

# **Callstream Group Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 06706812

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# **Callstream Group Limited**

## **Report and financial statements for the year ended 31 December 2017**

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### **Directors**

J Eikenberry  
J Rossen

### **Secretary and registered office**

J Rossen, The Battleship Building, Ground and 1<sup>st</sup> Floor Mezzanine, London, W2 6NB

### **Company number**

06706812

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Callstream Group Limited

## Strategic report for the year ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

### Results and dividends

The results for the year are set out on page 7.

During the current year, the company paid dividends of £2,658,341 (2016 - £2,699,506). The directors do not recommend payment of a final dividend (2016 - £Nil).

### Principal activity

The principal activity of the company is as holding company, the activities of the Group being the provision of call management technology and telecommunications services to businesses across the UK.

### Review of the business

During the year to the end of December 2017, the company did not generate any revenues (2016 - £Nil), but did record a profit before tax of £2,643,048 (2016 - £Nil). This movement is based on dividend income received from subsidiary investments during the year (2016 - £Nil). The balance sheet is largely unchanged from the period end with net assets at 31 December 2017 of £8,571,678 (2016 - £8,654,525).

### Future developments

No change is anticipated in the nature of the company's activities for the foreseeable future.

### Key performance indicators

As this company is a parent holding company for a trading subsidiary, the directors believe that there are no key performance indicators relevant to this company.

### Principal risks and uncertainties

The primary asset recorded on the balance sheet is the investment in a subsidiary investment. As such, the principal risk to the company is the potential for failure of this trading subsidiary, or the risk of inverse results reducing the recoverable value of this investment.

### Approval

This strategic report was approved on behalf of the Board on 27 September 2018



J Røssen

Director

# Callstream Group Limited

## Report of the directors for the year ended 31 December 2017

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The directors present their report together with the audited financial statements for the year ended 31 December 2017.

### Directors

The directors of the company during the year and after the year end were as follows:

J Eikenberry  
J Rossen

### Directors' responsibilities

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Prior year adjustment

As disclosed in note 15 to the financial statements, there has been a restatement made to the 31 December 2016 statement of financial position and statement of changes in equity to reflect appropriate treatments of capital contributions made by the parent company, j2 Global UK Limited.

## Callstream Group Limited

### Report of the directors for the year ended 31 December 2017 (continued)

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#### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have been appointed as auditors during the year.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

J Rossen 

Director

27 September 2018

Date

# Callstream Group Limited

## Independent auditor's report

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### TO THE MEMBERS OF CALLSTREAM GROUP LIMITED

#### Opinion

We have audited the financial statements of Callstream Group 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 Financial Reporting Standard 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.

# Callstream Group Limited

## Independent auditor's report (*continued*)

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### 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 the audit:

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

### 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

# Callstream Group Limited

## Independent auditor's report (*continued*)

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### **Responsibilities of Directors**

As explained more fully in the directors' report, 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 determines 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 at the Financial Reporting Council's website at: <https://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.

**BDO LLP**

*Andrew Gandell (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

**Date 28 September 2018**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Callstream Group Limited

## Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Other income	2	3,009,335	-
Administrative expenses		(383,443)	-
<b>Operating profit</b>	3	<b>2,625,892</b>	-
Interest receivable and similar income	4	17,156	-
<b>Profit on ordinary activities before taxation</b>		<b>2,643,048</b>	-
Taxation	7	(67,554)	-
<b>Profit on ordinary activities after taxation and total comprehensive income for the year</b>		<b>2,575,494</b>	-

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 10 to 15 form part of these financial statements.

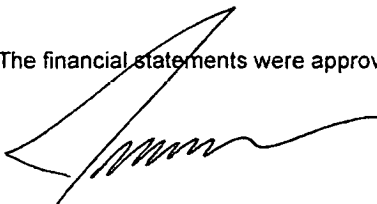
# Callstream Group Limited

Company number 06706812

Balance sheet  
at 31 December 2017

	Note	£	2017 £	£	As restated 2016 £
<b>Fixed assets</b>					
Investments	8		6,707,761		7,058,696
<b>Current assets</b>					
Debtors	9	1,626,930		1,946,153	
Cash at bank and in hand		541,295		670	
		2,168,225		1,946,823	
<b>Creditors: amounts falling due within one year</b>	10	(304,308)		(350,994)	
<b>Net current assets</b>			1,863,917		1,595,829
<b>Total assets less current liabilities</b>			8,571,678		8,654,525
<b>Capital and reserves</b>					
Called up share capital	11		415		415
Share premium account			5,149,271		5,149,271
Capital contribution reserve			2,699,514		2,699,514
Profit and loss reserves			722,478		805,325
<b>Shareholders' funds</b>			8,571,678		8,654,525

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2018

  
J Rossen  
Director

The notes on pages 10 to 15 form part of these financial statements.

# Callstream Group Limited

## Statement of changes in equity for the year ended 31 December 2017

	Share capital £	Share Premium account £	Capital Contribution Reserve £	Profit and loss reserves £	Total equity £
<b>At 1 May 2016 (as previously stated)</b>	<b>415</b>	<b>5,149,271</b>	<b>8</b>	<b>805,325</b>	<b>5,955,019</b>
Capital contribution (as restated - note 15)	-	-	2,699,506	-	2,699,506
<b>At 1 May 2016 (as restated)</b>	<b>415</b>	<b>5,149,271</b>	<b>2,699,514</b>	<b>805,325</b>	<b>8,654,525</b>
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	-	-
<b>31 December 2016</b>	<b>415</b>	<b>5,149,271</b>	<b>2,699,514</b>	<b>805,325</b>	<b>8,654,525</b>
<b>At 1 January 2017</b>	<b>415</b>	<b>5,149,271</b>	<b>2,699,514</b>	<b>805,325</b>	<b>8,654,525</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	2,575,494	2,575,494
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,575,494</b>	<b>2,575,494</b>
<b>Transactions with owners</b>					
Dividend paid	-	-	-	(2,658,341)	(2,658,341)
<b>Total distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,658,341)</b>	<b>(2,658,341)</b>
<b>31 December 2017</b>	<b>415</b>	<b>5,149,271</b>	<b>2,699,514</b>	<b>722,478</b>	<b>8,571,678</b>

The notes on pages 10 to 15 form part of these financial statements.

# Callstream Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2017

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### 1 Accounting policies (*continued*)

Callstream Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### *Basis of measurement*

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The financial statements contain information about Callstream Group Limited as an individual company and do not contain consolidated financial information. The Company is exempt from the requirement to prepare consolidated financial statements by virtue of the fact that j2 Global, Inc, the company's ultimate parent prepares consolidated accounts which are publicly available.

The following principal accounting policies have been applied:

#### *Going concern*

The directors have prepared detailed financial projections and reviewed the company's financial position to ensure that it has adequate resources to continue in operational existence in the foreseeable future. Having considered these factors together, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would be required if this basis was not appropriate.

#### *Cash and cash equivalents*

Cash and cash equivalents 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.

#### *Financial instruments*

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

#### *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.

# Callstream Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2017

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### 1 Accounting policies (*continued*)

#### *Taxation*

The charge for taxation is based on the profit or loss for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

# Callstream Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 1 Accounting policies (continued)

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments. Taken into consideration in reaching such a decision is the economic viability and expected future financial performance of the fixed asset investment.

### 2 Other income

	2017 £	2016 £
Dividend income – Callstream Limited	2,658,341	-
Dividend income – Clockfast Limited	350,994	-
	<u>3,009,335</u>	<u>-</u>

### 3 Operating profit

	2017 £	2016 £
This has been arrived at after charging:		
Foreign exchange gain	32,509	-
Impairment of investments	350,995	-
	<u>383,504</u>	<u>-</u>

The impairment relates to the company's investment in Clockfast Limited which was liquidated post year end.

Auditors remuneration for the year ended 31 December 2017 was £9,000 (2016 - £Nil) and was borne by the subsidiary, Callstream Limited.

### 4 Interest receivable and similar income

	2017 £	2016 £
Interest on intercompany loan	17,156	-
	<u>17,156</u>	<u>-</u>

### 5 Directors' remuneration

Directors remuneration was borne by a fellow group subsidiary, being Livedrive Internet Limited.

### 6 Dividends paid

	2017 £	2016 £
Dividends paid of £6,406 (2016 - £Nil) per share	2,658,341	-
	<u>2,658,341</u>	<u>-</u>

# Callstream Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 7 Taxation

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax at 19.25%	67,554	-
	<hr/>	<hr/>
Taxation on profit from ordinary activities	67,554	-
	<hr/>	<hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	2,643,048	-
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 - 20.25%)	508,787	-
Effects of:		
Expenses not deductible for taxation purposes	67,554	-
Income not claimable for tax purposes	(511,731)	-
Group relief surrendered	2,944	-
	<hr/>	<hr/>
Total tax charge for year	67,554	-
	<hr/>	<hr/>

# Callstream Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2017 (*continued*)

## 8 Investments

	2017 £	2016 £
Investments in subsidiaries	<u>6,707,761</u>	<u>7,058,696</u>
<b>Movements in fixed asset investments</b>		<b>Shares in group undertakings £</b>
<i>Cost or valuation</i>		
At 1 January and 31 December 2017		<u>7,058,696</u>
<i>Impairment</i>		
At 1 January 2017		-
Impairment for the year		<u>350,935</u>
At 31 December 2017		<u>350,935</u>
<i>Carrying amount</i>		
At 31 December 2017		<u>6,707,761</u>
At 31 December 2016		<u>7,058,696</u>

Impairment charges posted through the statement of comprehensive income for the year ended 31 December 2017 relating to fixed asset investments was £350,935 (2016 - £Nil).

### Subsidiary undertakings

As at 31 December 2017, the company had two wholly owned subsidiary undertaking being Callstream Limited and Clockfast Limited, both registered in England and Wales. The registered address of the subsidiary is The Battleship Building, Ground and 1st Floor Mezzanine, 179 Harrow Road, London, W2 6NB.

## 9 Debtors

	2017 £	2016 £
Amounts owed by group undertakings	<u>1,629,930</u>	<u>1,946,153</u>

## 10 Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	236,754	350,994
Corporation tax payable	67,554	-
	<u>304,308</u>	<u>350,994</u>



# Callstream Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

### 11 Share capital

	Allotted, called up and fully paid			
	2017	2016	2017	2016
	Number	Number	£	£
Ordinary share of £1 each	415	415	415	415

#### *Share premium account*

Share premium account consists of the difference between the purchase price and the nominal value of the shares acquired in Callstream Group Limited.

#### *Capital contribution reserve*

The capital contribution reserve relates to funding which has been provided by the parent company, j2 Global UK Limited.

#### *Retained earnings*

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

### 12 Related party transactions

The company has taken advantage of the exemption under FRS 102 Chapter 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions between wholly owned subsidiaries of the same group.

### 13 Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102, "Cash Flow Statements", not to prepare a cash flow statement on the grounds that the cash flows of the company are included in the consolidated group cash flow statement of j2 Global, Inc. and the financial statements of j2 Global, Inc. are publicly available.

### 14 Immediate and ultimate holding company

The company's immediate parent is j2 Global UK Limited, a company incorporated in England and Wales. The company's ultimate parent is j2 Global Inc, a company incorporated in the United States of America and listed on NASDAQ.

The parent of the largest and smallest group which includes the company, and for which consolidated financial statements are prepared is j2 Global Inc. These consolidated financial statements are available from the company's website ([www.j2global.com](http://www.j2global.com)).

### 15 Prior year adjustment

There has been a restatement made to the 31 December 2016 statement of financial position and statement of changes in equity to reflect appropriate treatments of capital contributions made by the parent company, j2 Global UK Limited in the prior year. Previously the capital contributions were treated as amounts payable to group undertakings. The adjustment has decreased creditors by £2,699,506 and increased capital contribution by £2,699,506. As such, there is a nil effect on the profit before tax.