

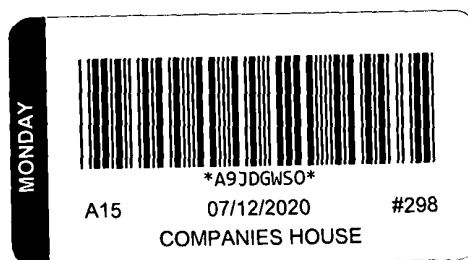
Callstream Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 03778571



Callstream Limited

Report and Financial Statements for the Year Ended 31 December 2019

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Directors	J D Eikenberry J D Rossen
Company secretary	J D Rossen
Registered number	03778571
Registered office	18 Mansell Street Level 3 London E1 8AA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Callstream Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The statement of comprehensive income is set out on page 6 and shows the profit for the year.

Dividends of £Nil (2018 - £4,100,000) were declared and paid during the year.

Principal activity

The principal activity of the company continued to be that of the provision of call management technology and telecommunications services to businesses across the UK.

Business review

The company continues to focus on organic growth, investing resources in an increasing marketing and sales capability in order to raise its profile in chosen markets.

The company continues to perform well with a gross profit margin for the year ended 31 December 2019 of £2.7m or 46% (2018 - £3.1m or 47%).

Directors

The directors who served during the year and subsequent to year end were:

J D Eikenberry
J D Rossen

Going concern

For further details on going concern see note 2.2.

Post balance sheet events

For details on post balance sheet events see note 15.

Directors' responsibilities statement

The directors are responsible for preparing 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Callstream Limited

Directors' Report (continued) For the Year Ended 31 December 2019

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.

Directors' indemnity insurance

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company. The indemnity policy subsisted throughout the period and remains in place at the date of this report.

Disclosure of information to auditor

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.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 Nov 2020 and signed on its behalf.



J D Eikenberry
Director

Callstream Limited

Independent Auditors' Report to the Members of Callstream Limited

Opinion

We have audited the financial statements of Callstream Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

Callstream Limited

Independent Auditors' Report to the Members of Callstream Limited (continued)

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 the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Callstream Limited

Independent Auditors' Report to the Members of Callstream Limited (continued)

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 at the Financial Reporting Council's website at: <https://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.

BDO LLP

Andrew Gandell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
1 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Callstream Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	5,788,195	6,559,491
Cost of sales		(3,135,854)	(3,502,670)
Gross profit		2,652,341	3,056,821
Administrative expenses		(1,348,925)	(1,338,661)
Operating profit	6	1,303,416	1,718,160
Interest receivable and similar income	7	3,924	20,154
Profit before tax		1,307,340	1,738,314
Taxation	9	(306,359)	(386,956)
Profit and total comprehensive income for the financial year		1,000,981	1,351,358

All amounts relate to continuing activities.

There was no other comprehensive income in the current or prior year.

There were no recognised gains or losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 9 to 20 form part of these financial statements.

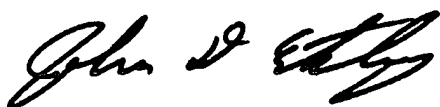
Callstream Limited
Registered number: 03778571

Balance Sheet
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	10		2,695,959		3,007,971
Tangible assets	11		25,063		39,519
			2,721,022		3,047,490
Current assets					
Stocks		-		6,861	
Debtors due within one year	12	785,061		683,613	
Cash at bank and in hand		2,026,098		591,001	
			2,811,159	1,281,475	
Creditors: amounts falling due within one year	13	(2,551,585)		(2,349,350)	
Net current assets/(liabilities)			259,574	(1,067,875)	
Net assets			2,980,596	1,979,615	
Capital and reserves					
Called up share capital	16		2,000		2,000
Retained earnings	17		2,978,596		1,977,615
Total equity			2,980,596	1,979,615	

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

30 Nov 2020



J D Eikenberry
Director

The notes on pages 9 to 20 form part of these financial statements.

Callstream Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019	2,000	1,977,615	1,979,615
Comprehensive income for the year			
Profit for the year	-	1,000,981	1,000,981
Total comprehensive income for the year	-	1,000,981	1,000,981
At 31 December 2019	2,000	2,978,596	2,980,596

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2018	2,000	4,726,257	4,728,257
Comprehensive income for the year			
Profit for the year	-	1,351,358	1,351,358
Total comprehensive income for the year	-	1,351,358	1,351,358
Distributions to owners			
Dividends paid	-	(4,100,000)	(4,100,000)
Total transactions with owners	-	(4,100,000)	(4,100,000)
At 31 December 2018	2,000	1,977,615	1,979,615

The notes on pages 9 to 20 form part of these financial statements.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Callstream Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the strategic report.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (*see note 3*).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance. Based on the information contained within the accounts and including specific consideration with the risks associated with the COVID-19 situation, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As at 31 December 2019, the company had cash resources of £2.0m (2018 - £0.6m), current assets of £2.8m (2018 - £1.3m), net current assets £0.3m (2018: net current liabilities - £1.1m) and net assets of £3.0m (2018 - £2.0m). In the year to 31 December 2019 the company made an operating profit of £1.3m (2018 - £1.7m).

In March 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions, causing disruption to some businesses. The COVID-19 pandemic has had wide-ranging implications for the economy as a whole, but to date, limited impact on the company. The directors have not observed any significant impacts to the industry, and as such there has been minimal impact on customer attrition, supplier disruption, pricing and cash flows. The directors continue to monitor the impacts on the company and industry, and have prepared detailed financial projections and reviewed the company's financial position to ensure that it has adequate resources to continue in operational existence in the foreseeable future. The directors are comfortable a scenario that would result in the business not having sufficient cash reserves is extremely remote.

The directors consider that the group has access to sufficient funding to meet its financial obligations as they fall due. In forming this decision the directors have taken into account the fact that the ultimate parent undertaking has provided a letter confirming it will provide the necessary financial assistance as required for a period of at least 12 months from the signing of the 2019 financial statements. In addition the company is expected to continue to generate positive cash flows on its own account for the foreseeable future. As a result the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

These financial statements do not include any adjustments that would be required if this basis was not appropriate.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Revenue

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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Call revenue is recognised based on a mixture of fixed fees spread over the life of the contract on a straight line basis, and variable fees recognised on a monthly basis based on usage reports received from carriers. Rebates are self-billed by suppliers and recognised on a monthly basis. One-off fees incurred for early cancellation are recognised as at the date of cancellation. Revenue for the sale of hardware is recognised on dispatch of the goods.

2.4 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.5 Intangible assets and amortisation

Goodwill represents the excess of the cost of acquisition of unincorporated business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is as follows:

- Goodwill on customer contracts acquired: 15 years straight line (6.67%)

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.6 Tangible fixed assets and depreciation

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.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation (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:

Fixtures, fittings and equipment - 25% per annum

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 the statement of comprehensive income.

2.7 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.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term 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.

2.10 Pensions

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 the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income 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.

2.14 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.

2.15 Foreign currency translation

The presentational and functional currency of these financial statements is GBP Sterling. Values are rounded to the nearest pound.

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet 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.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 balance sheet 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 balance sheet 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 is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (note 11)*
Tangible fixed assets are depreciated over their useful lives, being 4 years, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.
- *Intangible fixed assets (note 10)*
Intangible fixed assets are depreciated over a 15 year period taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

4. Turnover

Turnover is wholly attributable to the principal activity of the company and arises primarily within the United Kingdom.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Employees

	2019 £	2018 £
Staff costs consist of:		
Wages and salaries	719,125	743,946
Social security costs	82,102	75,038
Pension costs	25,776	15,583
	<u>827,003</u>	<u>834,567</u>

The average monthly number of employees, including directors, during the year was 17 (2018 - 18).

6. Operating profit

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

	2019 £	2018 £
Depreciation	14,456	13,942
Amortisation	312,012	312,012
Operating leases - land and buildings	52,166	25,366
Fees payable to the company's auditors for other services to the company:		
- Fees payable to company auditor for audit of annual services	18,500	16,200
- Fees payable to company auditor for taxation services	3,700	3,580
- Fees payable to company auditor for other non-audit services	2,800	3,300
Foreign exchange	416	(30)
	<u>416</u>	<u>(30)</u>

7. Interest receivable and similar income

	2019 £	2018 £
Bank interest	<u>3,924</u>	<u>20,154</u>

8. Directors remuneration

The directors are considered to be the key management personnel. There were no emoluments paid by the company in respect of the directors in the year ended 31 December 2019.

The directors remuneration is borne by another group company.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	307,844	390,556
Adjustments in respect of previous periods	(316)	(2,991)
	<u>307,528</u>	<u>387,565</u>
Deferred tax		
Origination and reversal of timing differences	(1,169)	(609)
Total deferred tax	<u>(1,169)</u>	<u>(609)</u>
Taxation on profit on ordinary activities	<u><u>306,359</u></u>	<u><u>386,956</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%).

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,307,340</u>	<u>1,738,314</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	248,395	330,280
Effects of:		
Expenses not deductible for taxation purposes	59,662	59,905
Capital allowances for year in excess of depreciation	(1,520)	(627)
Adjustments to tax charge in respect of prior periods	(316)	(2,991)
Effect of tax rate changes	138	73
Other tax adjustments	-	316
Total tax charge for the year	<u><u>306,359</u></u>	<u><u>386,956</u></u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

There were no unrecognised losses as at 31 December 2019 (2018 - Nil).

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Intangible assets

	Goodwill £
Cost	
At 1 January 2019 and at 31 December 2019	5,262,883
Amortisation	
At 1 January 2019	2,254,912
Charge for the year	312,012
At 31 December 2019	2,566,924
Net book value	
At 31 December 2019	2,695,959
At 31 December 2018	3,007,971

Goodwill relates to the historic acquisitions of the trades of KTMV Limited in the year ended 30 April 2015, Bluebell Telecom Limited in the year ended 30 April 2014, and Worldwide ISDN Limited in the year ended 30 April 2013. The trades and customer relationships of each company continue to be used within the business and will be going forwards.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets

	Fixtures, fittings & equipment £
Cost or valuation	
At 1 January 2019 and 31 December 2019	236,923
Depreciation	
At 1 January 2019	197,404
Charge for the year	14,456
At 31 December 2019	<u>211,860</u>
Net book value	
At 31 December 2019	<u>25,063</u>
At 31 December 2018	<u>39,519</u>

12. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	468,001	320,508
Amounts owed by group undertakings	212	216
Other debtors	-	315
Prepayments and accrued income	314,377	361,272
Deferred taxation	2,471	1,302
	<u>785,061</u>	<u>683,613</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £22,912 (2018 - £16,161).

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	11,621	103,669
Amounts owed to group undertakings	1,927,263	1,702,304
Corporation tax	153,148	189,334
Other taxation and social security	230,969	103,259
Other creditors	-	130,619
Accruals and deferred income	228,584	120,165
	<u>2,551,585</u>	<u>2,349,350</u>

14. Financial instruments

The company's financial instruments may be analysed as follows:

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	<u>2,740,635</u>	<u>1,211,845</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,158,395)</u>	<u>(2,048,490)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, accrued income, and balances due from fellow group companies.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and balances due to fellow group companies.

15. Deferred tax asset

	2019 £
At beginning of year	1,302
Charged to profit or loss	1,169
At end of year	<u>2,471</u>

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Deferred tax asset (continued)

The deferred tax balance is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	<u>2,471</u>	<u>1,302</u>

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,000 ordinary shares shares of £1 each	<u>2,000</u>	<u>2,000</u>

17. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Retained earnings

The retained earnings account represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Dividends

	2019 £	2018 £
Dividends paid of £Nil (2018 - £2,050) per share	<u>-</u>	<u>4,100,000</u>

19. Pension commitments

The company operates a defined contribution 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 £25,776 (2018 - £15,583). Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the reporting date and are included in creditors.

Callstream Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

20. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2019 £	Land and buildings 2018 £
Within one year	31,655	39,165
In one to two years	44,640	-
In two to five years	142,500	-
	<u>218,795</u>	<u>39,165</u>

21. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

22. Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102 not to prepare a cash flow statement on the grounds that it will wholly owned subsidiary of J2 Global, Inc and the cash flows of the company are included in the consolidated group cash flow statement of J2 Global, Inc.

23. Ultimate parent and controlling party

The immediate parent undertaking is Callstream Group Limited, a company incorporated in England and Wales. The ultimate controlling party is J2 Global, Inc, a company incorporated in the United States of America. Group accounts are available from www.sec.gov. J2 Global, Inc. trades under the symbol JCOM.

24. Post balance sheet events

On 30 January 2020, the World Health Organisation declared a global pandemic due to the spread of Covid-19. The pandemic has restricted people's movements globally, and caused economic disruption and uncertainty to supply chain and customer stability. The impact of Covid-19 has been considered as part of the companies going concern assessment with a focus on the impact on the companies revenues, working capital and non-current assets. Management have considered the impact a non-adjusting balance sheet event.

No other post balance sheet events have been identified for disclosure in the financial statements.