

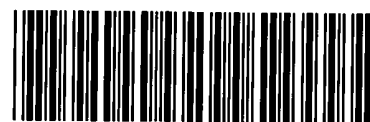
Company Registration No. SC202170 (Scotland)

**DUTTON
MOORE**

Chartered Accountants
& Business Advisers

JOURNEYCALL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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JOURNEYCALL LIMITED

COMPANY INFORMATION

Directors	T. F. Dunn L. Stewart T. F. Wishart
Company number	SC202170
Registered office	3 James Chalmers Road Arbroath Enterprise Park Arbroath Angus Scotland DD11 3RQ
Auditor	Dutton Moore Aldgate House 1-4 Market Place Hull HU1 1RS

JOURNEYCALL LIMITED

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JOURNEYCALL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present the strategic report and financial statements for the year ended 31 July 2016.

Principal activities

The principal activities of the company continued to be those of the provision of mass transit focussed contact centre, information services to the public, claims management, discounted travel tokens and transit ticket retailing.

Business

Journeycall Limited, is a company incorporated and based in Scotland that continues to grow quickly as a result of the excellence and value of their highly focussed, non-scripted, knowledge-based contact centre services delivered by a large team of highly trained agents. Since Journeycall moved to their impressive new offices at Arbroath in November 2014 the business has flourished in an environment that promotes service excellence whilst providing scope for business expansion. Investment in research and development is highly important to support Journeycall's future growth strategy and 2016 saw the market launch of Delay-Check, the most technically advanced delay-repay software solution on the market. Significant investment in Cloud based telephony systems provides rapid scalability, resilience and virtual options for multi-language support. The main area of business revolves around contact centre support services primarily for smartcard schemes in the mass transit sector; information services to the public; PCI Level 1 accredited payment processing; discounted travel tokens; claims management and ticket retailing. Therefore the company is affected by changes in the trends in public transport choices.

Review

The company has had another successful year with the results set out on page 6. The directors have paid an interim dividend of £1,199,403 (2015: £244,022) and they do not recommend payment of a final dividend (2015: £nil). Continued emphasis is being put on cost savings through investment in efficiency and technology whilst continuing to drive forward sales at an increasing pace and managing growth effectively. The company relocated its entire operation to new offices at Arbroath to bring its call centres at Laurencekirk and Brechin together. At the year-end date the company had sufficient working capital in place.

Key performance indicators

	2016 £	2015 £	2014 £
Turnover	70,391,397	61,881,652	49,756,996
Profit before tax	396,010	866,642	1,209,468

Principal risks and uncertainties

The company is operating in a market that has become more competitive over the years with some businesses creating a trend to move this function overseas. Journeycall Limited remains committed to delivering high quality services which is emphasised by the number of awards the company has received for call centre excellence. The directors believe quality of service and expert knowledge of their customers' product is a key area in which the company has a competitive advantage.

JOURNEYCALL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

Financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors and loans. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's working capital.

Due to the nature of the financial instruments used by the company there is minimal exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a credit balance. Overdraft facilities are seldom used and instead bank balances are maintained to mitigate interest rate risk.

Trade debtors are managed in respect of credit and cash flow risk by policies to manage the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

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.

Future outlook

The move to new offices has provided scope for expansion which will help to meet continuing growth forecasts.

The board believes that the company's strategy together with its experienced management will be a solid foundation for future successful performance.

On behalf of the board



T. F. Dunn

Director

27 April 2017

JOURNEYCALL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present their annual report and financial statements for the year ended 31 July 2016.

Directors

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

T. F. Dunn

L. Stewart

S. J. Hill (Resigned 31 May 2016)

T. F. Wishart

C. C. Lockwood (Resigned 31 May 2016)

M. Longman (Appointed 17 November 2015 and resigned 14 February 2017)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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:

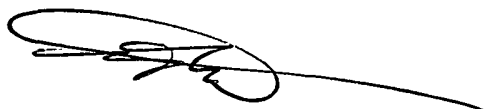
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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



T. F. Dunn

Director

27 April 2017

JOURNEYCALL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOURNEYCALL LIMITED

We have audited the financial statements of Journeycall Limited for the year ended 31 July 2016 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

JOURNEYCALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF JOURNEYCALL LIMITED

Matters on which we are required to report by exception

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

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

Douglas Baker FCCA (Senior Statutory Auditor)
for and on behalf of Dutton Moore

27 April 2017

Chartered Accountants
Statutory Auditor

Aldgate House
1-4 Market Place
Hull
HU1 1RS

JOURNEYCALL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £	2015 £
Turnover	3	70,391,397	61,881,652
Cost of sales		(62,129,694)	(55,081,902)
Gross profit		8,261,703	6,799,750
Administrative expenses		(7,906,111)	(5,956,377)
Other operating income		39,691	16,248
Operating profit	4	395,283	859,621
Interest receivable and similar income	9	727	7,021
Profit before taxation		396,010	866,642
Taxation	10	(76,674)	(190,193)
Profit for the financial year		319,336	676,449
Other comprehensive income		-	-
Total comprehensive income for the year		319,336	676,449

The profit and loss account has been prepared on the basis that all operations are continuing operations.

JOURNEYCALL LIMITED

BALANCE SHEET

AS AT 31 JULY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12		1,046,595		1,248,261
Current assets					
Stocks	14	27,314		30,805	
Debtors	15	1,876,930		2,016,483	
Cash at bank and in hand		3,673,416		1,005,711	
		<u>5,577,660</u>		<u>3,052,999</u>	
Creditors: amounts falling due within one year	16	<u>(4,979,364)</u>		<u>(1,742,017)</u>	
Net current assets			598,296		1,310,982
Total assets less current liabilities			<u>1,644,891</u>		<u>2,559,243</u>
Creditors: amounts falling due after more than one year	17		(152,198)		(170,281)
Provisions for liabilities	18		(72,139)		(88,341)
Net assets			<u>1,420,554</u>		<u>2,300,621</u>
Capital and reserves					
Called up share capital	20		93		93
Share premium account			29,980		29,980
Capital redemption reserve			130		130
Profit and loss reserves			<u>1,390,351</u>		<u>2,270,418</u>
Total equity			<u>1,420,554</u>		<u>2,300,621</u>

The financial statements were approved by the board of directors and authorised for issue on 27 April 2017 and are signed on its behalf by:


T. F. Dunn
Director

Company Registration No. SC202170

JOURNEYCALL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2014		93	29,980	130	1,837,991	1,868,194
Year ended 31 July 2015:						
Profit and total comprehensive income for the year		-	-	-	676,449	676,449
Dividends	11	-	-	-	(244,022)	(244,022)
Balance at 31 July 2015		93	29,980	130	2,270,418	2,300,621
Year ended 31 July 2016:						
Profit and total comprehensive income for the year		-	-	-	319,336	319,336
Dividends	11	-	-	-	(1,199,403)	(1,199,403)
Balance at 31 July 2016		93	29,980	130	1,390,351	1,420,554

JOURNEYCALL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		4,094,573		(1,275,058)
Income taxes paid			(179,885)		(209,921)
Net cash inflow/(outflow) from operating activities			3,914,688		(1,484,979)
Investing activities					
Purchase of tangible fixed assets		(50,967)		(1,264,962)	
Proceeds on disposal of tangible fixed assets		2,660		-	
Interest received		727		7,021	
Net cash used in investing activities			(47,580)		(1,257,941)
Financing activities					
Dividends paid		(1,199,403)		(244,022)	
Net cash used in financing activities			(1,199,403)		(244,022)
Net increase/(decrease) in cash and cash equivalents			2,667,705		(2,986,942)
Cash and cash equivalents at beginning of year			1,005,711		3,992,653
Cash and cash equivalents at end of year			3,673,416		1,005,711

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

Company information

Journeycall Limited is a private company limited by shares incorporated in Scotland. The registered office is 3 James Chalmers Road, Arbroath Enterprise Park, Arbroath, Angus, Scotland, DD11 3RQ.

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.

These financial statements for the year ended 31 July 2016 are the first financial statements of Journeycall Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 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:

Leasehold property	Over 10 years
Fixtures, fittings & equipment	20% per annum on cost to 33 1/3% per annum on cost

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

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.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 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. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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.

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

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, loans from fellow group companies and preference shares 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.

Derecognition of financial liabilities

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

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

1.9 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.

1.10 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.

1.11 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.

1.12 Retirement benefits

The company makes payments to money purchase pension schemes. Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of the schemes.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

1.14 Government grants

Grants towards capital expenditure are credited to deferred income and released to the Profit and Loss Account over the expected useful life of the asset.

Grants towards revenue expenditure are released to the Profit and Loss Account as the related expenditure is incurred.

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

2 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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sales	70,391,397	61,881,652
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	727	7,021
Grants received	18,083	10,548
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	70,391,397	61,881,652
	<u> </u>	<u> </u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(18,083)	(10,548)
Depreciation of owned tangible fixed assets	252,633	227,048
(Profit)/loss on disposal of tangible fixed assets	(2,660)	12,087
Operating lease charges	122,723	195,753
	<u> </u>	<u> </u>

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	15,000	11,000
For other services		
All other non-audit services	10,000	6,000

6 Employees

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

	2016 Number	2015 Number
Administration	17	15
Call centre	304	228
	321	243

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	4,096,010	3,171,445
Social security costs	205,956	188,842
Pension costs	82,304	57,197
	4,384,270	3,417,484

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	32,397	80,097
Company pension contributions to defined contribution schemes	16,050	14,018
	48,447	94,115

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

8 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to Profit and Loss Account	82,304	57,197

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.

9 Interest receivable and similar income

	2016 £	2015 £
Bank interest	727	7,001
Other interest	-	20
	<u>727</u>	<u>7,021</u>

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	-	116,106
Group tax relief	92,876	-
Total current tax	<u>92,876</u>	<u>116,106</u>
Deferred tax		
Origination and reversal of timing differences	<u>(16,202)</u>	<u>74,087</u>
Total tax charge	<u>76,674</u>	<u>190,193</u>

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

10 Taxation

(Continued)

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:

	2016 £	2015 £
Profit before taxation	396,010	866,642
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.67%)	79,202	179,092
Tax effect of expenses that are not deductible in determining taxable profit	2,292	625
Permanent capital allowances in excess of depreciation	21,782	(74,356)
Deferred tax adjustments in respect of prior years	(16,202)	74,087
Effect of transition to FRS 102	(10,400)	10,745
Taxation charge for the year	76,674	190,193

11 Dividends

	2016 £	2015 £
Interim paid	1,199,403	244,022

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

12 Tangible fixed assets

	Leasehold property	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 August 2015	967,417	678,079	1,645,496
Additions	-	50,967	50,967
Disposals	-	(51,871)	(51,871)
At 31 July 2016	967,417	677,175	1,644,592
Depreciation and impairment			
At 1 August 2015	56,006	341,229	397,235
Depreciation charged in the year	96,741	155,892	252,633
Eliminated in respect of disposals	-	(51,871)	(51,871)
At 31 July 2016	152,747	445,250	597,997
Carrying amount			
At 31 July 2016	814,670	231,925	1,046,595
At 31 July 2015	911,411	336,850	1,248,261

13 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,588,161	1,844,042
Carrying amount of financial liabilities		
Measured at amortised cost	4,929,974	1,437,960

14 Stocks

	2016 £	2015 £
Finished goods and goods for resale	27,314	30,805

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

15 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,584,589	1,492,520
Corporation tax recoverable	80,000	29,097
Amounts due from group undertakings	-	347,950
Other debtors	3,572	3,572
Prepayments and accrued income	208,769	143,344
	<u>1,876,930</u>	<u>2,016,483</u>

16 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,413,794	1,146,295
Amounts due to group undertakings	2,132,391	-
Corporation tax	-	36,106
Other taxation and social security	49,390	267,951
Accruals and deferred income	383,789	291,665
	<u>4,979,364</u>	<u>1,742,017</u>

17 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Government grants	152,198	170,281
	<u>152,198</u>	<u>170,281</u>

18 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	19	72,139	88,341
		<u>72,139</u>	<u>88,341</u>

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	72,139	88,341
	<u>72,139</u>	<u>88,341</u>
Movements in the year:		2016 £
Liability at 1 August 2015		88,341
Credit to profit or loss		(16,202)
Liability at 31 July 2016		<u>72,139</u>

20 Share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid		
93 Ordinary shares of £1 each	93	93
	<u>93</u>	<u>93</u>

21 Financial commitments, guarantees and contingent liabilities

The company has unlimited guarantees in respect of bank borrowings with ESP Systex Holdings Limited and ESP Systex Limited. In the opinion of the directors the likelihood of the guarantees being called upon is remote.

The bank has given guarantees of £2,175,000 (2015: £1,500,000) to third parties on behalf of the company.

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:

	2016 £	2015 £
Between two and five years	233,737	337,192
In over five years	783,750	855,000
	<u>1,017,487</u>	<u>1,192,192</u>

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

23 Related party transactions

a) During the year the company paid dividends to the directors L. Stewart and T. F. Wishart of £75,846 and £123,557 (2015: £102,213 and £41,809) respectively.

b) In a previous year the director T. F. Wishart received an advance totalling £3,572. At the balance sheet date this amount remained outstanding.

c) During the year the following transactions took place with a group company, ESP Systex Limited:

- sales of £691,267 (2015: £1,339,742); and

- purchases of £327,566 (2015: £363,912);

At the balance sheet date ESP Systex Limited owed £1,217,518 (2015: £952,749).

d) During the year the following transactions took place with the company's holding company, ESP Systex Holdings Limited:

- management charges paid of £2,100,000 (2015: £1,275,000); and

- dividends paid of £1,000,000 (2015: £100,000).

At the balance sheet date ESP Systex Holdings Limited were owed £3,349,909 (2015: £604,799).

24 Controlling party

The company is a subsidiary of ESP Systex Holdings Limited, a company incorporated in England whose registered address is 68-74 Holderness Road, Hull, East Yorkshire, HU9 1ED. The company is controlled by Mr. T. F. Dunn via his shareholding in the company's parent undertaking.

25 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	319,336	676,449
Adjustments for:		
Taxation charged	76,674	190,193
Investment income	(727)	(7,021)
(Gain)/loss on disposal of tangible fixed assets	(2,660)	12,087
Depreciation and impairment of tangible fixed assets	252,633	227,048
Movements in working capital:		
Decrease in stocks	3,491	14,454
Decrease/(increase) in debtors	190,456	(1,404,480)
Increase/(decrease) in creditors	3,273,453	(1,154,069)
(Decrease)/increase in deferred income	(18,083)	170,281
Cash generated from/(absorbed by) operations	4,094,573	(1,275,058)

JOURNEYCALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 August 2014 £	31 July 2015 £
Equity as reported under previous UK GAAP		1,868,194	2,352,621
Adjustments arising from transition to FRS 102: Increase in lease incentive provision	a)	-	(52,000)
Equity reported under FRS 102		<u>1,868,194</u>	<u>2,300,621</u>

Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		728,449
Adjustments arising from transition to FRS 102: Increase in lease incentive provision	a)	(52,000)
Profit reported under FRS 102		<u>676,449</u>

Notes to reconciliations on adoption of FRS 102

a) Lease incentive

FRS 102 requires lease incentives to be allocated over the entire lease period. The lease commenced on 1 August 2014 and has resulted in the company recognising a further liability of £52,000 on transition to FRS 102. The effect on profit for the year ended 31 July 2015 is an additional expense of £52,000. No reduction in corporation tax has been recognised on transition as this is not material to the accounts.