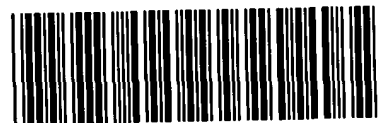


Company registration number 02987598 (England and Wales)

ELITE MOBILE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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ELITE MOBILE LIMITED

COMPANY INFORMATION

Directors	Mr Ketan Gokani Mr Amit Dhamecha
Company number	02987598
Registered office	Wembley Stadium Industrial First Way Wembley Middlesex HA9 0TU
Auditor	Nagle James Associates Limited Amba House 4th Floor, Kings Suite 15 College Road Harrow Middlesex HA1 1BA
Business address	Wembley Stadium Industrial First Way Wembley Middlesex HA9 0TU
Bankers	Barclays Bank Plc Acorn House 36-38 Park Royal Road London NW10 7JA

ELITE MOBILE LIMITED

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ELITE MOBILE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Turnover for the year ended 31 December 2022 amounted to £88.4m compared to £80.8m for the previous year and the operating profit for the year was £4.6m compared to £4.8m in the previous year.

The directors considered the results at the year end to be satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties facing the company include operating in a competitive market.

Financial risk management objectives and policies

The company is not exposed to material levels of credit, liquidity and interest rate risks. The management monitors the net debt and cashflows on a regular basis and that adequate working capital are in place.

The directors have also 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.

Payments of creditors

The company's policy is to negotiate the terms with its suppliers and to ensure payments are made accordingly.

Financial Instruments

The company's policy is to finance its operations from retained profits and bank facilities. Additional uncommitted borrowing and overdraft facilities are utilised for short term financing requirements.

The financial instruments utilised by the company are borrowings, short-term cash deposits and items such as trade creditors which arise directly from its operations. The company's policy is not to trade in financial instruments.

Key performance indicators

The directors use both financial and non-financial performance indicators to monitor the company's position.

The key financial indicators for the performance of the company are sales £88.4m (2021: £80.8m), gross profit of £11.1m (2021: £10.6m) and a strong balance sheet with net assets of £24.9m (2021: £25.1m).

The key non-financial performance indicator is customer service and satisfaction, the sales and distribution network and stakeholder relationship.

The directors are of the belief that the monitoring of the above-mentioned indicators is an effective aspect of business performance review.

Section 172 statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- (a) the likely long-term consequences of decisions in the long-term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between shareholders of the company.

ELITE MOBILE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have always taken decisions in the long term interest of the Company. Our business model is driven by original philosophies that promotes competitively pricing of our products; first class customer service; and building successful relationships with our suppliers. Our business model has delivered shareholder value as demonstrated by the growth of the company. We have, therefore, considered whether we should be doing anything different. Our conclusion to these deliberation to date has been that, whilst we expect and are planning for continued political and economic uncertainty, particularly given the ongoing Brexit negotiations and impact of Covid-19, we are well positioned and our plan is to continue to operate our business within tight budgetary controls.

Our staff are fundamental to the delivery of our plan. The Company is committed to being a responsible employer in our approach to the pay and benefits our staff receive. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We have always recognised the importance of treating all our staff with respect and trust. The Company has a well-developed structure through which it engages regularly with staff to discuss and understand matters concerning staff.

Operational excellence is important to the Company and is integral to our plan. We work closely with our suppliers throughout the year.

On behalf of the board



Mr Ketan Gokani
Director

27 September 2023

ELITE MOBILE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of wholesalers of mobile phones, top-ups, sim cards, accessories and commission from the same.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £4m. The directors do not recommend payment of a further dividend.

Directors

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

Mr Ketan Gokani
Mr Amit Dhamecha

Research and development

The company continues to perform research and development integrating new technologies and advancements to their products and services with the aim of adding value to their clients through innovative technology.

Future developments

The directors aim to continue with the management policies to grow their business and control costs.

While we remain cautious about the current economic climate, we hope to demonstrate the strength of our business model with the continued support of our employees and successful relationships with our suppliers and customers.

Auditor

The auditor, Nagle James Associates Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The group accounts contain a group disclosure in the directors' report hence the exemption has been applied for this entity.

ELITE MOBILE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

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

On behalf of the board



Mr Ketan Gokani
Director

27 September 2023

ELITE MOBILE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELITE MOBILE LIMITED

Opinion

We have audited the financial statements of Elite Mobile Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 2022 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

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ELITE MOBILE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELITE MOBILE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.

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

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

ELITE MOBILE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELITE MOBILE LIMITED

We obtained understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the financial reporting framework, tax regulations in the jurisdictions in which the company operates.

Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved: making enquiries of management, those responsible for legal and compliance procedures and reviewing other correspondence.

We communicated identified fraud risks and non-compliance with laws and regulations with those charged with governance, throughout the audit team and remained alert to any indications throughout the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ELITE MOBILE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELITE MOBILE LIMITED

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.



Kaushik Nathwani (Senior Statutory Auditor)
For and on behalf of Nagle James Associates Limited

27 September 2023

Chartered Accountants
Statutory Auditor

Amba House
4th Floor, Kings Suite
15 College Road
Harrow
Middlesex
HA1 1BA

ELITE MOBILE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	88,419	80,803
Cost of sales		(77,270)	(70,179)
		<hr/>	<hr/>
Gross profit		11,149	10,624
Distribution costs		(3,836)	(3,556)
Administrative expenses		(2,682)	(2,317)
Other operating income		-	30
		<hr/>	<hr/>
Operating profit	4	4,631	4,781
Interest receivable and similar income	7	15	5
Interest payable and similar expenses	8	(3)	(3)
		<hr/>	<hr/>
Profit before taxation		4,643	4,783
Tax on profit	9	(876)	(756)
		<hr/>	<hr/>
Profit for the financial year		<u>3,767</u>	<u>4,027</u>

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

ELITE MOBILE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Profit for the year	3,767	4,027
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,767</u>	<u>4,027</u>

ELITE MOBILE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		425		410
Investments	12		2,758		2,758
			<u>3,183</u>		<u>3,168</u>
Current assets					
Stocks	14	3,889		3,719	
Debtors	15	35,150		24,869	
Cash at bank and in hand		1,992		6,536	
		<u>41,031</u>		<u>35,124</u>	
Creditors: amounts falling due within one year	16	(19,225)		(13,077)	
Net current assets			<u>21,806</u>		<u>22,047</u>
Total assets less current liabilities			<u>24,989</u>		<u>25,215</u>
Provisions for liabilities					
Deferred tax liability	17	70	(70)	63	(63)
Net assets			<u>24,919</u>		<u>25,152</u>
Capital and reserves					
Called up share capital	20		1,000		1,000
Profit and loss reserves			23,919		24,152
Total equity			<u>24,919</u>		<u>25,152</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2023 and are signed on its behalf by:



Mr Ketan Gokani
Director

Company Registration No. 02987598

ELITE MOBILE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2021		1,000	25,125	26,125
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	4,027	4,027
Dividends	10	-	(5,000)	(5,000)
Balance at 31 December 2021		1,000	24,152	25,152
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	3,767	3,767
Dividends	10	-	(4,000)	(4,000)
Balance at 31 December 2022		1,000	23,919	24,919

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Elite Mobile Limited is a private company limited by shares incorporated in England and Wales. The registered office is Wembley Stadium Industrial, First Way, Wembley, Middlesex, HA9 0TU.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Elite Mobile (Holdings) Limited. These consolidated financial statements are available from its registered office, Amba House, 4th floor, Kings Suite, 15 College Road, Harrow, Middlesex, HA1 1BA.

1.2 Going concern

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

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the 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.

Network commission revenue is based on the contractual arrangements with the Mobile Network Operators. The level of network commission earned is based on a share of the monthly payments made by the consumer to the Network Operators. Commission revenue is only recognised to the extent it can be reliably measured for the period of the accounts.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Leasehold land and buildings	Straight line over 25 years
Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover

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

4 Operating profit

	2022	2021
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(210)	(152)
Government grants	-	(30)
Fees payable to the company's auditor for the audit of the company's financial statements	27	26
Depreciation of owned tangible fixed assets	140	134
Profit on disposal of tangible fixed assets	-	(1)
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Administration staff	25	25
Distribution staff	62	72
	<u> </u>	<u> </u>
Total	87	97
	<u> </u>	<u> </u>

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2022 £'000	2021 £'000
	Wages and salaries	3,334	3,091
	Social security costs	399	333
	Pension costs	44	146
		<u>3,777</u>	<u>3,570</u>
6	Directors' remuneration	2022 £'000	2021 £'000
	Remuneration for qualifying services	135	135
	Company pension contributions to defined contribution schemes	1	1
		<u>136</u>	<u>136</u>
7	Interest receivable and similar income	2022 £'000	2021 £'000
	Interest income		
	Other interest income	15	5
		<u>15</u>	<u>5</u>
8	Interest payable and similar expenses	2022 £'000	2021 £'000
	Interest on bank overdrafts and loans	3	3
		<u>3</u>	<u>3</u>
9	Taxation	2022 £'000	2021 £'000
	Current tax		
	UK corporation tax on profits for the current period	869	907
	Adjustments in respect of prior periods	-	(157)
	Total current tax	<u>869</u>	<u>750</u>
	Deferred tax		
	Origination and reversal of timing differences	7	6
		<u>7</u>	<u>6</u>
	Total tax charge	<u>876</u>	<u>756</u>

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	4,643	4,783
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	882	909
Tax effect of expenses that are not deductible in determining taxable profit	(1)	(2)
Permanent capital allowances in excess of depreciation	(14)	-
Other permanent differences	(2)	-
Under/(over) provided in prior years	4	(157)
Deferred tax not recognised	7	6
Taxation charge for the year	876	756

10 Dividends

	2022 £'000	2021 £'000
Final paid	4,000	5,000

11 Tangible fixed assets

	Leasehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2022	125	68	1,960	64	2,217
Additions	-	4	90	63	157
At 31 December 2022	125	72	2,050	127	2,374
Depreciation and impairment					
At 1 January 2022	117	37	1,625	28	1,807
Depreciation charged in the year	1	9	106	25	141
At 31 December 2022	118	46	1,732	53	1,949
Carrying amount					
At 31 December 2022	7	26	318	74	425
At 31 December 2021	8	31	335	36	410

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Fixed asset investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	13	2,513	2,513
Unlisted investments		245	245
		<u>2,758</u>	<u>2,758</u>

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect	
Galaxy Connect Limited (Including overseas branches in France, Germany and Spain)	Amba House, 4th floor, King Suite 15 College Road Harrow Middlesex HA1 1BA	Ordinary shares	100.00	-
Fone Range Limited	46 Suite 103, First Floor, 46 Station Road, North Harrow, Middlesex, England, HA2 7SE	Ordinary shares	100.00	-
Galaxy Connect (Ireland) Limited	Colimore House, Colimore Road, Dalkey, Co. Dublin	Ordinary shares	-	100.00
Galaxy Connect GMBH	Nordliche Munchner StraBe 9c D-82031-Grunwald	Ordinary shares	-	100.00

14 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	<u>3,889</u>	<u>3,719</u>

15 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	5,101	9,003
Amounts owed by group undertakings	26,132	12,854
Other debtors	-	3
Prepayments and accrued income	3,917	3,009
	<u>35,150</u>	<u>24,869</u>

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Notes	2022 £'000	2021 £'000
Trade creditors		7,263	7,373
Corporation tax		1,133	(196)
Other taxation and social security		972	672
Deferred income	18	291	644
Other creditors		3,020	23
Accruals and deferred income		6,546	4,561
		<u>19,225</u>	<u>13,077</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £'000	Liabilities 2021 £'000
Balances:		
Accelerated capital allowances	<u>70</u>	<u>63</u>
Movements in the year:		2022 £'000
Liability at 1 January 2022		63
Charge to profit or loss		<u>7</u>
Liability at 31 December 2022		<u>70</u>

18 Deferred income

	2022 £'000	2021 £'000
Other deferred income	<u>291</u>	<u>644</u>

19 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>44</u>	<u>146</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

ELITE MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21 Related party transactions

The company has taken advantage of the exemption available in FRS 102 (s33 "Related Party Disclosure"), whereby it has not disclose transactions with any wholly owned subsidiary undertaking of the group.

22 Ultimate controlling party

The company's immediate and ultimate parent undertaking at the balance sheet date was Elite Mobile (Holdings) Limited registered in England and Wales. Consolidated group financial statements of Elite Mobile (Holdings) Limited are available from the company's corporate address Amba House, 4th floor, Kings Suite, 15 College Road, Harrow, Middlesex, HA1 1BA.

The largest and smallest group in which the results of the company are consolidated is that headed by Elite Mobile (Holdings) Limited. The consolidated accounts of this company are available to the public and may be obtained at its registered office address. No other group accounts include the results of the company.

23 Guarantees and charge

The bank overdraft facility is secured by a limited guarantee from the directors of the company.