

Strategic Report, Report of the Director and  
Audited Financial Statements for the Year Ended 31 March 2020  
for  
The Contact Company Ltd

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for the Year Ended 31 March 2020

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The Contact Company Ltd

Company Information  
for the Year Ended 31 March 2020

**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 2020

The directors present their strategic report for the year ended 31 March 2020.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF BUSINESS**

The statutory accounts for this year show a decrease of 14.6% in sales, this is attributed to the delay of a new project which was delayed due to the uncertainty of the Brexit deal. Sales decreased to £25,604,008 from the previous year of 2019: £29,980,721.

The company has a number of blue chip clients and has significantly reduced its reliance on one single client and has ensured it has its turnover split across a number of clients and sectors.

Gross margin reduced down also to 16.6% compared to 19.7% for the previous year this was impacted by the implementation of the new client and also training and increased levels of absence and attrition. Due to a quick ramp up of staffing attrition is one of the key objectives within the oncoming year.

Actual overheads decreased in line with reduced trade by £448,875. The company has made a loss before taxation of £1,085,281 but has a strong pipeline of new customers to onboard in the oncoming year.

The company has invested further funds in fixed assets amounting to £162,744 during the year to service the client base and is now able to service up to 1500 concurrent agents.

The headcount of direct employees has continued to increase to 964 which will help to reduce the level of attrition.

The brand of The Contact Company has increased in the Industry Sector along with the profile which has enabled us to build a strong portfolio of new clients to commence in the oncoming year and business opportunities have increased due to this.

The uncertainty with the Brexit position and the delay has not helped during this financial year – but going forward the implementation of new contracts gives us a positive outlook.

**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 effect 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 or expected to have a direct impact on activities, however, we are 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. Credit control is vital together with invoice discounting since debtor payment terms are than creditor payment terms making timing of utmost important.

Strategic Report  
for the Year Ended 31 March 2020

**FUTURE DEVELOPMENTS**

The company has increased its turnover every year since inception in 2006. Growth becomes harder since our principle asset is our workforce. Management of people is a difficult process whilst still maintaining quality and service at the right price. Technology will help but service will always rely on people. Any future growth will be away from Birkenhead since the key restriction will be staff availability.

**ON BEHALF OF THE BOARD:**

A Hamid - Director

20 January 2021

Report of the Director  
for the Year Ended 31 March 2020

The director presents his report with the financial statements of the company for the year ended 31 March 2020.

**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 2020 (2019: £nil).

**DIRECTORS**

A Hamid has held office during the whole of the period from 1 April 2019 to the date of this report.

Other changes in directors holding office are as follows:

C R Fry , A Karolemeas and A Tinker ceased to be directors after 31 March 2020 but prior to the date of this report.

**POLITICAL DONATIONS AND EXPENDITURE**

The company made donations totalling £16,213 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.

**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

Report of the Director  
for the Year Ended 31 March 2020

**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



### **Opinion**

We have audited the financial statements of The Contact Company Ltd (the 'company') for the year ended 31 March 2020 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 2020 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**

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

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

### **Other information**

The 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and 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 pages four and five, 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.

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](http://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

20 January 2021

Statement of Comprehensive Income  
for the Year Ended 31 March 2020

	Notes	31.3.20 £	31.3.19 £
<b>TURNOVER</b>	2	25,604,008	29,980,721
Cost of sales		<u>21,361,640</u>	<u>24,067,668</u>
<b>GROSS PROFIT</b>		4,242,368	5,913,053
Administrative expenses		<u>5,241,156</u> (998,788)	<u>5,690,031</u> 223,022
Other operating income	3	<u>4,575</u>	<u>152,464</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	(994,213)	375,486
Interest payable and similar expenses	6	<u>91,068</u> (1,085,281)	<u>105,177</u> 270,309
<b>(LOSS)/PROFIT BEFORE TAXATION</b>			
Tax on (loss)/profit	7	<u>(4,066)</u> (1,081,215)	<u>28,840</u> 241,469
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		(1,081,215)	-
Prior year adjustment			<u>(192,229)</u>
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>			<u>49,240</u>

Balance Sheet  
31 March 2020

	Notes	31.3.20 £	£	31.3.19 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		666,465		967,318
<b>CURRENT ASSETS</b>					
Debtors	10	7,203,791		7,646,707	
Cash at bank and in hand		<u>421,232</u>		<u>103,245</u>	
		7,625,023		7,749,952	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>5,819,550</u>		<u>5,137,614</u>	
<b>NET CURRENT ASSETS</b>			<u>1,805,473</u>		<u>2,612,338</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,471,938		3,579,656
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		76,024		102,527
<b>NET ASSETS</b>			<u>2,395,914</u>		<u>3,477,129</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		10,000		10,000
Retained earnings			<u>2,385,914</u>		<u>3,467,129</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,395,914</u>		<u>3,477,129</u>

The financial statements were approved by the director and authorised for issue on 20 January 2021 and were signed by:

A Hamid - Director

Statement of Changes in Equity  
for the Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 April 2018</b>	10,000	3,417,889	3,427,889
Prior year adjustment	-	(192,229)	(192,229)
As restated	10,000	3,225,660	3,235,660
<b>Changes in equity</b>			
Total comprehensive income	-	241,469	241,469
<b>Balance at 31 March 2019</b>	10,000	3,467,129	3,477,129
<b>Changes in equity</b>			
Total comprehensive income	-	(1,081,215)	(1,081,215)
<b>Balance at 31 March 2020</b>	10,000	2,385,914	2,395,914

Notes to the Financial Statements  
for the Year Ended 31 March 2020

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 2020

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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.

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**



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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.

**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.

2. **TURNOVER**

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

3. **OTHER OPERATING INCOME**

	31.3.20	31.3.19
	£	£
Rents received	-	87,264
Sundry receipts	-	48,000
Government grants	4,575	17,200
	<u>4,575</u>	<u>152,464</u>

4. **EMPLOYEES AND DIRECTORS**

	31.3.20	31.3.19
	£	£
Wages and salaries	14,760,899	13,294,183
Social security costs	870,452	811,667
Other pension costs	320,786	198,930
	<u>15,952,137</u>	<u>14,304,780</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**4. EMPLOYEES AND DIRECTORS - continued**

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

	31.3.20	31.3.19
Directors	4	4
Call centre staff	874	824
Administration	86	72
	<u>964</u>	<u>900</u>

	31.3.20	31.3.19
	£	£
Directors' remuneration	208,089	184,332
Directors' pension contributions to money purchase schemes	<u>3,000</u>	<u>2,000</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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Information regarding the highest paid director for the year ended 31 March 2020 is as follows:

	31.3.20
	£
Emoluments etc	100,000
Pension contributions to money purchase schemes	<u>3,000</u>

**5. OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging:

	31.3.20	31.3.19
	£	£
Hire of plant and machinery	357,302	285,839
Other operating leases	1,049,556	1,114,181
Depreciation - owned assets	139,600	395,527
Depreciation - assets on hire purchase contracts	323,997	195,621
Loss on disposal of fixed assets	-	2,062
Auditors' remuneration	<u>16,000</u>	<u>15,250</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.20	31.3.19
	£	£
Bank interest	56,310	65,936
Bank loan interest	-	39,241
Hire purchase	<u>34,758</u>	-
	<u>91,068</u>	<u>105,177</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

7. **TAXATION**

**Analysis of the tax (credit)/charge**

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

	31.3.20 £	31.3.19 £
Current tax:		
UK corporation tax	-	33,313
Deferred tax	(4,066)	(4,473)
Tax on (loss)/profit	<u>(4,066)</u>	<u>28,840</u>

**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:

	31.3.20 £	31.3.19 £
(Loss)/profit before tax	<u>(1,085,281)</u>	<u>270,309</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(206,203)	51,359
Effects of:		
Expenses not deductible for tax purposes	18,803	12,458
Depreciation in excess of capital allowances	3,577	6,020
Utilisation of tax losses	183,823	(36,524)
Deferred Tax movement	(4,066)	(4,473)
Total tax (credit)/charge	<u>(4,066)</u>	<u>28,840</u>

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

8. **LEASE INCOME**

	Non-cancellable operating leases	
	31.3.20 £	31.3.19 £
Within one year	-	43,362
Between one and five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>43,362</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

9. **TANGIBLE FIXED ASSETS**

	Plant and machinery £
<b>COST</b>	
At 1 April 2019	4,694,036
Additions	162,744
At 31 March 2020	<u>4,856,780</u>
<b>DEPRECIATION</b>	
At 1 April 2019	3,726,718
Charge for year	463,597
At 31 March 2020	<u>4,190,315</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>666,465</u>
At 31 March 2019	<u>967,318</u>

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

	Plant and machinery £
<b>COST</b>	
At 1 April 2019	1,403,471
Additions	11,867
At 31 March 2020	<u>1,415,338</u>
<b>DEPRECIATION</b>	
At 1 April 2019	829,723
Charge for year	323,997
At 31 March 2020	<u>1,153,720</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>261,618</u>
At 31 March 2019	<u>573,748</u>

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

	31.3.20 £	31.3.19 £
Trade debtors	5,351,999	5,270,220
Amounts owed by group undertakings	1,001,645	1,490,095
Other debtors	216,156	129,449
Deferred tax asset		
Accelerated capital allowances	313,446	309,380
Prepayments and accrued income	320,545	447,563
	<u>7,203,791</u>	<u>7,646,707</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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

	31.3.20	31.3.19
	£	£
Bank loans and overdrafts (see note 13)	3,219,594	2,128,863
Other loans (see note 13)	5,119	74,377
Hire purchase contracts (see note 14)	120,826	182,052
Trade creditors	969,216	1,337,083
Corporation Tax	6,938	21,938
Social security and other taxes	161,054	55,716
VAT	720,189	545,719
Other creditors	110,813	61,886
Directors' current accounts	19,318	157,364
Accrued expenses	486,483	572,616
	<u>5,819,550</u>	<u>5,137,614</u>

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

	31.3.20	31.3.19
	£	£
Other loans (see note 13)	-	21,250
Hire purchase contracts (see note 14)	76,024	81,277
	<u>76,024</u>	<u>102,527</u>

**13. LOANS**

Bank loans and Property loans

During 2017 the company restructured its loans secured against property assets.

The company's properties were transferred to a fellow subsidiary, Tower Wharf Limited, at net book value. Tower Wharf Limited set up a new loan to provide funding for the acquisition of the properties. The funding receipts from Tower Wharf were used to repay all the secured property loans in the company.

Other loans

Other asset finance loans amounting to £5,119 are repayable by October 2020. The interest rate is 7% per annum.

Hire purchase contracts amounting to £196,850 are repayable as follows:

£42,641 is repayable in equal instalments of £9,984 by October 2020. The interest rate is 7%.

£4,727 is repayable in equal instalments of £675 by October 2020. The interest rate is 7%

£32,481 is repayable in equal instalments of £1,805 by September 2021. The interest rate is 7%

£14,159 is repayable in equal instalments of £675 by December 2021. The interest rate is 7%

£94,624 is repayable in equal instalments of £3,369 by July 2022. The interest rate is 7%

£8,217 is repayable in equal instalments of £274 by September 2022. The interest rate is 7%

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.20	31.3.19
	£	£
Net obligations repayable:		
Within one year	120,826	182,052
Between one and five years	<u>76,024</u>	<u>81,277</u>
	<u>196,850</u>	<u>263,329</u>
	Non-cancellable operating leases	
	31.3.20	31.3.19
	£	£
Within one year	980,000	1,111,714
Between one and five years	3,920,000	3,920,000
In more than five years	<u>1,960,000</u>	<u>2,940,000</u>
	<u>6,860,000</u>	<u>7,971,714</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.20	31.3.19
	£	£
Other loans	5,119	95,627
Hire purchase contracts	196,850	263,329
Invoices discounted	<u>3,219,594</u>	<u>2,128,863</u>
	<u>3,421,563</u>	<u>2,487,819</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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**16. FINANCIAL INSTRUMENTS**

Carrying amount of financial instruments

The carrying amount of financial assets and liabilities include:

	31.3.20 £	31.3.19 £
Assets measured at amortised cost	<u>6,991,032</u>	<u>6,736,502</u>
Liabilities measured at amortised cost	<u>4,791,225</u>	<u>4,174,825</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 2019	(309,380)
Credit to Statement of Comprehensive Income during year	<u>(4,066)</u>
Balance at 31 March 2020	<u>(313,446)</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.3.20	31.3.19
Number:	Class:	Nominal value:	£	£
10,000	Ordinary shares	£1	<u>10,000</u>	<u>10,000</u>

**19. ULTIMATE PARENT COMPANY**

The Contact Specialists Limited is regarded by the director as being the company's ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is that headed by The Contact Specialists Limited, incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from the Company's Registered Office.

**20. CONTINGENT LIABILITIES**

The company has a contingent liability to Barclays Bank in respect of a loan of £6,800,000 made to Tower Wharf Limited which was used to fund the acquisition of the properties from The Contact Company Limited.

At the year-end the company was under an on-going HMRC minimum wage investigation. At the time the financial statements were approved the outcome of the investigation was uncertain and as such no provision has been recorded in the financial statements.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 March 2020 and 31 March 2019:

	31.3.20 £	31.3.19 £
<b>A Hamid</b>		
Balance outstanding at start of year	(157,364)	(251,958)
Amounts advanced	338,046	444,594
Amounts repaid	(200,000)	(350,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(19,318)</u>	<u>(157,364)</u>

**22. 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 £67,400 (2019: 72,400) in connection with services supplied by TT Business Services Ltd.

There was no balance outstanding at the year end.

**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 £12,369 (2019 : £19,677) from Aziadirect Ltd. The company received an advance in the year of £nil (2019: £NIL). The company charged a management fee of £nil (2019: £48,000) during the year.

	2020 £	2019 £
Amount due (to)/from related party at the balance sheet date	57,122	(13,150)

L Tinker

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

The rent amounted to £10,800 (2019: £10,800). There was no balance outstanding at the year end.

**23. ULTIMATE CONTROLLING PARTY**

The controlling party is A Hamid.



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