

COMPANY REGISTRATION NUMBER 02987598

ELITE MOBILE PLC
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2008

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ELITE MOBILE PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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ELITE MOBILE PLC
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr A Gokani Mr R Dhamecha Mr K Gokani Mr A Dhamecha
Company secretary	Mr A Gokani
Registered office	Wembley Stadium Industrial Estate First Way Wembley Middlesex HA9 0TU
Auditor	Nagle James Associates Limited Chartered Accountants & Registered Auditors 51-53 Station Road Harrow Middlesex HA1 2TY
Bankers	Barclays Bank Plc Wembley and Park Royal Acorn House 36/38 Park Royal Road London NW10 7JA

ELITE MOBILE PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of wholesalers of mobile phones, accessories and suppliers to trade customers.

The company operates in a highly competitive market place. The sales growth is very much dependent on the availability of new phone models being marketed by the handset manufacturers. In addition, the sale of mobile phones has been at a lower end of the price range which has had an impact on the sales growth. The focus during the year has been to sell accessories with better margin. The company continues to keep a close control over costs and the directors consider the results to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £872,589. The directors have not recommended a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's trade comprises the sale of the mobile phones and accessories and as such it needs to be vigilant about the fraud taking place within the market place, namely 'carousel trading'. The directors have taken all possible measures to ensure that its trading activities are properly controlled and only trade with customers after all the checks and processes have been completed.

DIRECTORS

The directors who served the company during the year were as follows:

Mr A Gokani
Mr R Dhamecha
Mr K Gokani
Mr A Dhamecha

POLICY ON THE PAYMENT OF CREDITORS

The company does not follow any specified code or standard on payment practice. However it is the company's policy to negotiate the terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the company's policy to abide by these terms.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to

ELITE MOBILE PLC
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2008

presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

DONATIONS

During the year the company made the following contributions:

	2008	2007
	£	£
Charitable	<u>1,974</u>	<u>4,950</u>

AUDITOR

A resolution to re-appoint Nagle James Associates Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Wembley Stadium Industrial Estate
First Way
Wembley
Middlesex
HA9 0TU

Signed on behalf of the directors



Mr A Gokani
Director

Approved by the directors on 5 June 09

ELITE MOBILE PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ELITE MOBILE PLC
YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Elite Mobile Plc for the year ended 31 December 2008 on pages 6 to 16, which have been prepared on the basis of the accounting policies set out on page 11.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ELITE MOBILE PLC

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ELITE MOBILE PLC *(continued)***

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

51-53 Station Road
Harrow
Middlesex
HA1 2TY

5 June 09

Nagle James Associates Ltd.
NAGLE JAMES ASSOCIATES LIMITED
Chartered Accountants
& Registered Auditors

ELITE MOBILE PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	2	63,506,473	69,337,967
Cost of sales		<u>58,246,351</u>	<u>65,011,494</u>
GROSS PROFIT		5,260,122	4,326,473
Administrative expenses		<u>4,017,082</u>	<u>3,388,079</u>
OPERATING PROFIT	3	1,243,040	938,394
Interest receivable		28,990	3,025
Interest payable and similar charges	6	<u>(25,611)</u>	<u>(104,983)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,246,419	836,436
Tax on profit on ordinary activities	7	<u>373,830</u>	<u>250,065</u>
PROFIT FOR THE FINANCIAL YEAR		<u>872,589</u>	<u>586,371</u>

All of the activities of the company are classed as continuing.

ELITE MOBILE PLC**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****YEAR ENDED 31 DECEMBER 2008**

	2008	2007
	£	£
Profit for the financial year	872,589	586,371
Opening shareholders' funds	<u>10,290,135</u>	<u>9,703,764</u>
Closing shareholders' funds	<u>11,162,724</u>	<u>10,290,135</u>

ELITE MOBILE PLC

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	2	2
Tangible assets	9	263,432	356,219
Investments	10	2	2
		<u>263,436</u>	<u>356,223</u>
CURRENT ASSETS			
Stocks	11	5,136,244	5,851,717
Debtors	12	5,186,077	11,114,077
Cash at bank and in hand		5,333,364	295,014
		<u>15,655,685</u>	<u>17,260,808</u>
CREDITORS: Amounts falling due within one year	13	<u>4,756,397</u>	<u>7,326,896</u>
NET CURRENT ASSETS		<u>10,899,288</u>	<u>9,933,912</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,162,724</u>	<u>10,290,135</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	1,000,000	1,000,000
Profit and loss account	17	10,162,724	9,290,135
SHAREHOLDERS' FUNDS		<u>11,162,724</u>	<u>10,290,135</u>

These financial statements were approved by the directors and authorised for issue on 5 June 09, and are signed on their behalf by:



Mr A Gokani

ELITE MOBILE PLC
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES			5,746,230		1,879,598
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		<u>28,990</u>		<u>3,025</u>	
Interest paid		<u>(25,611)</u>		<u>(104,983)</u>	
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			3,379		(101,958)
TAXATION			(34,198)		(390,521)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		<u>(12,442)</u>		<u>(106,141)</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(12,442)		(106,141)
CASH INFLOW BEFORE USE OF LIQUID RESOURCES			5,702,969		1,280,978
MANAGEMENT OF LIQUID RESOURCES					
Cash placed in short term deposits		<u>(4,765,860)</u>		<u>834</u>	
NET CASH (OUTFLOW)/INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(4,765,860)		834
INCREASE IN CASH			<u>937,109</u>		<u>1,281,812</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	1,243,040	938,394
Depreciation	105,229	105,274
Decrease/(increase) in stocks	715,473	(256,262)
Decrease/(increase) in debtors	5,928,000	(756,547)
(Decrease)/increase in creditors	<u>(2,245,512)</u>	<u>1,848,739</u>
Net cash inflow from operating activities	<u>5,746,230</u>	<u>1,879,598</u>

ELITE MOBILE PLC
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31 DECEMBER 2008

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008		2007	
	£	£	£	£
Increase in cash in the period	937,109		1,281,812	
Cash used to increase/decrease liquid resources	<u>4,765,860</u>		<u>(834)</u>	
		<u>5,702,969</u>		<u>1,280,978</u>
Change in net funds		5,702,969		1,280,978
Net debt at 1 January 2008		<u>(369,605)</u>		<u>(1,650,583)</u>
Net funds at 31 December 2008		<u>5,333,364</u>		<u>(369,605)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	295,014	5,038,350	5,333,364
Overdrafts	(664,619)	664,619	—
Less: deposits treated as liquid resources	<u>860</u>	<u>(4,765,860)</u>	<u>(4,765,000)</u>
	<u>(368,745)</u>	<u>937,109</u>	<u>568,364</u>
Liquid resources:			
Deposits included in cash	<u>(860)</u>	<u>4,765,860</u>	<u>4,765,000</u>
Net funds	<u>(369,605)</u>	<u>5,702,969</u>	<u>5,333,364</u>

In the opinion of the directors it is considered to be seriously prejudicial to the interests of the company to disclose information regarding turnover and therefore the geographical segments information has not been disclosed in the accounts.

ELITE MOBILE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of owned fixed assets	105,229	105,274
Auditor's remuneration		
- as auditor	16,500	16,500
Net profit on foreign currency translation	<u>(334,608)</u>	<u>(111,154)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of administrative staff	55	49
Number of sales and marketing staff	<u>28</u>	<u>25</u>
	<u>83</u>	<u>74</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	2,724,648	2,108,969
Social security costs	<u>267,988</u>	<u>201,881</u>
	<u>2,992,636</u>	<u>2,310,850</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	<u>233,600</u>	<u>150,000</u>

Emoluments of highest paid director:

	2008	2007
	£	£
Total emoluments (excluding pension contributions)	<u>101,800</u>	<u>60,000</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	18,160	33,477
Other similar charges payable	<u>7,451</u>	<u>71,506</u>
	<u>25,611</u>	<u>104,983</u>

ELITE MOBILE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	373,830	270,302
Over/under provision in prior year	-	(20,237)
Total current tax	<u>373,830</u>	<u>250,065</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>1,246,419</u>	<u>836,436</u>
Profit on ordinary activities by rate of tax	373,926	250,931
Expenses not deductible for tax purposes	9,547	14,482
Depreciation for the period in excess of capital allowances	10,071	4,889
Adjustments to tax charge in respect of previous years	-	(20,237)
Tax chargeable at lower rates	<u>(19,714)</u>	<u>-</u>
Total current tax (note 7(a))	<u>373,830</u>	<u>250,065</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2008 and 31 December 2008	<u>780,088</u>
AMORTISATION	
At 1 January 2008 and 31 December 2008	<u>(780,086)</u>
NET BOOK VALUE	
At 31 December 2008	<u>2</u>
At 31 December 2007	<u>2</u>

ELITE MOBILE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

9. TANGIBLE FIXED ASSETS

	Property Improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 January 2008	116,821	942,676	210,700	1,270,197
Additions	—	12,442	—	12,442
At 31 December 2008	<u>116,821</u>	<u>955,118</u>	<u>210,700</u>	<u>1,282,639</u>
DEPRECIATION				
At 1 January 2008	75,617	778,685	59,676	913,978
Charge for the year	23,365	44,108	37,756	105,229
At 31 December 2008	<u>98,982</u>	<u>822,793</u>	<u>97,432</u>	<u>1,019,207</u>
NET BOOK VALUE				
At 31 December 2008	<u>17,839</u>	<u>132,325</u>	<u>113,268</u>	<u>263,432</u>
At 31 December 2007	<u>41,204</u>	<u>163,991</u>	<u>151,024</u>	<u>356,219</u>

10. INVESTMENTS

	Total £
COST	
At 1 January 2008 and 31 December 2008	<u>2</u>
NET BOOK VALUE	
At 31 December 2008	<u>2</u>
At 31 December 2007	<u>2</u>

The company owns 100% of the issued share capital of the company Fone Range Limited, which is a dormant company.

11. STOCKS

	2008 £	2007 £
Finished goods	<u>5,136,244</u>	<u>5,851,717</u>

12. DEBTORS

	2008 £	2007 £
Trade debtors	4,829,993	9,522,681
Other debtors	3,300	752,420
Prepayments and accrued income	352,784	838,976
	<u>5,186,077</u>	<u>11,114,077</u>

ELITE MOBILE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

13. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Overdrafts	—	664,619
Trade creditors	3,380,665	6,041,933
Other creditors including taxation and social security:		
Corporation tax	644,132	304,500
Other taxation and social security	630,844	67,934
Other creditors	1,904	1,765
	<u>1,276,880</u>	<u>374,199</u>
Accruals and deferred income	98,852	246,145
	<u>4,756,397</u>	<u>7,326,896</u>

The bank overdraft facility and borrowings are secured by a limited guarantee by the directors of the company and are also secured against the assets of the company.

14. DEFERRED TAXATION

Deferred taxation not provided for in the financial statements in respect of Accelerated Capital Allowances amounted to £ Nil (2007 £ Nil). The amount unprovided represents contingent liability at the balance sheet date and are calculated using the rate of 28% to 30%.

15. RELATED PARTY TRANSACTIONS

During the year:

a. The company paid to Dhamecha Foods Ltd, a party related to the company by virtue of certain common shareholders, rent and storage charges of £162,000 and interest amounting to £6,471. The company sold goods amounting to £1,368 to Dhamecha Foods Limited. The balance receivable at the year end was £283.

b. The company had also sold goods amounting to £4,126,247 to Connect Global Ltd, a party related to the company by virtue of certain common shareholders, at arms length. The balance receivable at the year end was £145,917.

16. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2008	2007
	No	No
	£	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

ELITE MOBILE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

17. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	9,290,135	8,703,764
Profit for the financial year	<u>872,589</u>	<u>586,371</u>
Balance carried forward	<u>10,162,724</u>	<u>9,290,135</u>

ELITE MOBILE PLC
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2008

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**

ELITE MOBILE PLC
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
TURNOVER	63,506,473	69,337,967
COST OF SALES		
Opening stock - finished goods	5,851,717	5,595,455
Purchases	<u>57,530,878</u>	<u>65,267,756</u>
	63,382,595	70,863,211
Closing stock - finished goods	<u>(5,136,244)</u>	<u>(5,851,717)</u>
	<u>58,246,351</u>	<u>65,011,494</u>
GROSS PROFIT	5,260,122	4,326,473
OVERHEADS		
Administrative expenses	<u>4,017,082</u>	<u>3,388,079</u>
OPERATING PROFIT	1,243,040	938,394
Bank interest receivable	<u>28,990</u>	<u>3,025</u>
	<u>1,272,030</u>	<u>941,419</u>
Interest payable and similar charges	<u>(25,611)</u>	<u>(104,983)</u>
PROFIT ON ORDINARY ACTIVITIES	<u>1,246,419</u>	<u>836,436</u>