

**CALLITECH LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# CALLITECH LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr E.J.B Reeves Mrs R.M.E Clacher
<b>Secretary</b>	Mr E.J.B Reeves
<b>Company number</b>	03894972
<b>Registered office</b>	Western Gateway Wrexham LL13 7ZB
<b>Auditor</b>	RSM UK Audit LLP One City Place Chester CH1 3BQ
<b>Business address</b>	Western Gateway Wrexham LL13 7ZB
<b>Bankers</b>	The Royal Bank of Scotland plc 15 Foregate Street Chester CH1 1HD

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# **CALLITECH LIMITED**

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# **CALLITECH LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2017***

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

#### **Strategic review and future prospects**

The directors are satisfied with the performance and continued growth of the business during the year and plan to improve performance during the coming year.

The business delivered revenue growth of 14%, which was driven by the introduction of new digital products and increasing penetration of our core sectors.

The Company reports an EBITDA (pre-Exceptional Items) of £4.04m in the current financial year, which represents a 68% increase on the prior year. This increase was a result of the aforementioned revenue growth, improvements in net contribution percentage, by improvements in operational efficiencies and realisation of operating leverage in the overhead base due to investment in prior years.

The continued success of the business is underpinned by the focus on company culture and delivering exceptional levels of customer service for our clients through retaining experienced staff and investment in staff training.

The business is in a robust financial position and well placed to deliver on the strategy to transition increasingly to a technology led business, supported by great people. Investment in the latest technology will continue to create new products for our clients and deliver operational efficiencies to the business. The directors regard investment in this area as a prerequisite to protect the medium to long-term future of the business.

#### **Principal risks and uncertainties**

The directors and senior management are confident of the skills and knowledge throughout the company and in its capability of offering the required product mix to meet market requirements.

All companies are exposed to certain risks and uncertainties, and the company does not underestimate these threats, and it is the responsibility of the officers of the company to assess, control and minimise and exposure.

The directors consider the two principal risks of the company to be:

##### **Credit risk**

The company's financial assets are bank balances and cash and trade and other receivables.

The company's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The company continues to operate a strict credit management policy to minimise this risk.

The credit risk on liquid funds is limited because the counterparts are banks with high credit-ratings assigned by international credit-rating agencies.

##### **Economic risk**

Whilst the company is subject to the same external uncertainties faced by all companies in the current macro-economic environment, the directors believe that the company is well placed to respond to challenges that may arise in the foreseeable future due to having a diverse customer base spread across a number of industry sectors.

#### **Going concern**

After making enquiries and based on the assumptions outlined in the accounting policies to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# **CALLITECH LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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On behalf of the board



Mrs R.M.E Clacher

**Director**

28 September 2018

# **CALLITECH LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Principal activities**

The principal activity of the company during the year was that of the provision of a telephone answering and outsourced switchboard service for its clients.

There have not been any significant changes in the principal activities of the company in the financial year ended 31 December 2017.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr E.J.B Reeves  
Mrs R.M.E Clacher

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £3,586,840. The directors do not recommend payment of a final dividend.

#### **Supplier payment policy**

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 27 day's purchases, based on the average daily amount invoiced by suppliers during the year.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

# **CALLITECH LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Auditor**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mrs R.M.E. Clacher

**Director**

28 September 2018

# **CALLITECH LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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The directors are responsible for preparing the Strategic Report and the Directors' 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **CALLITECH LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CALLITECH LIMITED**

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#### **Opinion**

We have audited the financial statements of Callitech Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# CALLITECH LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CALLITECH LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

*RSM UK Audit LLP*

Jonathan Lowe (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP

28 September 2018

Chartered Accountants  
Statutory Auditor

One City Place  
Chester  
CH1 3BQ

# CALLITECH LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	As restated £
Turnover	4	20,636,063	18,033,035
Cost of sales		(7,857,661)	(7,806,277)
<b>Gross profit</b>		<b>12,778,402</b>	<b>10,226,758</b>
Administrative expenses		(8,733,405)	(7,820,256)
Depreciation and other amounts written off tangible and intangible fixed assets		(301,386)	(242,887)
Exceptional items	5	(43,445)	(1,045,754)
<b>Operating profit</b>	6	<b>3,700,166</b>	<b>1,117,861</b>
Interest receivable and similar income	9	778	2,096
Interest payable and similar expenses	10	-	(10,357)
<b>Profit before taxation</b>		<b>3,700,944</b>	<b>1,109,600</b>
Tax on profit	11	(558,469)	(88,758)
<b>Profit for the financial year</b>		<b>3,142,475</b>	<b>1,020,842</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

# CALLITECH LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	13		3,719		4,805
Other intangible assets	13		290,917		359,565
Total intangible assets			294,636		364,370
Tangible assets	14		764,632		863,665
			1,059,268		1,228,035
<b>Current assets</b>					
Debtors	15	5,436,475		6,635,412	
Cash at bank and in hand		1,739,665		1,169,266	
			7,176,140		7,804,678
<b>Creditors: amounts falling due within one year</b>	16	(2,445,681)		(2,818,915)	
<b>Net current assets</b>			4,730,459		4,985,763
<b>Total assets less current liabilities</b>			5,789,727		6,213,798
<b>Provisions for liabilities</b>	17		(786,136)		(765,842)
<b>Net assets</b>			5,003,591		5,447,956
<b>Capital and reserves</b>					
Called up share capital	20		1,000		1,000
Profit and loss reserves			5,002,591		5,446,956
<b>Total equity</b>			5,003,591		5,447,956

The financial statements were approved by the board of directors and authorised for issue on 28 September 2018 and are signed on its behalf by:



Mrs R.M.E. Clacher  
Director

Company Registration No. 03894972

# CALLITECH LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		1,000	4,934,180	4,935,180
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	1,020,842	1,020,842
Dividends	12	-	(508,066)	(508,066)
<b>Balance at 31 December 2016</b>		1,000	5,446,956	5,447,956
<b>Year ended 31 December 2017:</b>				
Profit and total comprehensive income for the year		-	3,142,475	3,142,475
Dividends	12	-	(3,586,840)	(3,586,840)
<b>Balance at 31 December 2017</b>		1,000	5,002,591	5,003,591

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### Company information

Callitech Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Western Gateway, Wrexham, LL13 7ZB. The company's principal activity is disclosed in the Director's Report.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of TDKP Limited. These consolidated financial statements are available from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.

##### Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. Provision is made for any impairment.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Sales are recognised at the point at which the Company has fulfilled its contracted obligations to the customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

##### 1.4 Intangible fixed assets - goodwill

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposals proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	10% straight line
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##### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Patents	10% straight line

##### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% reducing balance
Computer equipment	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.



# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **1 Accounting policies**

##### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### **1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### **2 Change in accounting policy**

##### **Reclassification of expenditure**

During the year, the directors assessed the classification of certain staff cost expenditure. It was concluded that such costs are directly incurred from the provision of services to clients and therefore £7,806,277 have been included within cost of sales in the prior year, with an equal decrease in Administrative expenses.

The reclassification adjustment has no impact on the profit or net assets of the company in the prior year.

#### **3 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors do not believe any accounting estimates to be critical.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4 Turnover and other revenue

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Provision of services	<u>20,636,063</u>	<u>18,033,035</u>
<b>Other revenue</b>		
Interest income	<u>778</u>	<u>2,096</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>20,636,063</u>	<u>18,033,035</u>

#### 5 Exceptional items

	2017 £	2016 £
Early Termination of building lease	-	250,000
Onerous lease contracts	43,445	946,207
Credit on termination of supplier contract	-	(150,453)
	<u>43,445</u>	<u>1,045,754</u>

During 2016 the company vacated leased premises and as recognised the future costs of the onerous leases.

#### 6 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(1,573)	658
Fees payable to the company's auditor for the audit of the company's financial statements	21,500	21,500
Depreciation of owned tangible fixed assets	204,232	147,119
Amortisation of intangible assets	97,154	95,768
Operating lease charges	<u>817,171</u>	<u>844,886</u>

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Employee Numbers	512	471

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	10,874,807	9,557,716
Social security costs	979,828	779,710
Pension costs	110,185	96,976
	11,964,820	10,434,402

#### 8 Directors' remuneration

The directors receive remuneration from another group company in both years as the directors are employed by that company. The amount recharged to this company in respect of directors' emoluments was £254,456 (2016: £674,854).

#### 9 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	766	2,096
Other interest income	12	-
Total income	778	2,096

#### 10 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	10,357

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 11 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	708,920	51,897
Adjustments in respect of prior periods	(176,333)	38,351
Total UK current tax	532,587	90,248
Foreign current tax on profits for the current period	10,080	-
Total current tax	542,667	88,758
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,802	(1,490)
Total tax charge	558,469	88,758

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	3,700,944	1,109,600
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	712,432	221,920
Tax effect of expenses that are not deductible in determining taxable profit	-	66,212
Adjustments in respect of prior years	(176,333)	-
Group relief	-	(231,100)
Under/(over) provided in prior years	7,425	28,351
Deferred tax adjustments in respect of prior years	-	2,775
Fixed asset differences	3,425	600
Deferred tax not recognised	4,683	-
Foreign tax due	10,080	-
Adjustments to deferred tax	(3,243)	-
Taxation charge for the year	558,469	88,758

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Dividends

	2017 Per share Pence	2016 Per share Pence	2017 Total £	2016 Total £
<b>Ordinary</b>				
Interim paid	35,868.40	50.80	3,586,840	508,066
<b>Total dividends</b>				
Interim paid			3,586,840	508,066

### 13 Intangible fixed assets

	Goodwill £	Software £	Patents £	Total £
<b>Cost</b>				
At 1 January 2017	28,574	865,610	17,661	911,845
Additions - separately acquired	-	27,420	-	27,420
At 31 December 2017	28,574	893,030	17,661	939,265
<b>Amortisation and impairment</b>				
At 1 January 2017	23,769	511,425	12,281	547,475
Amortisation charged for the year	1,086	95,396	672	97,154
At 31 December 2017	24,855	606,821	12,953	644,629
<b>Carrying amount</b>				
At 31 December 2017	3,719	286,209	4,708	294,636
At 31 December 2016	4,805	354,185	5,380	364,370

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 14 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2017	624,585	469,378	1,093,963
Additions	19,460	85,739	105,199
Disposals	-	(300)	(300)
At 31 December 2017	644,045	554,817	1,198,862
<b>Depreciation and impairment</b>			
At 1 January 2017	59,060	171,238	230,298
Depreciation charged in the year	114,326	89,906	204,232
Eliminated in respect of disposals	-	(300)	(300)
At 31 December 2017	173,386	260,844	434,230
<b>Carrying amount</b>			
At 31 December 2017	470,659	293,973	764,632
At 31 December 2016	565,525	298,140	863,665

#### 15 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,591,273	1,215,409
Corporation tax recoverable	161,848	290,539
Amounts owed by group undertakings	2,717,044	4,301,567
Other debtors	530,444	477,170
Prepayments and accrued income	435,866	350,727
	5,436,475	6,635,412

Trade receivables are carried net of a bad debt provision of £91,863 (2016: £63,533)

#### 16 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	450,741	374,364
Other taxation, social security and pension	899,386	1,051,213
Other creditors	78,754	62,356
Accruals and deferred income	1,016,800	1,330,982
	2,445,681	2,818,915



# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 17 Provisions for liabilities

	Notes	2017 £	2016 £
Onerous Lease		779,585	775,093
Deferred tax liabilities	18	6,551	(9,251)
		<u>786,136</u>	<u>765,842</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Onerous Lease £
At 1 January 2017	775,093
Additional provisions in the year	43,445
Utilisation of provision	<u>(38,953)</u>
At 31 December 2017	<u>779,585</u>

#### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	8,335	(3,915)
Other short term timing differences	<u>(1,784)</u>	<u>(5,336)</u>
	<u>6,551</u>	<u>(9,251)</u>
<b>Movements in the year:</b>		2017 £
Liability/(Asset) at 1 January 2017		(9,251)
Charge to profit or loss		<u>15,802</u>
Liability at 31 December 2017		<u>6,551</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Retirement benefit schemes

	2017	2016
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	110,185	96,976

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £110,185 (2016 £96,976).

#### 20 Share capital

	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 Ordinary of £1 each	1,000	1,000
	1,000	1,000

The company's ordinary shares which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

#### 21 Reserves

Profit and loss reserves  
Cumulative profit and loss net of distributions to owner.

#### 22 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	1,041,127	789,953
Between two and five years	4,383,644	2,926,855
In over five years	9,120,654	6,780,000
	14,545,425	10,496,808

# CALLITECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 23 Events after the reporting date

On 31st January 2018 the Company entered into a lease agreement for the ground floor of a former building that an onerous lease has been provided for as at the Financial year end. This event will result in a partial write back of the Onerous lease provision in the current financial year.

#### 24 Related party transactions

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Receipts		Payments	
	2017	2016	2017	2016
	£	£	£	£
Charitable events	399	-	-	-
Charitable foundation	-	-	55,063	82,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

No guarantees have been given or received.

Events were held at the Company's premises by a charitable foundation in which a director of the company is also a trustee of the charity.

Donations were made to a charitable foundation in which a director of the company is also a trustee of the charity.

#### 25 Controlling party

The directors consider the ultimate parent company to be TDKP Limited, a company incorporated in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by TDKP Limited, the financial statements of which may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.

The company was under the control of its directors, through the directors' shareholdings in TDKP Limited, the ultimate parent company.