Ansaback accounts, limiting the exposure to a build up of a large outstanding debt. The group also conducts third party credit reviews on CallScripter accounts, which also have an agreed payment plan tailored to the risk of the individual client.

21. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The group finances its operations through a mixture of cash and loans and has some risk to interest rate movements on the outstanding loans which are not deemed significant in the short term.

Liquidity risk

The group aims to mitigate liquidity risk by closely monitoring cash generation and expenditure. Cash is monitored daily and forecasts are regularly prepared to ensure that the movements are in line with the directors' strategy.

Trade payables and loans fall due as follows:

2008	**Less than one year £**	**One to two years £**	**Two to five years £**	**Total £**
Trade payables	242,523	—	—	242,523
Lease capital and interest	16,739	3,864	—	20,603
Bank loan capital and interest	15,307	—	—	15,307
At 30 June 2008	274,569	3,864	—	278,433

2007	Less than one year £	One to two years £	Two to five years £	Total £
Trade payables	127,553	—	—	127,553
Lease capital and interest	19,891	16,739	3,863	40,493
Bank loan capital and interest	49,681	15,339	—	65,020
At 30 June 2007	197,125	32,078	3,863	233,066

Foreign currencies

During the year exchange differences of £685 (2007: £3,705) have arisen and at the year end £121 (2007: £122) was held in foreign currency bank accounts. It is the group policy to hold limited amounts in foreign currency in order to reduce exposure to currency risk. The group does not sell or buy any currency forward or enter into any hedging contracts.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction and monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. At present foreign exchange is minimal and hedging and risk management is not deemed necessary.

21. FINANCIAL INSTRUMENTS CONTINUED

Financial assets by category

2008	Loans and receivables £	Non-financial assets £	Balance sheet £
Cash at bank	309,514	—	309,514
Trade receivables — current	786,123	—	786,123
Prepayments	—	157,703	157,703
	1,095,637	157,703	1,253,340

2007			
Cash at bank	413,890	—	413,890
Trade receivables — current	549,684	—	549,684
Prepayments	—	110,559	110,559
	963,574	110,559	1,074,133

The fair values of both classes of asset are considered to be approximately equal to the carrying values.

Financial liabilities by category

2008	Other financial liabilities £	Non-financial liabilities £	Balance sheet £
Trade payables	242,523	—	242,523
Loans payables — current	15,000	—	15,000
Other liabilities — current	8,472	—	8,472
Accruals	163,589	—	163,589
VAT and tax payable	—	200,209	200,209
Finance lease liability — current	—	15,783	15,783
Finance lease liability — non-current	—	3,781	3,781
	429,584	219,773	649,357

2007			
Trade payables	127,553	—	127,553
Loans payables — current	46,667	—	46,667
Loans payables — non-current	15,000	—	15,000
Other liabilities — current	19,007	—	19,007
Accruals	222,194	—	222,194
VAT and tax payable	—	175,402	175,402
Finance lease liability — current	—	17,495	17,495
Finance lease liability — non-current	—	19,564	19,564
	430,421	212,461	642,882

The fair values of both classes of liability are considered to be approximately equal to the carrying values.

22. CAPITAL COMMITMENTS

The group has committed to capital spend of £nil in the year to 30 June 2008 (30 June 2007: £127,304) in respect of a new telephone switch and the related software.

23. CONTINGENT LIABILITIES

There were no other contingent liabilities at 30 June 2008 or 30 June 2007.

24. OPERATING LEASE COMMITMENTS

	2008	2007
	£	£
Total future lease payments:		
Less than one year	**16,739**	19,891
After one year and within two years	**3,863**	20,602

25. TRANSACTIONS WITH DIRECTORS

During the year, £nil (2007: £1,500) was paid to Synergy Holdings Limited, a company controlled by Peter Brown, a director, in respect of rent for the use of his London office.

At 30 June 2008, £nil (2007: £nil) was outstanding in respect of this agreement.

COMPANY BALANCE SHEET

as at 30 June 2008

	Note	2008 £	2007 £
Fixed assets			
Investments	3	**201,609**	201,609
		201,609	201,609
Current assets			
Debtors	4	**136,720**	337,671
Cash at bank and in hand		**104,028**	—
		240,748	337,671
Creditors: amounts falling due within one year	5	**(32,334)**	(76,674)
Net current assets		**208,414**	260,997
Total assets less current liabilities		**410,023**	462,606
Creditors: amounts falling due after more than one year	6	**—**	(15,000)
		410,023	447,606
Capital and reserves			
Share capital	8	**297,908**	297,908
Share premium account	9	**—**	6,045,563
Profit and loss account	9	**112,115**	(5,895,865)
Shareholders' funds		**410,023**	447,606

The board of directors approved the financial statements on 13 August 2008.

W A Catchpole Director
R S M Gordon Director

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the company have been prepared in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

The principal accounting policies of the company are set out below, and are unchanged from the previous year.

The directors have continued to adopt the going concern basis in preparing the financial statements.

Merger relief

The company is entitled to merger relief offered by Section 131 of the Companies Act 1985, and the shares issued when the subsidiary undertaking, County Contact Centres (UK) Limited, was acquired are shown at their nominal value.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Share options

The company policy is the same as the policy detailed in group accounting policies, as IFRS 2 is the same as FRS 20.

2. PROFIT/(LOSS) FOR THE FINANCIAL YEAR

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss for the company for the year was £37,583 (2007: profit of £238,962).

3. FIXED ASSETS — INVESTMENTS

	Subsidiary undertakings £
Cost at 1 July 2007	201,609
Additions	—
Cost at 30 June 2008	201,609
Net book amount at 30 June 2008	201,609
Net book amount at 30 June 2007	201,609

Details of the shareholdings and investments in subsidiaries are detailed in the group accounts (note 19).

4. CURRENT ASSETS

	2008 £	2007 £
Other debtors	**2,592**	2,420
Amount owed by group undertaking	**128,713**	330,394
Prepayments and accrued income	**5,415**	4,857
	136,720	337,671

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loans	**15,000**	46,667
Trade creditors	**11,719**	10,557
Accruals and deferred income	**5,615**	19,450
	32,334	76,674

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Bank loans	—	15,000
	—	15,000

Borrowings

	2008	2007
	£	£
Bank loans are repayable as follows:		
Within one year	15,000	46,667
After one year and within two years	—	15,000
	15,000	61,667

On 20 March 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a bank loan of £100,000 repayable over 5 years in equal monthly instalments of £1,667, secured by a Department of Trade and Industry Guarantee in favour of the bank. Interest on the loan is payable at 2% above the bank base rate. This loan ended in April 2008.

On 16 July 2003, through the government's Small Firms Loan Guarantee Scheme, the group obtained a further bank loan of £150,000 repayable over 5 years in equal monthly instalments of £2,500, secured by a Department of Trade and Industry Guarantee in favour of the bank. Interest on the loan is payable at 2% above the bank base rate.

7. DEFERRED TAXATION

Deferred tax assets are calculated at a rate of 28% (2007: 19%).

	2008	2007
	£	£
Provided — trading losses	—	—
Unprovided — trading losses	80,884	51,000
	80,884	51,000

The unprovided deferred tax asset attributable to losses should be recoverable against future profits.

8. SHARE CAPITAL

	2008 Number	2008 £	2007 Number	2007 £
Authorised:				
Ordinary shares of 1p each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Allotted called up and fully paid:				
Ordinary shares of 1p each	**29,790,743**	**297,908**	29,790,743	297,908

Contingent rights to the allotment of shares

The company has granted options, in respect of ordinary shares of 1p each, which were still valid and unexercised at 30 June 2008, which are detailed in group note 21.

9. RESERVES

	Share premium account £	Profit and loss account £
At 1 July 2007	6,045,563	(5,895,865)
Capital reorganisation	(6,045,563)	6,045,563
Loss for the year	—	(37,583)
At 30 June 2008	—	112,115

During the previous year the company decided to reorganise its capital and held an Extraordinary General Meeting in June 2007 to obtain shareholder approval. Following subsequent court proceedings the capital reorganisation became effective 6 August 2007. All of the costs of the capital reorganisation were charged to the Profit and Loss account in the previous year. This reorganisation had the effect of cancelling the Share Premium Account and transferring the balance to the Profit and Loss Account brought forward.

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CallScripter is an enhanced customer interaction software suite specifically developed for modern contact centres, telesales and telemarketing operations.

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Operational Highlights

- Turnover increased by 10% to £3,947,385 in a difficult trading period
- CallScripter turnover increased by 40% in the year to £703,263
- Profit before tax increased to £392,202 in the year compared to a previous year profit of £353,918
- Additional resources invested in CallScripter division
- Net cash balance of £309,514 at year end
- IP3Telecom network telephony division formed
- First set of statements prepared under the International Financial Reporting Standards
- Share Premium Account cancelled
- Additional non-executive director appointed

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