



**JOURNEYCALL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2019**

WEDNESDAY



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08/01/2020

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COMPANIES HOUSE

**DUTTON  
MOORE**

Chartered Accountants  
& Business Advisers

# JOURNEYCALL LIMITED

## COMPANY INFORMATION

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

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# **JOURNEYCALL LIMITED**

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# JOURNEYCALL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2019

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The directors present the strategic report and financial statements for the year ended 31 July 2019.

#### Principal activities

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

#### Business

Journeycall Limited is a company incorporated and based in Scotland that continues to grow quickly as a result of the excellence and value of their highly focussed, non-scripted, knowledge-based contact centre services delivered by a large team of highly trained agents. Since Journeycall moved to their impressive new offices at Arbroath in November 2014 the business has flourished in an environment that promotes service excellence whilst providing scope for business expansion. Investment in research and development is highly important to support Journeycall's future growth strategy and 2017 saw the market launch of Delay-Check, one of the most technically advanced delay-repay software solutions on the market. Significant investment in Cloud based telephony systems provides rapid scalability, resilience and virtual options for multi-language support.

The main area of business revolves around non-scripted contact centre support services primarily for smartcard and mobile app based schemes in the mass transit sector; information services to the public; PCI Level 1 accredited payment processing; discounted travel tokens; claims management and ticket retailing. Therefore the company is affected by changes in the trends in public transport choices. However, the Directors ensure that the business stays informed and in most areas ahead of the changes in public transport consumer trends and has created an environment where Journeycall can respond and deliver into what is now a multi-modal, multi-channel requirement across all demographics.

#### Review

The company has had another record breaking successful year with the results set out on page 6. The directors have paid an interim dividend of £166,899 (2018: £210,402) and they do not recommend payment of a final dividend (2018: nil). Continued emphasis is being put on cost savings through investment in efficiency and technology whilst continuing to drive forward sales at an increasing pace and managing growth effectively. At the year-end date the company had sufficient working capital in place.

#### Key performance indicators

	2019 £	2018 £	2017 £
Turnover	99,646,921	85,276,181	73,699,751
Profit before tax	3,801,738	3,044,425	1,980,300
Shareholders' funds	7,744,205	4,805,658	2,517,962

#### Principal risks and uncertainties

The company is operating in a market that has become more competitive over the years with some businesses following a trend to move this function overseas. Journeycall Limited remains committed to delivering high quality U.K. based services which is emphasised by the number of awards and recognition the company has received for customer experience excellence. The directors believe quality of service and expert knowledge of their client's products and customers' needs is a key area in which the company has a competitive advantage.

# **JOURNEYCALL LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **Financial instruments**

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

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

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

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

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

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

The company's culture and policy is to consult and discuss with employees, through staff councils and at Employee Engagement meetings, matters likely to affect employees' interests.

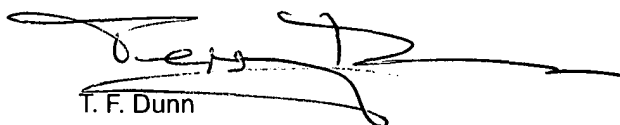
Information about matters of concern to employees is given through information bulletins and reports and monthly workshops with the senior management team which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### **Future outlook**

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

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

On behalf of the board



T. F. Dunn

**Director**

7 January 2020

# JOURNEYCALL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2019

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The directors present their annual report and financial statements for the year ended 31 July 2019.

#### Directors

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

T. F. Dunn

L. Stewart

T. F. Slevin

(Resigned 31 October 2019)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



T. F. Dunn

Director

7 January 2020

# JOURNEYCALL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF JOURNEYCALL LIMITED

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#### Opinion

We have audited the financial statements of Journeycall Limited (the 'company') for the year ended 31 July 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

# JOURNEYCALL LIMITED

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

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### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

7 January 2020

**Chartered Accountants**  
**Statutory Auditor**

Aldgate House  
1-4 Market Place  
Hull  
HU1 1RS

# JOURNEYCALL LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2018 £
Turnover	3	99,646,921	85,276,181
Cost of sales		(88,216,048)	(75,086,712)
<b>Gross profit</b>		<b>11,430,873</b>	<b>10,189,469</b>
Administrative expenses		(7,738,157)	(7,201,314)
Other operating income		90,471	55,429
<b>Operating profit</b>	4	<b>3,783,187</b>	<b>3,043,584</b>
Interest receivable and similar income	9	18,551	841
<b>Profit before taxation</b>		<b>3,801,738</b>	<b>3,044,425</b>
Taxation	11	(696,292)	(546,327)
<b>Profit for the financial year</b>		<b>3,105,446</b>	<b>2,498,098</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>3,105,446</b>	<b>2,498,098</b>

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

# JOURNEYCALL LIMITED

## BALANCE SHEET

AS AT 31 JULY 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	12		616,596		755,272
<b>Current assets</b>					
Stocks	14	23,556		35,042	
Debtors	15	1,592,237		2,415,342	
Cash at bank and in hand		9,909,814		5,788,155	
		11,525,607		8,238,539	
<b>Creditors: amounts falling due within one year</b>	16	(4,252,363)		(4,017,240)	
<b>Net current assets</b>			7,273,244		4,221,299
<b>Total assets less current liabilities</b>			7,889,840		4,976,571
<b>Creditors: amounts falling due after more than one year</b>	17		(97,949)		(116,032)
<b>Provisions for liabilities</b>	18		(47,686)		(54,881)
<b>Net assets</b>			7,744,205		4,805,658
<b>Capital and reserves</b>					
Called up share capital	20		93		93
Share premium account			29,980		29,980
Capital redemption reserve			130		130
Profit and loss reserves			7,714,002		4,775,455
<b>Total equity</b>			7,744,205		4,805,658

The financial statements were approved by the board of directors and authorised for issue on 7 January 2020 and are signed on its behalf by:



T. F. Dunn  
Director

Company Registration No. SC202170

# JOURNEYCALL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2017</b>		93	29,980	130	2,487,759	2,517,962
<b>Year ended 31 July 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	2,498,098	2,498,098
Dividends	10	-	-	-	(210,402)	(210,402)
<b>Balance at 31 July 2018</b>		93	29,980	130	4,775,455	4,805,658
<b>Year ended 31 July 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	3,105,446	3,105,446
Dividends	10	-	-	-	(166,899)	(166,899)
<b>Balance at 31 July 2019</b>		93	29,980	130	7,714,002	7,744,205

# JOURNEYCALL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	5,130,278		2,943,175	
Income taxes (paid)/refunded		(788,256)		26,829	
<b>Net cash inflow from operating activities</b>		4,342,022		2,970,004	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(72,015)		(85,020)	
Interest received		18,551		841	
<b>Net cash used in investing activities</b>		(53,464)		(84,179)	
<b>Financing activities</b>					
Dividends paid		(166,899)		(210,402)	
<b>Net cash used in financing activities</b>		(166,899)		(210,402)	
<b>Net increase in cash and cash equivalents</b>		4,121,659		2,675,423	
Cash and cash equivalents at beginning of year		5,788,155		3,112,732	
<b>Cash and cash equivalents at end of year</b>		9,909,814		5,788,155	

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2019

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#### 1 Accounting policies

##### Company information

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

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

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

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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.

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2019

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#### 1 Accounting policies

(Continued)

##### 1.6 Stocks

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

##### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

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.

##### **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.

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2019

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans from fellow group companies 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 at transaction price.

##### **Derecognition of financial liabilities**

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

#### 1.9 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.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

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

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 1 Accounting policies

(Continued)

#### 1.13 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.

#### 1.14 Government grants

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

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover</b>		
Sales	99,646,921	85,276,181
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	18,551	841
Government grants released	18,083	18,083
Government grants received	2,500	-
Other grants received	69,888	37,346
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	99,646,921	85,276,181
	<u>          </u>	<u>          </u>

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(20,583)	(18,083)
Depreciation of owned tangible fixed assets	210,691	207,379
Operating lease charges	136,712	145,024
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the company's financial statements	25,000	12,000
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	2,500	7,000
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2019	2018
	Number	Number
Administration	20	18
Call centre	330	329
	<u>          </u>	<u>          </u>
	350	347
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	4,751,431	4,752,484
Social security costs	265,983	274,457
Pension costs	125,907	132,089
	<u>          </u>	<u>          </u>
	5,143,321	5,159,030
	<u>          </u>	<u>          </u>

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	51,115	36,546
Company pension contributions to defined contribution schemes	34,502	56,238
	<u>85,617</u>	<u>92,784</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

The key management personnel are considered to be the directors.

### 8 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to Profit and Loss Account	<u>125,907</u>	<u>132,089</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.

### 9 Interest receivable and similar income

	2019 £	2018 £
Bank interest	18,551	-
Other interest	-	841
	<u>18,551</u>	<u>841</u>

### 10 Dividends

	2019 £	2018 £
Interim paid	<u>166,899</u>	<u>210,402</u>

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2019

#### 11 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	703,487	446,256
Group tax relief	-	103,771
Total current tax	<u>703,487</u>	<u>550,027</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(7,195)</u>	<u>(3,700)</u>
Total tax charge	<u>696,292</u>	<u>546,327</u>

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:

	2019 £	2018 £
Profit before taxation	<u>3,801,738</u>	<u>3,044,425</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	722,330	578,441
Tax effect of expenses that are not deductible in determining taxable profit	(3,577)	6,689
Depreciation in excess of capital allowances	15,550	10,833
Research and development tax credit	(30,816)	(45,936)
Deferred tax adjustments in respect of prior years	<u>(7,195)</u>	<u>(3,700)</u>
Taxation charge for the year	<u>696,292</u>	<u>546,327</u>

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 12 Tangible fixed assets

	Leasehold property	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 August 2018	967,417	507,286	1,474,703
Additions	-	72,015	72,015
At 31 July 2019	967,417	579,301	1,546,718
<b>Depreciation and impairment</b>			
At 1 August 2018	346,229	373,202	719,431
Depreciation charged in the year	99,065	111,626	210,691
At 31 July 2019	445,294	484,828	930,122
<b>Carrying amount</b>			
At 31 July 2019	522,123	94,473	616,596
At 31 July 2018	621,188	134,084	755,272

### 13 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,482,410	2,313,915
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	3,620,432	3,308,656

### 14 Stocks

	2019 £	2018 £
Finished goods and goods for resale	23,556	35,042

### 15 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,478,838	2,310,343
Other debtors	3,572	3,572
Prepayments and accrued income	109,827	101,427
	1,592,237	2,415,342

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 16 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,797,521	2,636,960
Amounts owed to group undertakings	416,326	145,840
Corporation tax	361,487	446,256
Other taxation and social security	270,444	262,328
Accruals and deferred income	406,585	525,856
	<u>4,252,363</u>	<u>4,017,240</u>

### 17 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Government grants	<u>97,949</u>	<u>116,032</u>

### 18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	<u>47,686</u>	<u>54,881</u>

### 19 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	<u>47,686</u>	<u>54,881</u>
<b>Movements in the year:</b>		2019 £
Liability at 1 August 2018		54,881
Credit to profit or loss		(7,195)
Liability at 31 July 2019		<u>47,686</u>

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 20 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
93 Ordinary shares of £1 each	93	93

### 21 Financial commitments, guarantees and contingent liabilities

The company has unlimited guarantees in respect of bank borrowings with ESP Systex Holdings Limited and ESP Systex Limited. At the balance sheet date group bank borrowings were £583,263 (2018: £740,246). In the opinion of the directors the likelihood of the guarantees being called upon is remote.

The bank has given guarantees of £2,175,000 (2018: £2,175,000) to third parties on behalf of the company.

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	125,485	130,347
Between two and five years	380,000	416,379
In over five years	23,750	118,750
	<u>529,235</u>	<u>665,476</u>

### 23 Events after the reporting date

On 31 October 2019 the parent company ESP Systex Holdings Limited acquired all the ordinary share capital held by the minority shareholders and Journeycall Limited is now a wholly owned subsidiary of ESP Systex Holdings Limited.

# JOURNEYCALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 24 Related party transactions

a) During the year the company paid dividends to the directors of £166,899 (2018: £210,402).

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

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

- sales of £811,890 (2018: £838,083); and

- purchases of £617,031 (2018: £396,867);

At the balance sheet date ESP Systex Limited were owed £10,222 (2018: £103,771).

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

- management charges paid of £1,300,000 (2018: £495,000); and

- purchases of £34,586 (2018: nil).

At the balance sheet date ESP Systex Holdings Limited were owed £406,104 (2018: £42,069).

### 25 Ultimate controlling party

The company is a subsidiary of ESP Systex Holdings Limited, a company incorporated in England whose registered address is 68-74 Holderness Road, Hull, East Yorkshire, HU9 1ED. The company is controlled by Mr. T. F. Dunn via his shareholding in the company's parent undertaking. ESP Systex Holdings Limited is the parent company of both the smallest and largest group into which the company's financial statements are consolidated.

### 26 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	3,105,446	2,498,098
<b>Adjustments for:</b>		
Taxation charged	696,292	546,327
Investment income	(18,551)	(841)
Depreciation and impairment of tangible fixed assets	210,691	207,379
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	11,486	(16,859)
Decrease/(increase) in debtors	823,105	(317,558)
Increase in creditors	319,892	44,712
Decrease in deferred income	(18,083)	(18,083)
<b>Cash generated from operations</b>	<b>5,130,278</b>	<b>2,943,175</b>