

JOURNEYCALL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

JOURNEYCALL LIMITED

COMPANY INFORMATION

Directors	Mrs T F Lawson Mr I Lawson (appointed 31 May 2023) Mr T F Dunn (resigned 31 May 2023)
Registered number	SC202170
Registered office	3 James Chalmers Road Arbroath Enterprise Park Arbroath Angus DD11 3RQ
Independent auditors	Sumer Auditco Limited Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023**

Introduction

Journeycall Limited is a company incorporated and based in Scotland that prospers 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 services excellence whilst providing scope for business expansion. Investment in research and development is highly important to support Journeycall's future growth strategy and 2021 saw the continued deployment 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 not a multi-modal, multi-channel requirement across all demographics.

Business review

The commitment of the directors was a strategic focus on consolidation across the Group during the current financial year reflecting a commitment to enhancing operational efficiency, financial synergy, and overall performance. The achieved milestones and ongoing efforts position the company for sustained success and strategic growth in an increasingly competitive business landscape. The directors remain dedicated to maximising the benefits of consolidation and fostering a culture of continuous improvement within the organisation.

Principal risks and uncertainties

1. Risk of Change in Technology and Sector Requirements
2. Continued Exchange Fluctuation
3. Increased Labour Costs
4. Adaptation to Market Trends and Demands
5. The Emergence of New Operators

It is crucial as we operate in such a dynamic industry, such as technology, to be proactive in addressing potential risks. The commitment to research and development, along with a strategic approach to currency risk management whilst putting our people first helps mitigate those risks.

However, it is essential for us to regularly reassess our risk management strategies, considering the evolving nature of the technology sector and global economic conditions. Additionally, staying attuned to emerging market trends and swiftly adapting to customer demands continues to contribute to long-term sustainability. Regular updates to these strategies can help the company navigate the ever-changing business landscape successfully.

With robust first-half results indicating effective business strategies, and successful execution we are positive of a strong year.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023**

Financial key performance indicators

The Company has assessed their KPIs as:

- Turnover
- Gross Profit Margin
- Net Profit Margin
- Staff Turnover

Future Developments

As part of the wider group, the business will continue to consolidate and grow, in an effort to continue to attract transit operators as well as local, regional and national government bodies. The board believes that the company's strategy together with its experienced board and management teams will continue to build on the milestones already achieved to sustain future success and strategic growth.

This report was approved by the board on 23 April 2024 and signed on its behalf.

Mrs T F Lawson
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023**

The directors present their report and the financial statements for the year ended 31 July 2023.

Directors' 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £446,550 (2022 - £490,874).

During the year, dividends of £3,002,255 (2022 - £Nil) were declared.

Directors

The directors who served during the year were:

Mrs T F Lawson

Mr I Lawson (appointed 31 May 2023)

Mr T F Dunn (resigned 31 May 2023)

Future developments

Details of future developments can be found within the Strategic Report and form part of this report by the directors.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Sumer Auditco Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 April 2024 and signed on its behalf.

Mrs T F Lawson

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOURNEYCALL LIMITED

Opinion

We have audited the financial statements of Journeycall Limited (the 'Company') for the year ended 31 July 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 July 2023 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 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 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.

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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Auditors' report.

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

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 Auditors' 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 Rae (Senior statutory auditor)

for and on behalf of

Sumer Auditco Limited

Chartered Accountants

Statutory Auditors

14 City Quay

Dundee

DD1 3JA

23 April 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

		2023	2022
		£	£
Turnover	4	7,648,047	6,766,650
Cost of sales		(5,071,248)	(4,439,167)
Gross profit		2,576,799	2,327,483
Administrative expenses		(2,148,658)	(1,860,647)
Other operating income	5	22,342	134,428
Operating profit	6	450,483	601,264
Interest receivable and similar income	10	36,031	1,345
Profit before tax		486,514	602,609
Tax on profit	11	(39,964)	(111,735)
Profit for the financial year		446,550	490,874

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

		2023 £	2022 £
Fixed assets			
Tangible assets	13	271,463	361,341
		<u>271,463</u>	<u>361,341</u>
Current assets			
Stocks	14	50,368	74,181
Debtors: amounts falling due within one year	15	1,733,006	2,714,176
Bank and cash balances		2,136,513	2,772,539
		<u>3,919,887</u>	<u>5,560,896</u>
Creditors: amounts falling due within one year	16	(2,226,239)	(1,346,743)
Net current assets		<u>1,693,648</u>	<u>4,214,153</u>
Total assets less current liabilities		<u>1,965,111</u>	<u>4,575,494</u>
Creditors: amounts falling due after more than one year	17	(7,535)	(43,701)
Provisions for liabilities			
Deferred tax	18	(34,050)	(52,562)
		<u>(34,050)</u>	<u>(52,562)</u>
Net assets		<u><u>1,923,526</u></u>	<u><u>4,479,231</u></u>
Capital and reserves			
Called up share capital	19	93	93
Share premium account	20	29,980	29,980
Capital redemption reserve	20	130	130
Profit and loss account	20	1,893,323	4,449,028
		<u><u>1,923,526</u></u>	<u><u>4,479,231</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2024.

Mrs T F Lawson
Director

The notes on pages 12 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 August 2021	93	29,980	130	3,958,154	3,988,357
Profit for the year	-	-	-	490,874	490,874
At 1 August 2022	93	29,980	130	4,449,028	4,479,231
Profit for the year	-	-	-	446,550	446,550
Dividends: Equity capital	-	-	-	(3,002,255)	(3,002,255)
At 31 July 2023	93	29,980	130	1,893,323	1,923,526

The notes on pages 12 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

1. General information

Journeycall Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is 3 James Chalmers Road, Arbroath Enterprise Park, Arbroath, DD11 3RQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Balniel Holdings Limited as at 31 July 2023 and these financial statements may be obtained from Companies House.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over 10 years
Fixtures and fittings	- Over 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgments or estimations are necessary applied are summarised below.

Tangible Fixed Assets

The annual depreciation charge for tangible assets is sensitive to changes in the useful economic lives of the assets. The useful economic lives are assessed annually and amended when necessary to reflect judgement, based on technological advancements, future investments, economic utilisation and physical condition of the assets.

Recoverability of Debtors

Management review the amounts outstanding throughout the year and provide for any debts they consider will not be recovered.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Provision of contract centre services	<u>7,648,047</u>	<u>6,766,650</u>
	2023 £	2022 £
United Kingdom	7,451,005	6,559,650
Rest of the world	<u>197,042</u>	<u>207,000</u>
	<u>7,648,047</u>	<u>6,766,650</u>

5. Other operating income

	2023 £	2022 £
Government grants received	<u>22,342</u>	<u>134,428</u>
	<u>22,342</u>	<u>134,428</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation	155,305	221,015
Exchange differences	1,825	(8,753)
Other operating lease rentals	170,963	134,291
Government grant income	<u>(22,342)</u>	<u>(134,428)</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>14,000</u>	<u>17,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

8. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	4,583,807	3,719,690
Social security costs	258,879	211,908
Cost of defined contribution scheme	90,544	74,193
	<u>4,933,230</u>	<u>4,005,791</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Administration	27	21
Call centre	234	196
	<u>261</u>	<u>217</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

9. Directors' remuneration

The directors consider themselves to be the only key management personnel of the company and are remunerated through another group undertaking.

10. Interest receivable

	2023	2022
	£	£
Other interest receivable	<u>36,031</u>	<u>1,345</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	61,938	82,647
Adjustments in respect of previous periods	(3,462)	-
Deferred tax		
Origination and reversal of timing differences	(18,512)	21,675
Changes to tax rates	-	7,413
Tax on profit	<u>39,964</u>	<u>111,735</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 25% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>486,514</u>	<u>602,609</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	121,629	114,496
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(3,761)	1,500
Capital allowances for year in excess of depreciation	16,622	9,382
Adjustments to tax charge in respect of prior periods	(3,462)	-
Short-term timing difference leading to an increase (decrease) in taxation	(18,512)	12,615
Group relief	(53,091)	(26,258)
Marginal relief	(19,461)	-
Total tax charge for the year	<u>39,964</u>	<u>111,735</u>

Factors that may affect future tax charges

The only factors expected to affect tax charges are those imposed by HMRC.

12. Dividends

	2023 £	2022 £
Dividend	3,002,255	-
	<u>3,002,255</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 August 2022	1,000,918	955,807	1,956,725
Additions	27,780	20,147	47,927
Transfers intra group	17,500	-	17,500
Disposals	-	(348,420)	(348,420)
At 31 July 2023	<u>1,046,198</u>	<u>627,534</u>	<u>1,673,732</u>
Depreciation			
At 1 August 2022	747,335	848,049	1,595,384
Charge for the year on owned assets	99,362	55,943	155,305
Disposals	-	(348,420)	(348,420)
At 31 July 2023	<u>846,697</u>	<u>555,572</u>	<u>1,402,269</u>
Net book value			
At 31 July 2023	<u>199,501</u>	<u>71,962</u>	<u>271,463</u>
At 31 July 2022	<u>253,583</u>	<u>107,758</u>	<u>361,341</u>

14. Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>50,368</u>	<u>74,181</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

15. Debtors

	2023	2022
	£	£
Trade debtors	670,042	887,203
Amounts owed by group undertakings	116,557	1,005,635
Other debtors	2,594	2,593
Prepayments and accrued income	943,813	818,745
	<u>1,733,006</u>	<u>2,714,176</u>

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	558,495	258,266
Amounts owed to group undertakings	751,077	1,472
Corporation tax	61,938	82,886
Other taxation and social security	186,849	234,692
Other creditors	21,034	-
Accruals and deferred income	646,846	769,427
	<u>2,226,239</u>	<u>1,346,743</u>

17. Creditors: Amounts falling due after more than one year

	2023	2022
	£	£
Accruals and deferred income	<u>7,535</u>	<u>43,701</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

18. Deferred taxation

	2023 £
At beginning of year	(52,562)
Charged to profit or loss	18,512
Profit and Loss	<u>(34,050)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(36,289)	(54,777)
Tax losses carried forward	2,239	2,215
	<u>(34,050)</u>	<u>(52,562)</u>

19. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
93 (2022 - 93) Ordinary shares of £1.00 each	<u>93</u>	<u>93</u>

20. Reserves

Share premium account

This reserve represents the premium arising on the issue of shares net of issue costs.

Capital redemption reserve

The capital redemption reserve relates to the buy back of shares.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the financial year and prior financial years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £90,544 (2022 - £74,193). Contributions totalling £16,267 (2022 - £16,223) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 31 July 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	430,348	140,424
Later than 1 year and not later than 5 years	1,754,643	146,946
Later than 5 years	999,236	-
	<u>3,184,227</u>	<u>287,370</u>

23. Related party transactions

The company has taken advantage of the exemption in FRS102 Section 33 not to disclose details of transactions between two or more members of the Group on the basis that subsidiaries are wholly owned.

24. Controlling party

The company is a wholly owned subsidiary of ESP Systex Holdings Limited, a company incorporated in England whose registered office is Witham House, 45 Spyvee Street, Kingston Upon Hull, HU8 7JJ.

Balniel Holdings Limited, a company incorporated in Scotland, is the parent company of both the smallest and largest group into which the company's financial statements are consolidated. The registered office of Balniel Holdings Limited is 3 James Chalmers Road, Arbroath Enterprise Park, Arbroath, Angus, DD11 3RQ, and a copy of the consolidated accounts can be obtained from the public register at Companies House.

The ultimate controlling party is Mrs T F Lawson by virtue of the share ownership held in Balniel Holdings Limited.

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