

Company Registration No. 03894972 (England and Wales)

CALLITECH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



CALLITECH LIMITED

COMPANY INFORMATION

Directors	Mr A N Collis Mr M Finlay Mr E J B Reeves Mrs J K Swash Mr M A Williams	(Appointed 1 March 2022)
Secretary	Mr E J B Reeves	
Company number	03894972	
Registered office	Western Gateway Wrexham LL13 7ZB	
Auditor	RSM UK Audit LLP One City Place Chester CH1 3BQ	

CALLITECH LIMITED

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CALLITECH LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Strategic review and future prospects

2022 was an excellent year for Moneypenny with strong revenue and profit growth.

The business continues to benefit from companies outsourcing their calls, switchboards and live chats with Moneypenny seen as a strong outsourced partner in the UK. This saw revenue grow by 17% from £34.4 million to £40.1 million in 2022.

Pleasingly revenues from our dedicated customer service proposition continue to grow strongly, with growth of 20%, evidencing the opportunity for these services.

At all times we hold culture and staff engagement at the centre of our decision making as we continued to invest in our people and technology. Our technology investments have seen us develop new product offerings including the launch of a unique and exciting Microsoft Teams integration offering for our customers. All developments have the aim of improving the customer's experience and providing best in class customer service.

The underlying trading business reported a growth in EBITDA before exceptional items of £9.2 million in the year ended 31 December 2022 (2021: £6.7 million). Exceptional items of £0.4 million (2021: £0.3 million) are detailed in note 4 of the Notes to the Financial Statements.

The financial position of the Company as at 31 December 2022 showed net assets of £19.5 million (2021: £13.0 million), with net current assets of £17.1 million as at 31 December 2022 (2021: £10.8 million), which include cash balances of £11.2 million (2021: £6.5 million). Net assets and net current assets have increased due to a strong cash performance and conversion of accounting profit before taxation to cash.

To cement the gains made in 2022, we have appointed a Chief People Officer in 2023 to drive our people strategy and agenda across the Group.

In summary the directors are pleased with the 37% growth in EBITDA before exceptional items achieved in 2022, and the opportunities for the Moneypenny Group going forwards.

CALLITECH LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The directors and senior management are confident of the skills, knowledge and capability throughout the company to offer 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 mainly cash and trade 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 in order 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.

The company adapted well during the covid pandemic; however, there remains the risk of a further economic downturn and therefore a reduction in activity. However, we have seen that the business can flex its cost base to respond accordingly.

Going concern

The Board regularly reviews revenue, profitability and cash flow forecasts across the short, medium and longer term. A number of downside sensitised scenarios are modelled and considered to create a wide range of possible outcomes, the assumptions behind which are robustly challenged. The Board compares actual performance against budgets and forecasts and reviews variances to continually refine and improve forecasting ability from which to make effective decisions.

The company is part of the TDKP Topco Limited Group ("Group"). The projections of the Company and Group for 2023 and 2024 are based on a prudent growth profile and demonstrate that the Company and Group will readily be able to pay its debts as they fall due for a period of at least twelve months from the date of signing these accounts.

The wider Group has net liabilities of £77.2 million due to amounts falling due after more than one year of £195.1 million. The Group has net current assets of £20.6 million, which includes cash at bank and in hand of £22.5 million.

Since year-end, the Company and Group has performed in line with forecasts and the Directors are, therefore, satisfied that the financial statements should be prepared on the going concern basis.

Key performance indicators

The financial performance of the Group is managed with extensive weekly and monthly reporting. The Board review a monthly board pack which tracks performance of financial, marketing, operational, people and technical metrics against budget and the prior year. The directors consider that turnover and EBITDA are the main KPIs, which are analysed in the Strategic review.

CALLITECH LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 statement

This section acts as the company's Section 172 statement in accordance with the Companies Act 2006. This section also aligns with the company's statements on engagement with, and having due regard and interest for, our employees and other key stakeholders. The principal aim of the Company is to make sufficient profit from its trading operations to sustain its commercial viability, to finance its continued development and to undertake other activities consistent with its ultimate purpose. In setting out the strategic direction, the directors, in carrying out their duties also take into account the principal risks facing the business.

Stakeholders

Employees, clients and suppliers are at the heart of Moneypenny's business and are the company's key stakeholders. The company's priority is always to recognise the importance of good long term relationships and customer and supplier needs. By focusing on maintaining excellent relationships, the long term success of the business will be assured.

Decision making

Key decisions are made by the Board of Directors and are presented at Board and executive meetings. Directors are briefed on any material potential impacts and risks from our customers, employees and other stakeholders including our suppliers, the community and environment and how they are to be managed. The directors take these factors into account before making a final decision which together they believe is in the best interests of the company and its employees.

Long-term sustainability

We aim to make sufficient profit to sustain the company's commercial viability, with consideration to the needs of our customers, employees, other stakeholders and the community. This is to ensure we are conducting all our business relationships with integrity.

Employees

Employees are at the very heart of Moneypenny's award winning culture. Employees are kept up to date through meetings and our Workplace platform to ensure they feel engaged in the company's objectives and activities.

Moneypenny always seeks to provide opportunities for employees to grow within the business through training and leadership programs to ensure the long-term development of employees.

Charity is a key part of the culture at Moneypenny and we actively encourage staff to get involved with charitable initiatives and financially support the charitable activities of our employees at both national and local levels.

Clients

Moneypenny constantly strives to provide exceptional customer service and state of the art communication technology. It is the seamless combination of the two which underpins Moneypenny's unique position in the market.

Adapting our services to our client's needs has always been our number one priority. We have regular engagement with clients to make sure we are meeting their requirements.

Suppliers

Moneypenny aims to always work in a fair and collaborative way with our suppliers. Forming positive partnerships with clients, suppliers and partners is essential to the long-term success of the business. Moneypenny strives to work with suppliers who share the same values and principles while giving consideration to quality and the alignment of objectives with the overall strategy of the Company.

CALLITECH LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Andrew Collis

Mr A N Collis
Director

4 May 2023

CALLITECH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022:

Principal activities

The principal activity of the company during the year was provision of communication products and services to our clients that consists of telephone answering, outsourced switchboard, dedicated customer services, live chat, natural language digital switchboard and digital telephone answering products.

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr A N Collis	(Appointed 1 March 2022)
Mr M Finlay	
Mr E J B Reeves	
Mrs J K Swash	
Mr M A Williams	

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

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

Employees are at the very heart of Moneypenny's award winning culture. Employees are kept up to date through meetings and our Workplace platform to ensure they feel engaged in the company's objectives and activities.

Moneypenny always seeks to provide opportunities for employees to grow within the business through training and leadership programs to ensure the long-term development of employees.

Charity is a key part of the culture at Moneypenny and we actively encourage staff to participate in charitable initiatives and financially support the charitable activities of our employees at both national and local levels.

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.

Energy and carbon report

The company's energy and carbon reporting is disclosed in the consolidated financial statements of TDKP Topco Limited. These financial statements may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.

CALLITECH LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Andrew Collis

Mr A N Collis
Director

4 May 2023

CALLITECH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report, 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;
- 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.

CALLITECH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALLITECH LIMITED

Opinion

We have audited the financial statements of Callitech Limited (the 'company') for the year ended 31 December 2022 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

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, 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.

CALLITECH LIMITED

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed for management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. For revenue recognition procedures included carrying out substantive testing and data analytical procedures.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CALLITECH LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CALLITECH LIMITED

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.

Jonathan Lowe

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

4 May 2023

Chartered Accountants
Statutory Auditor

One City Place
Chester
CH1 3BQ

CALLITECH LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	40,092,319	34,375,550
Cost of sales		(14,843,863)	(13,338,682)
Gross profit		25,248,456	21,036,868
Administrative expenses		(16,144,183)	(14,501,880)
Other operating income		123,441	123,709
Operating profit before amortisation, depreciation and exceptional costs		9,227,714	6,658,697
Depreciation and other amounts written off tangible and intangible fixed assets	5	(829,019)	(403,958)
Exceptional Items	4	(381,086)	(264,108)
Operating profit	5	8,017,609	5,990,631
Interest receivable and similar income	9	29,001	661
Interest payable and similar expenses	10	(8,066)	-
Profit before taxation		8,038,544	5,991,292
Tax on profit	11	(1,541,562)	(1,134,618)
Profit for the financial year		6,496,982	4,856,674

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

CALLITECH LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13	1,220,583		1,306,436	
Tangible assets	12	1,238,917		1,131,522	
		<u>2,459,500</u>		<u>2,437,958</u>	
Current assets					
Debtors	14	12,036,925	9,156,362		
Cash at bank and in hand		11,206,140	6,502,471		
		<u>23,243,065</u>	<u>15,658,833</u>		
Creditors: amounts falling due within one year	15	(6,179,335)	(4,890,194)		
Net current assets		<u>17,063,730</u>		<u>10,768,639</u>	
Total assets less current liabilities		<u>19,523,230</u>		<u>13,206,597</u>	
Provisions for liabilities					
Provisions	16	-	108,928		
Deferred tax liability	17	41,758	113,179		
		<u>(41,758)</u>	<u>(222,107)</u>		
Net assets		<u>19,481,472</u>		<u>12,984,490</u>	
Capital and reserves					
Called up share capital	19	1,000	1,000		
Profit and loss reserves	20	19,480,472	12,983,490		
Total equity		<u>19,481,472</u>	<u>12,984,490</u>		

The financial statements were approved by the board of directors and authorised for issue on 4 May 2023 and are signed on its behalf by:

Andrew Collis

Mr A N Collis
Director

Company Registration No. 03894972

CALLITECH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021	1,000	8,126,816	8,127,816
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	4,856,674	4,856,674
Balance at 31 December 2021	1,000	12,983,490	12,984,490
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	6,496,982	6,496,982
Balance at 31 December 2022	1,000	19,480,472	19,481,472

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Callitech Limited is a wholly owned subsidiary of TDKP Limited and the results of Callitech Limited are included in the financial statements of TDKP Topco Limited. These consolidated financial statements are available from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company can meet its financial obligations from existing facilities up to May 2024. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements as detailed in the Strategic Report.

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 10 years.

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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	over 5 years straight line basis
Patents	over 10 years straight line basis
Technical Development	over 3 years straight line basis

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.

1.6 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:

Leasehold improvements	Over the period of the lease
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 2022

1 Accounting policies

(Continued)

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 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.

1.9 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 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 2022

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 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

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.

Derecognition of financial liabilities

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

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction 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.

Onerous lease provisions are made against operating leases where the unavoidable costs of meeting the contractual lease obligations exceed the economic benefits expected to be received.

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 2022

1 Accounting policies

(Continued)

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 profit or loss 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 leases asset are consumed.

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.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 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 in the period are included in profit or loss.

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Onerous lease

Provision has been made in respect of leasehold properties for a vacant partly let building. The amount provided is based on the future rental obligations together with other fixed outgoings, net of any sub-lease income. In determining the provision, the cashflows have been discounted on a pre-tax basis using a risk-free rate of return.

Operating leases

In determining the lease term, Directors consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Provision of communication services	40,092,319	34,375,550
	<u> </u>	<u> </u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	40,092,319	34,375,550
	<u> </u>	<u> </u>
	2022 £	2021 £
Other significant income		
Interest income	29,001	661
Grants received	-	9,309
	<u> </u>	<u> </u>

During the period, the Company received government grants of £Nil (2021: £9,309) under the UK Government Job Retention Scheme.

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Exceptional items

	2022	2021
	£	£
Expenditure		
Management restructuring	294,961	180,108
Onerous lease and relocation costs	86,125	84,000
	<u>381,086</u>	<u>264,108</u>

Management restructuring relates to realignment of the Company's operational structure.

During 2016 the Company vacated leases premises and has recognised future costs of the onerous lease.

5 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(9,309)
Depreciation of owned tangible fixed assets	351,474	286,073
Loss on disposal of tangible fixed assets	1,819	26,280
Amortisation of intangible assets	475,726	91,606
Operating lease charges	<u>1,114,584</u>	<u>1,127,255</u>

6 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>62,800</u>	<u>56,046</u>
For other services		
Taxation compliance services	<u>76,500</u>	<u>24,000</u>

7 Employees

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

	2022	2021
	Number	Number
Employee Numbers	<u>929</u>	<u>875</u>

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Employees

(Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	19,573,153	18,117,427
Social security costs	1,780,758	1,531,320
Pension costs	387,707	383,758
	<u>21,741,618</u>	<u>20,032,505</u>

8 Directors' remuneration

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 3).

The Director's receive remuneration from another group company in the current year and are employed by that company.

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	25,510	630
Other interest income	3,491	31
	<u>29,001</u>	<u>661</u>

10 Interest payable and similar expenses

	2022 £	2021 £
Other interest on financial liabilities	8,066	-
	<u>8,066</u>	<u>-</u>

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,488,100	967,108
Adjustments in respect of prior periods	124,883	(1)
	<u>1,612,983</u>	<u>967,107</u>

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

(Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	41,218	184,669
Changes in tax rates	13,016	(17,158)
Adjustment in respect of prior periods	(125,655)	-
Total deferred tax	(71,421)	167,511
Total tax charge	1,541,562	1,134,618

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:

	2022 £	2021 £
Profit before taxation	8,038,544	5,991,292
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,527,323	1,138,345
Tax effect of expenses that are not deductible in determining taxable profit	1,996	(30,887)
Effect of change in corporation tax rate	13,015	27,161
Under/(over) provided in prior years	124,883	(1)
Deferred tax adjustments in respect of prior years	(125,655)	-
Taxation charge for the year	1,541,562	1,134,618

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	73,550	943,689	1,087,402	2,104,641
Additions	-	120,240	340,448	460,688
Disposals	-	(5,560)	(151,068)	(156,628)
At 31 December 2022	73,550	1,058,369	1,276,782	2,408,701
Depreciation and impairment				
At 1 January 2022	60,392	575,379	337,348	973,119
Depreciation charged in the year	13,158	83,185	255,131	351,474
Eliminated in respect of disposals	-	(4,180)	(150,629)	(154,809)
At 31 December 2022	73,550	654,384	441,850	1,169,784
Carrying amount				
At 31 December 2022	-	403,985	834,932	1,238,917
At 31 December 2021	13,158	368,310	750,054	1,131,522

13 Intangible fixed assets

	Goodwill £	Software £	Patents £	Technical Development £	Total £
Cost					
At 1 January 2022	28,574	1,439,944	21,010	766,069	2,255,597
Additions - internally developed	-	-	-	271,293	271,293
Additions - separately acquired	-	27,800	-	90,780	118,580
At 31 December 2022	28,574	1,467,744	21,010	1,128,142	2,645,470
Amortisation and impairment					
At 1 January 2022	28,574	904,330	16,257	-	949,161
Amortisation charged for the year	-	136,511	1,008	338,207	475,726
At 31 December 2022	28,574	1,040,841	17,265	338,207	1,424,887
Carrying amount					
At 31 December 2022	-	426,903	3,745	789,935	1,220,583
At 31 December 2021	-	535,614	4,753	766,069	1,306,436

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,938,007	1,986,859
Corporation tax recoverable	-	527,204
Amounts owed by group undertakings	8,102,257	5,653,170
Other debtors	278,073	277,795
Prepayments and accrued income	718,588	711,334
	<u>12,036,925</u>	<u>9,156,362</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	260,416	290,045
Amounts owed to group undertakings	484,605	841,151
Corporation tax	329,316	-
Other taxation and social security	1,926,593	1,595,874
Other creditors	120,822	109,745
Accruals and deferred income	3,057,583	2,053,379
	<u>6,179,335</u>	<u>4,890,194</u>

16 Provisions for liabilities

	2022	2021
	£	£
Onerous Lease	-	108,928
	<u>-</u>	<u>108,928</u>
Movements on provisions:		
		Onerous Lease
		£
At 1 January 2022		108,928
Utilisation of provision		(108,928)
At 31 December 2022		<u>-</u>

During 2016 the Company vacated leased premises and had recognised the future costs of the onerous lease.

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Fixed assets	96,450	143,946
Other short term timing differences	(54,692)	(30,767)
	<u>41,758</u>	<u>113,179</u>
		2022 £
Movements in the year:		
Liability at 1 January 2022		113,179
Credit to profit or loss		(71,421)
Liability at 31 December 2022		<u>41,758</u>

The deferred tax (asset)/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.

18 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>387,707</u>	<u>383,758</u>

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.

19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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.

CALLITECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Reserves

Profit and loss account

Cumulative profit and loss net of distributions to owner.

21 Financial commitments, guarantees and contingent liabilities

The bank loans and loan notes in the wider Group are secured by way of fixed and floating charges over the assets of the Group. As at 31 December 2022, the Group had secured bank loans of £51,982,976 (2021: £51,015,810) and loan notes of £9,835,868 (2021: £9,835,868) and accrued interest of £4,780,780 (2021: £3,451,992) outstanding at the year end. Each company of the Group has provided a guarantee over the loan notes in the wider Group to pay any amount due as if it was the principal obligor. The liability across the Group as at 31 December 2022 was £14,616,648 (2021: £13,287,860).

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:

	2022 £	2021 £
Within one year	1,113,171	1,121,064
Between two and five years	4,337,631	4,363,269
In over five years	3,702,444	4,786,086
	<u>9,153,246</u>	<u>10,270,419</u>

Operating leases comprise of rental relating to office leases, motor vehicles and office equipment.

23 Ultimate controlling party

The company is a wholly owned subsidiary of TDKP Midco Limited, a company incorporated in England and Wales. The ultimate parent is TDKP Topco Limited, a company incorporated in England and Wales.

TDKP Topco Limited is owned by a number of private shareholders and companies with no one person with significant control. Accordingly, there is no ultimate controlling party.

The parent of the smallest and largest group in which these financial statements are consolidated is TDKP Topco Limited. These financial statements may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.