

REGISTERED NUMBER: 04025235 (England and Wales)



# CIVVALS

Chartered Accountants  
Registered Auditors

**STRATEGIC REPORT**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**FOR**

**CALL SYSTEMS TECHNOLOGY LIMITED**

WEDNESDAY



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**CALL SYSTEMS TECHNOLOGY LIMITED (REGISTERED NUMBER: 04025235)**

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FOR THE YEAR ENDED 31 MARCH 2017**

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**CALL SYSTEMS TECHNOLOGY LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2017**

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**DIRECTORS:**

A P Hutchinson  
E C Sheppard

**SECRETARY:**

E C Sheppard

**REGISTERED OFFICE:**

50 Seymour Street  
London  
W1H 7JG

**REGISTERED NUMBER:**

04025235 (England and Wales)

**AUDITORS:**

Civvals Limited  
Chartered Accountants and  
Statutory Auditors  
50 Seymour Street  
London  
W1H 7JG

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2017.**

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The directors present their strategic report for the year ended 31 March 2017.

**REVIEW OF BUSINESS**

The principal activity of the company during the year under review was that of on-site paging systems and software and hardware solutions for the hospitality industry.

**RESULTS AND PERFORMANCE**

The results of the company for the year, as set out on pages seven to eighteen, show a profit on ordinary activities before tax of £487,800 (2016: £356,466). The shareholders' funds of the company at the year end was £811,262 (2016: £585,906).

The performance of the company was in line with expectations and the increase in turnover is due to combination of volume and price increase during the year. The restaurants, pubs and bars sector continues to provide a solid foundation for the company.

**BUSINESS ENVIRONMENT**

Call Systems Technology Limited has historically operated predominantly in the UK which is an increasingly competitive market. However, with our strategic partners we have ventured in the overseas markets especially France, Holland and Italy. Technology is continually advancing and the company is keen to move with these advancements to ensure that our customers are receiving high quality products and services.

**STRATEGY**

The company's success is dependent on its relationships with key stakeholders. Those key stakeholders are its customers, suppliers, employees and partners. The expansion of our product offering, was triggered by a need from our customers as we explore new ways in which to grow the business. The company has grown organically and is keen to remain a leading provider of innovative communication technology and software solutions. Hence, its association with world experts in hospitality solutions has enable the company to remain at the forefront of hospitality technology.

The company continues to strive to add value to our customers by offering the latest range of technology to improve their on-site communications requirements. We pride ourselves on delivering high quality service and world class customer care

**KEY PERFORMANCE INDICATORS**

The Board monitors the progress of the company by reference to the following KPIs:

|                     | 2017       | 2016       |
|---------------------|------------|------------|
| Turnover            | £9,077,449 | £8,354,196 |
| Gross profit margin | 51%        | 54%        |

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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**PRINCIPAL RISK AND UNCERTAINTIES**

The directors regularly review the exposure to key customers. It is the company's intention to further broaden the company's range of customers and its market share in the UK. The company therefore continues to invest in developing its product range to meet the market requirements.

The directors manage the company on key indicators including growth and profitability. The directors believes that the company can manage its business risks successfully despite major competition.

The directors continually monitor the company's liquidity in order to ensure that sufficient funds are available for its ongoing operations and future growth. The company has a good record on bad debts and the directors do not consider that it carries any material credit risks.

The company's internal control systems sufficiently ensure that financial and management controls apply at all levels of the business. The use of annual budgets and forecasts are operated and investigations are made into areas of adverse expenditure with appropriate management action taken.

Financial risk management objectives and policies:

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and advances from invoice discounting. The main purpose of these instruments is to raise funds for the company's operations.

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

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of advance from invoice discounting.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning 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.

**FUTURE DEVELOPMENTS**

The strength and growth of the UK economy, especially in the hospitality sector, continues to provide opportunities for the company. With interest rates predicted to remain low in the short to medium term, this provides low credit finance to our customers. There continues to be downward pressure on our service rates due to the competitive nature of the market in which we operate. We will continue to focus on our excellent service records which support the value of the service we provide.

The focus in the forthcoming year is to consolidate our position with the aim of trying to grow new business in the various sectors.

**ON BEHALF OF THE BOARD:**



E C Sheppard - Director

10 July 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their report with the financial statements of the company for the year ended 31 March 2017.

**DIVIDENDS**

Total distribution of dividends of £158,000 at £1,580 per share were paid for the year ended 31 March 2017.

**FUTURE DEVELOPMENTS**

The directors have no plans to change the activities and operations of the company in the foreseeable future.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

A P Hutchinson  
E C Sheppard

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements 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 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 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 auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Civvals Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



E C Sheppard - Director

10 July 2017

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CALL SYSTEMS TECHNOLOGY LIMITED**

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We have audited the financial statements of Call Systems Technology Limited for the year ended 31 March 2017 on pages seven to eighteen. The financial reporting framework that has been applied in their preparation is 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'.

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

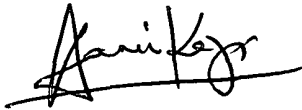
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CALL SYSTEMS TECHNOLOGY LIMITED**

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**Matters on which we are required to report by exception**

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.



Aamir Kazi (Senior Statutory Auditor)  
for and on behalf of Civvals Limited  
Chartered Accountants and  
Statutory Auditors  
50 Seymour Street  
London  
W1H 7JG

10 July 2017



**CALL SYSTEMS TECHNOLOGY LIMITED (REGISTERED NUMBER: 04025235)**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

|  | Notes | 2017<br>£   | 2016<br>£   |
|--|-------|-------------|-------------|
| <b>TURNOVER</b>                                    | 3     | 9,077,449   | 8,354,196   |
| Cost of sales                                      |       | (4,457,083) | (3,863,910) |
| <b>GROSS PROFIT</b>                                |       | 4,620,366   | 4,490,286   |
| Administrative expenses                            |       | (4,132,630) | (4,133,824) |
| <b>OPERATING PROFIT</b>                            | 5     | 487,736     | 356,462     |
| Interest receivable and similar income             |       | 64          | 18          |
|  |       | 487,800     | 356,480     |
| Interest payable and similar expenses              | 6     | -           | (14)        |
| <b>PROFIT BEFORE TAXATION</b>                      |       | 487,800     | 356,466     |
| Tax on profit                                      | 7     | (104,444)   | (76,242)    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>               |       | 383,356     | 280,224     |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | -           | -           |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | 383,356     | 280,224     |

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31 MARCH 2017

|  | Notes | 2017<br>£             | 2016<br>£             |
|--|-------|-----------------------|-----------------------|
| <b>FIXED ASSETS</b>                          |       |                       |                       |
| Tangible assets                              | 9     | 111,036               | 120,387               |
| <b>CURRENT ASSETS</b>                        |       |                       |                       |
| Stocks                                       | 10    | 785,422               | 625,158               |
| Debtors                                      | 11    | 2,017,898             | 1,909,094             |
| Cash at bank and in hand                     |       | 527,811               | 430,256               |
|  |       | <u>3,331,131</u>      | <u>2,964,508</u>      |
| <b>CREDITORS</b>                             |       |                       |                       |
| Amounts falling due within one year          | 12    | <u>2,612,195</u>      | <u>2,479,177</u>      |
| <b>NET CURRENT ASSETS</b>                    |       | <u>718,936</u>        | <u>485,331</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>829,972</u>        | <u>605,718</u>        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 15    | <u>18,710</u>         | <u>19,812</u>         |
| <b>NET ASSETS</b>                            |       | <u><u>811,262</u></u> | <u><u>585,906</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                       |                       |
| Called up share capital                      | 16    | 100                   | 100                   |
| Retained earnings                            | 17    | <u>811,162</u>        | <u>585,806</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>811,262</u></u> | <u><u>585,906</u></u> |

The financial statements were approved by the Board of Directors on 10 July 2017 and were signed on its behalf by:



E C Sheppard - Director

**CALL SYSTEMS TECHNOLOGY LIMITED (REGISTERED NUMBER: 04025235)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

|                                 | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|---------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 April 2015</b>  | 100                                | 830,582                   | 830,682              |
| <b>Changes in equity</b>        |                                    |                           |                      |
| Dividends                       | -                                  | (525,000)                 | (525,000)            |
| Total comprehensive income      | -                                  | 280,224                   | 280,224              |
| <b>Balance at 31 March 2016</b> | 100                                | 585,806                   | 585,906              |
| <b>Changes in equity</b>        |                                    |                           |                      |
| Dividends                       | -                                  | (158,000)                 | (158,000)            |
| Total comprehensive income      | -                                  | 383,356                   | 383,356              |
| <b>Balance at 31 March 2017</b> | 100                                | 811,162                   | 811,262              |

The notes form part of these financial statements

**CALL SYSTEMS TECHNOLOGY LIMITED (REGISTERED NUMBER: 04025235)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

|   | Notes | 2017<br>£ | 2016<br>£ |
|---|-------|-----------|-----------|
| <b>Cash flows from operating activities</b>           |       |           |           |
| Cash generated from operations                        | 1     | 742,474   | 373,274   |
| Interest paid   |       | -         | (14)      |
| Tax paid  |       | (88,342)  | (109,120) |
| Net cash from operating activities                    |       | 654,132   | 264,140   |
| <b>Cash flows from investing activities</b>           |       |           |           |
| Purchase of tangible fixed assets                     |       | (75,149)  | (27,534)  |
| Sale of tangible fixed assets                         |       | -         | 840       |
| Interest received                                     |       | 64        | 18        |
| Net cash from investing activities                    |       | (75,085)  | (26,676)  |
| <b>Cash flows from financing activities</b>           |       |           |           |
| Loans (to)/ from group undertakings                   |       | (342)     | 11,288    |
| Amount introduced by directors                        |       | -         | 41,113    |
| Amount withdrawn by directors                         |       | (26,848)  | -         |
| Invoice Discounting                                   |       | (296,302) | 358,828   |
| Equity dividends paid                                 |       | (158,000) | (525,000) |
| Net cash from financing activities                    |       | (481,492) | (113,771) |
| <b>Increase in cash and cash equivalents</b>          |       | 97,555    | 123,693   |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | 430,256   | 306,563   |
| <b>Cash and cash equivalents at end of year</b>       | 2     | 527,811   | 430,256   |

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

|  | 2017                  | 2016                  |
|--|-----------------------|-----------------------|
|  | £                     | £                     |
| Profit before taxation                           | 487,800               | 356,466               |
| Depreciation charges                             | 84,537                | 87,994                |
| Profit on disposal of fixed assets               | -                     | (840)                 |
| Finance costs                                    | -                     | 14                    |
| Finance income                                   | (64)                  | (18)                  |
|  | <u>572,273</u>        | <u>443,616</u>        |
| (Increase)/decrease in stocks                    | (160,264)             | 28,692                |
| (Increase)/decrease in trade and other debtors   | (108,804)             | 97,563                |
| Increase/(decrease) in trade and other creditors | <u>439,269</u>        | <u>(196,597)</u>      |
| <b>Cash generated from operations</b>            | <u><u>742,474</u></u> | <u><u>373,274</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2017

|                           | 31.3.17               | 1.4.16                |
|---------------------------|-----------------------|-----------------------|
|                           | £                     | £                     |
| Cash and cash equivalents | <u><u>527,811</u></u> | <u><u>430,256</u></u> |

Year ended 31 March 2016

|                           | 31.3.16               | 1.4.15                |
|---------------------------|-----------------------|-----------------------|
|                           | £                     | £                     |
| Cash and cash equivalents | <u><u>430,256</u></u> | <u><u>306,563</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**1. STATUTORY INFORMATION**

Call Systems Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**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.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. There has been no judgements made by management in the application of FRS 102 that have had a significant effect on the financial statements and estimates with a significant risk of material adjustment.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover can be split into two main categories:

- Sales
- Service

Sales turnover is recognised when the significant risk and rewards of ownership of the goods has transferred to the buyer. This is usually the point at which the items have been delivered and installed.

Service turnover is recognised in accordance with the extended maintenance contract. Turnover is deferred and recognised in the period to which it relates.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

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2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                       |                        |
|-----------------------|------------------------|
| Plant and machinery   | - 25% straight line    |
| Fixtures and fittings | - 25% straight line    |
| Computer equipment    | - 33.33% straight line |

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

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

The benefits of lease incentives are recognised in the profit and loss account over the lease period.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

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

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**3. TURNOVER**

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

An analysis of turnover by geographical market is given below:

|                   | 2017<br>£        | 2016<br>£        |
|-------------------|------------------|------------------|
| United Kingdom    | 6,741,433        | 6,267,586        |
| Europe            | 1,953,880        | 1,725,155        |
| Rest of the World | 382,136          | 361,455          |
|                   | <u>9,077,449</u> | <u>8,354,196</u> |

**4. EMPLOYEES AND DIRECTORS**

|                       | 2017<br>£        | 2016<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,420,805        | 2,462,664        |
| Social security costs | 261,750          | 269,297          |
| Other pension costs   | 14,750           | 15,476           |
|                       | <u>2,697,305</u> | <u>2,747,437</u> |

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

|                          | 2017      | 2016      |
|--------------------------|-----------|-----------|
| Management               | 5         | 5         |
| Administration           | 14        | 14        |
| Selling and distribution | 35        | 40        |
| Warehousing              | 18        | 18        |
|                          | <u>72</u> | <u>77</u> |

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £14,750 (2016: £15,476)



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

4. EMPLOYEES AND DIRECTORS - continued

|  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Directors' remuneration                                    | 153,944           | 176,124           |
| Directors' pension contributions to money purchase schemes | 372               | 873               |
|  | <u>          </u> | <u>          </u> |

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

|                        | 2017              | 2016              |
|------------------------|-------------------|-------------------|
|                        |                   |                   |
| Money purchase schemes | 1                 | 1                 |
|                        | <u>          </u> | <u>          </u> |

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

|                                    | 2017              | 2016              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Hire of plant and machinery        | 112               | 1,125             |
| Other operating leases             | 78,296            | 93,573            |
| Depreciation - owned assets        | 84,500            | 87,994            |
| Profit on disposal of fixed assets | -                 | (840)             |
| Auditors' remuneration             | 24,600            | 24,000            |
|                                    | <u>          </u> | <u>          </u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

|               | 2017              | 2016              |
|---------------|-------------------|-------------------|
|               | £                 | £                 |
| Bank interest | -                 | 14                |
|               | <u>          </u> | <u>          </u> |

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

|                    | 2017              | 2016              |
|--------------------|-------------------|-------------------|
|                    | £                 | £                 |
| Current tax:       |                   |                   |
| UK corporation tax | 105,546           | 88,342            |
| Deferred tax       | (1,102)           | (12,100)          |
|                    | <u>          </u> | <u>          </u> |
| Tax on profit      | 104,444           | 76,242            |
|                    | <u>          </u> | <u>          </u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

## 7. TAXATION - continued

**Reconciliation of total tax 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:

|   | 2017<br>£      | 2016<br>£       |
|---|----------------|-----------------|
| Profit before tax   | <u>487,800</u> | <u>356,466</u>  |
| Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%) | 97,560         | 71,293          |
| Effects of:   |                |                 |
| Expenses not deductible for tax purposes  | 7,686          | 6,767           |
| Depreciation in excess of capital allowances  | 1,110          | 10,987          |
| Group relief  | (810)          | (705)           |
| Deferred tax  | <u>(1,102)</u> | <u>(12,100)</u> |
| Total tax charge  | <u>104,444</u> | <u>76,242</u>   |

## 8. DIVIDENDS

|                            | 2017<br>£      | 2016<br>£      |
|----------------------------|----------------|----------------|
| Ordinary shares of £1 each |                |                |
| Final                      | <u>158,000</u> | <u>525,000</u> |

## 9. TANGIBLE FIXED ASSETS

|                       | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|-----------------------|-----------------------------|----------------------------------|----------------------------|----------------|
| <b>COST</b>           |                             |                                  |                            |                |
| At 1 April 2016       | 21,835                      | 55,833                           | 268,851                    | 346,519        |
| Additions             | <u>17,141</u>               | <u>4,034</u>                     | <u>53,974</u>              | <u>75,149</u>  |
| At 31 March 2017      | <u>38,976</u>               | <u>59,867</u>                    | <u>322,825</u>             | <u>421,668</u> |
| <b>DEPRECIATION</b>   |                             |                                  |                            |                |
| At 1 April 2016       | 16,088                      | 34,996                           | 175,048                    | 226,132        |
| Charge for year       | <u>5,603</u>                | <u>11,421</u>                    | <u>67,476</u>              | <u>84,500</u>  |
| At 31 March 2017      | <u>21,691</u>               | <u>46,417</u>                    | <u>242,524</u>             | <u>310,632</u> |
| <b>NET BOOK VALUE</b> |                             |                                  |                            |                |
| At 31 March 2017      | <u>17,285</u>               | <u>13,450</u>                    | <u>80,301</u>              | <u>111,036</u> |
| At 31 March 2016      | <u>5,747</u>                | <u>20,837</u>                    | <u>93,803</u>              | <u>120,387</u> |

## 10. STOCKS

|                | 2017<br>£      | 2016<br>£      |
|----------------|----------------|----------------|
| Finished goods | <u>785,422</u> | <u>625,158</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|               | 2017             | 2016             |
|---------------|------------------|------------------|
|               | £                | £                |
| Trade debtors | 1,824,192        | 1,618,599        |
| Other debtors | 366              | 24               |
| Prepayments   | 193,340          | 290,471          |
|               | <u>2,017,898</u> | <u>1,909,094</u> |

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2017             | 2016             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade creditors                    | 1,371,603        | 837,636          |
| Amounts owed to group undertakings | 946              | 1,288            |
| Tax                                | 105,546          | 88,342           |
| Social security and other taxes    | 75,932           | 77,502           |
| VAT                                | 96,474           | 99,441           |
| Other creditors                    | 11,366           | 83,293           |
| Invoice Discounting                | 606,013          | 902,315          |
| Directors' current accounts        | 5,465            | 32,313           |
| Accruals and deferred income       | 338,850          | 357,047          |
|                                    | <u>2,612,195</u> | <u>2,479,177</u> |

## 13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

|                            | 2017          | 2016           |
|----------------------------|---------------|----------------|
|                            | £             | £              |
| Within one year            | 62,322        | 167,373        |
| Between one and five years | 35,296        | 70,058         |
|                            | <u>97,618</u> | <u>237,431</u> |

## 14. SECURED DEBTS

The following secured debts are included within creditors:

|                     | 2017           | 2016           |
|---------------------|----------------|----------------|
|                     | £              | £              |
| Invoice Discounting | <u>606,013</u> | <u>902,315</u> |

There is a debenture charge over all the assets of the company in respect of the liabilities owed to RBS invoice Finance Limited for its invoice discounting facilities.

## 15. PROVISIONS FOR LIABILITIES

|              | 2017          | 2016          |
|--------------|---------------|---------------|
|              | £             | £             |
| Deferred tax | <u>18,710</u> | <u>19,812</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**15. PROVISIONS FOR LIABILITIES - continued**

|                          |                      |
|--------------------------|----------------------|
|                          | Deferred<br>tax<br>£ |
| Balance at 1 April 2016  | 19,812               |
| Utilised during year     | (1,102)              |
| Balance at 31 March 2017 | <u>18,710</u>        |

**16. CALLED UP SHARE CAPITAL**

|                                  |          |                   |            |            |
|----------------------------------|----------|-------------------|------------|------------|
| Allotted, issued and fully paid: |          |                   |            |            |
| Number:                          | Class:   | Nominal<br>value: | 2017<br>£  | 2016<br>£  |
| 100                              | Ordinary | £1                | <u>100</u> | <u>100</u> |

**17. RESERVES**

|                     |                           |
|---------------------|---------------------------|
|                     | Retained<br>earnings<br>£ |
| At 1 April 2016     | 585,806                   |
| Profit for the year | 383,356                   |
| Dividends           | (158,000)                 |
| At 31 March 2017    | <u>811,162</u>            |

**18. ULTIMATE PARENT COMPANY**

Call Systems Holdings Limited controls the company by virtue of its 100% shareholding.

Call Systems Holdings Limited, a company incorporated in England & Wales, is the largest and smallest group of which the company is a member for which consolidated accounts have been prepared. Copies of these accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

**19. CONTROL AND ULTIMATE CONTROLLING PARTY**

Mr A D Sheppard and Mrs E C Sheppard are the ultimate controlling parties by virtue of their majority shareholding in the parent company.