

Strategic Report, Report of the Director and
Audited Financial Statements for the Year Ended 31 March 2022
for
The Contact Company Ltd

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for the Year Ended 31 March 2022

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The Contact Company Ltd

Company Information
for the Year Ended 31 March 2022

DIRECTOR: A Hamid

REGISTERED OFFICE: Queensgate
Grange Road East
Birkenhead
Merseyside
CH41 5FD

REGISTERED NUMBER: 05548951 (England and Wales)

AUDITORS: PM+M Solutions for Business LLP
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

Strategic Report
for the Year Ended 31 March 2022

The director presents their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an outsourced call centre.

REVIEW OF BUSINESS

This year has been an unprecedented one for the company not only because like many others, it has suffered in the aftermath of the pandemic, but also because of a severe cyber attack which occurred in early March 2022.

The economic aftermath of the pandemic and effects on businesses of employee shortages put severe strains on UK businesses. Many companies found it difficult to hire and keep staff as the country began opening for business after the pandemic. Inflation caused by product shortages and energy inflation caused by a war in Europe put a huge strain on the company operations which depend upon the ready availability of employees. The unusual economic backdrop to trading was then given a body blow when the company was hit by a cyber-attack in early March. The company was unable to operate and generate sales for a period of time. Operating costs (particularly wages) however, still had to be met. The company had to bring in specialist support to rebuild the company's IT infrastructure. There were no data breaches and the national police cyber crime unit and government data protection organisations were fully informed. The inability to trade and extra costs incurred placed a severe strain on the company's ability to manage cashflow and accordingly had a major effect on our results.

Turnover has reduced in the period from £41,128,852 to £33,041,461 mainly as a result of the cyber-attack, and the lack of any new businesses, sickness and absence also contributed to the reduced turnover.

Gross margin has been severely reduced, from 16.34% to 12.87% because of sickness and absenteeism.. Overheads have increased by £1,139,476 of which the cyber-attack is responsible for £357,893 direct extra costs and a pandemic related bad and doubtful debt of £222,703.

The company invested £110,458 in new equipment during the year.

The company made a net loss after tax of £2,108,356 compared to a profit in 2021 of £1,181,823.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk factors within the industry sector remain from the lower cost off-shore providers. However, as they struggle with increasing costs in their own regions it gives opportunities to the better added value operations based on The Contact Company model. The government have indicated that they are committed to increasing the minimum wage, a policy which we fully support, however, the announced increases will affect costs which will have to be passed on to our clients. The other principal risk is the opportunity to grow in a controlled manner, especially bearing in mind the requirement for finance and the availability of employees. Brexit has not had nor is expected to have a direct impact on activities. We are, however, obviously subject to the general economic effect on the country that Brexit may influence and the inflationary pressures which may affect borrowing costs.

FINANCIAL RISK MANAGEMENT

As in any business, financial risk management is always a concern. The company is fortunate that our client base is made up of well-known and financially sound businesses.

We strive to ensure that we do not become dependent on one company or sector. The company funds capital projects using specific specialised lenders since the company is dependent upon technology. Projects are usually sales driven to enable the cash flows to support the investment. Working capital arrangements with our bank enable the required funds to be available when required. Both credit control and invoice discounting are vital since debtor payment terms are longer than creditor payment terms making timing and funding of utmost important.

As we have discovered this year the growth of cyber-attacks has now made it a major risk which needs to be guarded against even though 100% security is impossible, nevertheless we have put processes in place to minimise any future impact.

Strategic Report
for the Year Ended 31 March 2022

FUTURE DEVELOPMENTS

The company position has changed dramatically since 2021 and the focus for 2023 and beyond is to restructure and rebuild the company's finances. Moreover we have to ensure that our technology is further strengthened against the ever increasing threat of cyber-criminals.

Any future growth will be away from Birkenhead since the restriction of staff availability in our present location is now more critical than ever since the pandemic.

ON BEHALF OF THE BOARD:

Director

30 March 2023

Report of the Director
for the Year Ended 31 March 2022

The director presents his report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an outsourced call centre.

DIVIDENDS

The directors recommend that no dividend be paid for the year ended 31 March 2022 (2021: £nil).

DIRECTOR

A Hamid held office during the whole of the period from 1 April 2021 to the date of this report.

POLITICAL DONATIONS AND EXPENDITURE

The company made donations totalling £3,502 during the year to various local charities and organisations.

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.

ENGAGEMENT WITH EMPLOYEES

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.

The company's policy is to consult and discuss with employees, through regular 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.

DIRECTOR'S RESPONSIBILITIES STATEMENT

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable

in the UK and Republic of Ireland.

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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and

detect fraud and
other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A Hamid - Director

30 March 2023

Opinion

We have audited the financial statements of The Contact Company Ltd (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss 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 Auditors' 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 director's 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 highlighted concerns 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 director with respect to going concern are described in the relevant sections of this report.

Material uncertainty relating to going concern

We draw attention to accounting policy note regarding Going Concern in the financial statements, which indicates that the company incurred a net loss of £2,108,356 during the year ended 31 March 2022, and has significantly reduced its net assets from £3,577,737 to £1,469,381. As stated in the note, these events or conditions, along with other matters as set forth in the going concern accounting policy note, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Director's Responsibilities Statement set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals and complex transactions; and manipulating the Company's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Report of the Independent Auditors to the Members of
The Contact Company Ltd

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Christopher Johnson FCA (Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

30 March 2023

Statement of Comprehensive Income
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
TURNOVER	2	33,041,461	41,128,852
Cost of sales		<u>(28,790,544)</u>	<u>(34,408,858)</u>
GROSS PROFIT		4,250,917	6,719,994
Administrative expenses		<u>(6,595,425)</u>	<u>(5,469,956)</u>
		(2,344,508)	1,250,038
Other operating income	3	<u>1,091</u>	<u>282,083</u>
OPERATING (LOSS)/PROFIT	5	(2,343,417)	1,532,121
Interest payable and similar expenses	7	<u>(105,490)</u>	<u>(111,387)</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,448,907)	1,420,734
Tax on (loss)/profit	8	<u>340,551</u>	<u>(238,911)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,108,356)	1,181,823
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2,108,356)</u>	<u>1,181,823</u>

Balance Sheet
31 March 2022

	Notes	31.3.22 £	31.3.21 £
FIXED ASSETS			
Tangible assets	9	1,439,096	1,863,661
CURRENT ASSETS			
Debtors	10	8,765,881	9,730,912
Cash at bank and in hand		268,406	1,975,265
		<u>9,034,287</u>	<u>11,706,177</u>
CREDITORS			
Amounts falling due within one year	11	<u>(8,713,055)</u>	<u>(9,181,599)</u>
NET CURRENT ASSETS		<u>321,232</u>	<u>2,524,578</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,760,328	4,388,239
CREDITORS			
Amounts falling due after more than one year	12	<u>(290,947)</u>	<u>(810,502)</u>
NET ASSETS		<u>1,469,381</u>	<u>3,577,737</u>
CAPITAL AND RESERVES			
Called up share capital	18	10,000	10,000
Retained earnings		<u>1,459,381</u>	<u>3,567,737</u>
SHAREHOLDERS' FUNDS		<u>1,469,381</u>	<u>3,577,737</u>

The financial statements were approved by the director and authorised for issue on 30 March 2023 and were signed by:

A Hamid - Director

Statement of Changes in Equity
for the Year Ended 31 March 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	10,000	2,385,914	2,395,914
Changes in equity			
Total comprehensive income	-	1,181,823	1,181,823
Balance at 31 March 2021	10,000	3,567,737	3,577,737
Changes in equity			
Total comprehensive income	-	(2,108,356)	(2,108,356)
Balance at 31 March 2022	10,000	1,459,381	1,469,381

Notes to the Financial Statements
for the Year Ended 31 March 2022

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The Contact Company Limited is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company's ultimate parent undertaking, The Contact Specialists Limited includes the Company in its consolidated financial statements. The consolidated financial statements of The Contact Specialists Limited are available to the public and may be obtained from the registered office. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- " Cash Flow Statement and related notes; and
- " Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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 preparation of the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

Turnover

Turnover represents the net invoiced sales of services, excluding value added tax. Turnover is recognised in the period the service is provided, according to daily time sheets and at agreed contractual rates for the relevant service.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation at, less estimated residual value evenly over their expected useful lives on the following bases:

Plant and machinery - 4 to 7 years

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as related expenditure is incurred.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treat the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Critical accounting 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. Management consider the area of judgements in the accounts are fixed asset depreciation rates and impairment of assets.

Going concern

The company has incurred a loss for the year ended 31 March 2022 of £2,108,356 and has significantly reduced its net assets from £3,577,737 to £1,469,281. During the year, the company was subject to a severe cyber attack. The result of this was a significant impact on the company's ability to manage cashflow. The company was unable to operate and generate sales for a period of time however operating costs, mainly wages still had to be met. Due to this the company also breached its covenants with its main lending provider who in turn placed it within special measures.

The company has since refinanced debts, primarily a new invoice discounting facility and agreed time to pay arrangements with HMRC. The company is now managing day to day cashflow carefully but there is still significant concern which is being addressed by overhead reductions and wherever possible improvement in sales margin by either increasing selling price or better cost control.

Accordingly, the director, continues to adopt the going concern basis of accounting in preparation of the financial statements.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **OTHER OPERATING INCOME**

	31.3.22	31.3.21
	£	£
Government grants	<u>1,091</u>	<u>282,083</u>

During the year ending 2021, the company received government grants of £280,719 in relation to the job retention scheme.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

4. EMPLOYEES AND DIRECTORS

	31.3.22	31.3.21
	£	£
Wages and salaries	18,176,338	15,710,317
Social security costs	1,191,232	1,008,807
Other pension costs	440,340	352,581
	<u>19,807,910</u>	<u>17,071,705</u>

The average number of employees during the year was as follows:

	31.3.22	31.3.21
Directors	1	1
Call centre staff	840	838
Administration	95	91
	<u>936</u>	<u>930</u>

	31.3.22	31.3.21
	£	£
Directors' remuneration	38,661	78,959
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>1,500</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>-</u>	<u>1</u>
------------------------	----------	----------

5. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging:

	31.3.22	31.3.21
	£	£
Hire of plant and machinery	172,023	360,821
Other operating leases	1,008,460	999,775
Depreciation - owned assets	177,902	180,166
Depreciation - assets on hire purchase contracts	357,121	311,444
Auditors' remuneration	<u>15,247</u>	<u>16,750</u>

6. EXCEPTIONAL ITEMS

	31.3.22	31.3.21
	£	£
Exceptional items	<u>(357,893)</u>	<u>-</u>

The company was subject to a severe cyber attack during March 2022. The company was unable to operate and generate sales for a period of time, however, operating costs, mainly wages had to be met, which impacted gross margin. Furthermore, The company incurred costs in order to rebuild the IT infrastructure. The extra specialist costs incurred have been treated as exceptional because of their nature.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.22	31.3.21
	£	£
Bank interest	64,136	38,774
Hire purchase	41,354	72,613
	<u>105,490</u>	<u>111,387</u>

8. **TAXATION**

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	31.3.22	31.3.21
	£	£
Current tax:		
UK corporation tax	(117,357)	110,419
Underprovided for prior period	-	(37,714)
Total current tax	<u>(117,357)</u>	<u>72,705</u>
Deferred tax	<u>(223,194)</u>	<u>166,206</u>
Tax on (loss)/profit	<u>(340,551)</u>	<u>238,911</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.22	31.3.21
	£	£
(Loss)/profit before tax	<u>(2,448,907)</u>	<u>1,420,734</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(465,292)	269,939
Effects of:		
Expenses not deductible for tax purposes	12,082	6,663
Capital allowances in excess of depreciation	-	(166,183)
Depreciation in excess of capital allowances	15,300	-
Utilisation of tax losses	236,312	-
Adjustments to tax charge in respect of previous periods	84,241	(37,714)
Deferred Tax movement	(223,194)	166,206
Total tax (credit)/charge	<u>(340,551)</u>	<u>238,911</u>

The deferred tax is calculated based on the tax rate applicable to the next financial year which is 19%.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

9. **TANGIBLE FIXED ASSETS**

	Plant and machinery £
COST	
At 1 April 2021	6,545,586
Additions	110,458
At 31 March 2022	<u>6,656,044</u>
DEPRECIATION	
At 1 April 2021	4,681,925
Charge for year	535,023
At 31 March 2022	<u>5,216,948</u>
NET BOOK VALUE	
At 31 March 2022	<u>1,439,096</u>
At 31 March 2021	<u>1,863,661</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 April 2021	2,905,883
Transfer to ownership	(1,268,807)
At 31 March 2022	<u>1,637,076</u>
DEPRECIATION	
At 1 April 2021	1,465,164
Charge for year	357,121
Transfer to ownership	(1,301,814)
At 31 March 2022	<u>520,471</u>
NET BOOK VALUE	
At 31 March 2022	<u>1,116,605</u>
At 31 March 2021	<u>1,440,719</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.22 £	31.3.21 £
Trade debtors	7,161,762	8,103,968
Amounts owed by group undertakings	736,369	769,756
Other debtors	78,236	162,978
Deferred tax asset	370,434	147,240
Prepayments and accrued income	419,080	546,970
	<u>8,765,881</u>	<u>9,730,912</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset	31.3.22	31.3.21
	£	£
Accelerated capital allowances	168,836	147,240
Tax losses carried forward	201,598	-
	<u>370,434</u>	<u>147,240</u>

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.22	31.3.21
	£	£
Bank loans and overdrafts (see note 13)	4,507,439	3,239,581
Hire purchase contracts (see note 14)	519,555	570,371
Trade creditors	1,578,861	2,867,795
Corporation Tax	(110,419)	117,357
Social security and other taxes	255,292	210,530
VAT	692,895	1,075,048
Other creditors	99,705	121,461
Directors' current accounts	164,595	42,317
Accrued expenses	1,005,132	937,139
	<u>8,713,055</u>	<u>9,181,599</u>

12. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.22	31.3.21
	£	£
Hire purchase contracts (see note 14)	<u>290,947</u>	<u>810,502</u>

13. **LOANS**

Hire purchase contracts amounting to £810,502 are repayable as follows:

£13,770 is repayable in equal instalments of £3,369 by July 2022. The interest rate is 7%
£1,642 is repayable in equal instalments of £274 by September 2022. The interest rate is 7%
£80,179 is repayable in equal instalments of £6,681 by March 2023. The interest rate is 8%.
£46,685 is repayable in equal instalments of £3,334 by May 2023. The interest rate is 8%
£41,793 is repayable in equal instalments of £2,787 by June 2023. The interest rate is 8%.
£556,197 is repayable in equal instalments of £26,485 by December 2023. The interest rate is 8%.
£70,293 is repayable in equal instalments of £3,192 by February 2024. The interest rate is 8%

14. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.22	31.3.21
	£	£
Net obligations repayable:		
Within one year	519,555	570,371
Between one and five years	290,947	810,502
	<u>810,502</u>	<u>1,380,873</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

14. **LEASING AGREEMENTS - continued**

	Non-cancellable operating leases	
	31.3.22	31.3.21
	£	£
Within one year	980,000	980,000
Between one and five years	3,920,000	3,920,000
In more than five years	-	980,000
	<u>4,900,000</u>	<u>5,880,000</u>

15. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.22	31.3.21
	£	£
Hire purchase contracts	810,502	1,380,873
Invoices discounted	<u>4,507,439</u>	<u>3,239,581</u>
	<u>5,317,941</u>	<u>4,620,454</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.
Certain asset loans are secured by a fixed charge over the relevant fixed assets they were used to acquire.
Hire purchase loans are secured against the fixed assets they relate to.
Advances against invoices discounted are secured against trade debtors.

16. **FINANCIAL INSTRUMENTS**

Carrying amount of financial instruments

The carrying amount of financial assets and liabilities include:

	31.3.22	31.3.21
	£	£
Assets measured at amortised cost	<u>8,734,655</u>	<u>11,012,004</u>
Liabilities measured at amortised cost	<u>7,944,693</u>	<u>7,165,976</u>

The financial assets measured at amortised cost comprise cash and other assets that have contractual rights to receive cash.
Financial liabilities measured at amortised cost comprise cash and other liabilities which have contractual obligations to deliver cash.

17. **DEFERRED TAX**

	£
Balance at 1 April 2021	(147,240)
Provided during year	<u>(223,194)</u>
Balance at 31 March 2022	<u>(370,434)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.22	31.3.21
			£	£
10,000	Ordinary shares	£1	<u>10,000</u>	<u>10,000</u>

19. **CONTINGENT LIABILITIES**

The company has a contingent liability to Barclays Bank in respect of a loan of £6,114,105 (2021- £6,494,153) made to Tower Wharf Limited which was used to fund the acquisition of the properties from The Contact Company Limited.

20. **DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 March 2022 and 31 March 2021:

	31.3.22	31.3.21
	£	£
A Hamid		
Balance outstanding at start of year	(42,316)	(19,318)
Amounts advanced	207,721	227,002
Amounts repaid	(330,000)	(250,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(164,595)</u>	<u>(42,316)</u>

21. **RELATED PARTY DISCLOSURES**

Entities that provide key management personnel services to the entity

TT Business Services Ltd

A company in which A Tinker is a controlling shareholder.

During the year the company paid £nil (2021: £33,696) in connection with services supplied by TT Business Services Ltd.

There was no balance outstanding at the year end.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

Other related parties

Aziadirect Ltd

A company controlled by the brother of A Hamid.

During the year the company purchased goods and services amounting to £nil (2021: £9,266) from Aziadirect Ltd. The company charged a management fee of £36,000 (2021: £36,000) during the year.

	2022	2021
	£	£
Amount due (to)/from related party at the balance sheet date	40,600	83,856

L Tinker

L Tinker is married to one of the directors and rents a property to the company.

The rent amounted to £nil (2021: £5,400). There was no balance outstanding at the year end.

22. **ULTIMATE CONTROLLING PARTY**

The controlling party is A Hamid.

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