

Company registration number: 02987598

Elite Mobile Limited

Financial statements

31 December 2020

Elite Mobile Limited

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Elite Mobile Limited

Directors and other information

Directors	Mr K Gokani Mr A Dhamecha
Secretary	K Gokani
Company number	02987598
Registered office	Wembley Stadium Industrial Estate First Way Wembley Middlesex HA9 0TU
Business address	Wembley Stadium Industrial Estate First Way Wembley Middlesex HA9 0TU
Auditor	Nagle James Associates Limited Amba House Statutory Auditors and Chartered Accountants 4th Floor, Kings Suite 15 College Road Harrow, Middlesex HA1 1BA

Bankers

Barclays Bank Plc
Wembley and Park Royal
Acorn House
36/38 Park Royal Road
London NW10 7JA

Elite Mobile Limited

Directors report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Principal activity

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

Directors

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

Mr K Gokani

Mr A Dhamecha

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Greenhouse gas emissions and energy consumption

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

Disclosure of information in the strategic report.

Certain matters required by regulation to be dealt with in the annual report have been dealt with in the strategic report which follows, rather than in the Directors' Report.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 judgments 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.

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.

The directors are responsible for the maintenance and integrity of the company's website.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and -
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 30 September 2021 and signed on behalf of the board by:

Mr K Gokani

Director

Elite Mobile Limited

Strategic report

Year ended 31 December 2020

Business Review

Turnover for the year ended 31 December 2020 amounted to £73.3m compared to £84.8m for the previous year and the operating profit for the year was £5.1m compared to £6.9m in the previous year.

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

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 £73.3m (2019: £84.8m), gross profit of £10.9m (2018: £12.6m) and a strong balance sheet with net assets of £26m (2019: £27m).

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 are an effective aspect of business performance review.

Principal risks and uncertainties

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

The outbreak and global spread of the COVID-19 is having a significant and prolonged impact on global economic conditions. During this period, there has been limited impact on our operations. Governments and public bodies in affected countries have introduced temporary emergency public measures such as travel bans, quarantines and public lockdowns. This global pandemic is moving from an emerging risk for the business post year end to a principal risk.

Whilst the increasing uncertainty will be challenging, to support planning for, assessment of and mitigate the impact of COVID-19, we will continue to:

- Fully follow all government advice for employers;
- Promote the importance of, and access to, hand hygiene facilities and social distancing;
- Review our business continuity plans;
- Update HR, technology, telephony and information policies and systems where appropriate and communicated these to all staff;
- Make changes to our recruitment and on-boarding processes so that we can continue to recruit and induct new staff;
- Revise team communications strategies to ensure that management can adequately supervise and support employees;
- Increase employee well-being support;
- Assess our principal risks to understand their continuing relevance and what this means for delivering our strategic objectives;
- Engage key stakeholders to discuss COVID-19.

COVID-19

Following the government's instructions to help contain the outbreak of COVID-19, the company has introduced measures to improve the health and safety of its employees and customers. The company is working very closely with suppliers to ensure continuous supply of products and to avoid delays to customers.

The directors are monitoring the company's performance and have taken measures to mitigate the impact of COVID-19 on its activities.

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 instrument

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.

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.

Brexit

In the short term, the UK's decision to leave the EU and the decisions of UK Parliament continue to create a degree of uncertainty within the economy. This may have an impact on revenue and profitability.

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 between shareholders of the company.

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.

This report was approved by the board of directors on 30 September 2021 and signed on behalf of the board by:

Mr K Gokani

Director

Elite Mobile Limited

Independent auditor's report to the members of

Elite Mobile Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Elite Mobile Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, 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 FRS 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 2020 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. 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 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 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 strategic report or the directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and the 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. We assessed the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with remote working and government grants. 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kaushik Nathwani (Senior Statutory Auditor)

For and on behalf of

Nagle James Associates Limited

Statutory Auditors and Chartered Accountants

Amba House

4th Floor, Kings Suite

15 College Road

Harrow, Middlesex

HA1 1BA

30 September 2021

Elite Mobile Limited**Statement of comprehensive income****Year ended 31 December 2020**

		2020	2019
	Note	£'000	£'000
Turnover	4	73,329	84,768
Cost of sales		(62,404)	(72,138)
		<hr/>	<hr/>
Gross profit		10,925	12,630
Distribution costs		(3,369)	(3,234)
Administrative expenses		(2,688)	(2,480)
Other operating income	5	182	5
		<hr/>	<hr/>
Operating profit	6	5,050	6,921
Other interest receivable and similar income	11	5	7
Interest payable and similar expenses	12	(2)	(16)
		<hr/>	<hr/>
Profit before taxation		5,053	6,912
Tax on profit	13	(976)	(1,311)
		<hr/>	<hr/>
Profit for the financial year and total comprehensive income		4,077	5,601
		<hr/>	<hr/>

All the activities of the company are from continuing operations.

Elite Mobile Limited

Statement of financial position

31 December 2020

	Note	2020 £'000	2019 £'000	£'000
Fixed assets				
Intangible assets		-	-	
Tangible assets	15	454	466	
Investments	16	2,758	2,758	
			3,212	3,224
Current assets				
Stocks	17	5,303	5,120	
Debtors	18	21,881	19,784	
Cash at bank and in hand		6,331	7,401	
		33,515	32,305	
Creditors: amounts falling due within one year	19	(10,547)	(8,432)	
Net current assets			22,968	23,873
Total assets less current liabilities			26,180	27,097
Provisions for liabilities	20		(59)	(53)
Net assets			26,121	27,044
Capital and reserves				
Called up share capital	23		1,000	1,000
Profit and loss account	24		25,121	26,044
Shareholders funds			26,121	27,044

These financial statements were approved by the board of directors and authorised for issue on 30 September 2021 , and are signed on behalf of the board by:

Mr K Gokani

Director

Company registration number: 02987598

Elite Mobile Limited

Statement of changes in equity

Year ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2019	1,000	24,643	25,643
Profit for the year		5,601	5,601
Total comprehensive income for the year	-	5,601	5,601
Dividends paid and payable		(4,200)	(4,200)
Total investments by and distributions to owners	-	(4,200)	(4,200)
At 31 December 2019 and 1 January 2020	1,000	26,044	27,044
Profit for the year		4,077	4,077
Total comprehensive income for the year	-	4,077	4,077
Dividends paid and payable		(5,000)	(5,000)
Total investments by and distributions to owners	-	(5,000)	(5,000)
At 31 December 2020	1,000	25,121	26,121

Elite Mobile Limited

Notes to the financial statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales, United Kingdom. The address of the registered office is Wembley Stadium Industrial Estate, First Way, Wembley, Middlesex, HA9 0TU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Triennial review 2017 amendments to the standard have been adopted.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The amounts are rounded to the nearest £'000s.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis in preparing its financial statements.

Disclosure exemptions

This company is a qualifying entity for the purpose 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: - the requirement to present a statement of cash flows and related notes - financial instrument disclosures, including: - categories of financial instruments, - items of income, expenses, gains or losses relating to financial instruments, and - exposure to and management of financial risks.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. Accordingly these financial statements present information about the company as an individual undertaking and not as a Group.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful life of Property, Plant and Equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the unused lives and residual values.

Trade Debtors

Trade debtors are reviewed regularly for potential impairment. The review is performed on a customer-by-customer basis by management and considers factors such as age of debt, recovery since the reporting date and discussions with the customer. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are reassessed as part of the above review and are released where subsequent information support recovery of the debt.

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 have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions 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.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Tangible assets

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	- Over the period of lease
Plant and machinery	- 25 % reducing balance
Fittings fixtures and equipment	- 25 % reducing balance
Motor vehicles	- 25 % reducing balance
Land and building	- Straight line over 25 years

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Investment property

Investment property is measured initially at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

Cash and cash equivalents

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

4. 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.

5. Other operating income

	2020	2019
	£'000	£'000
Rental income	1	5
Government grant income	181	-
	<hr/>	<hr/>
	182	5
	<hr/>	<hr/>

6. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation of tangible assets	170	153
(Gain)/loss on disposal of tangible assets	(9)	4
Cost of stocks recognised as an expense	44,238	50,579
Foreign exchange differences	(189)	(121)
	<hr/>	<hr/>

7. Auditors remuneration

	2020	2019
	£'000	£'000
Fees payable to Nagle James Associates Limited		
Fees payable for the audit of the financial statements	17	19
	<hr/>	<hr/>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	2	2
Other non-audit services	8	2
	<hr/>	<hr/>
	10	4
	<hr/>	<hr/>

Auditor's remuneration in respect of services supplied to the other group companies is provided in the consolidated accounts of the parent company.

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
Distribution staff	80	66
Administrative staff	26	23
	<u>106</u>	<u>89</u>

The aggregate payroll costs incurred during the year were:

	2020	2019
	£'000	£'000
Wages and salaries	3,230	3,015
Social security costs	282	287
Other pension costs	37	42
	<u>3,549</u>	<u>3,344</u>

9. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £37k (2019: £42k).

10. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2020	2019
	£'000	£'000
Remuneration	135	135
Company contributions to pension schemes in respect of qualifying services	1	1
	<u>136</u>	<u>136</u>

11. Other interest receivable and similar income

	2020	2019
	£'000	£'000
Bank interest	5	7

12. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Bank loans and overdrafts	2	12
Other interest payable and similar expenses	-	4
	<u>2</u>	<u>16</u>

13. Tax on profit

Major components of tax expense

	2020	2019
	£'000	£'000
Current tax:		
UK current tax expense	970	1,284
	<u> </u>	<u> </u>
Deferred tax:		
Origination and reversal of timing differences	6	27
	<u> </u>	<u> </u>
Tax on profit	<u>976</u>	<u>1,311</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is the same as (2019: the same as) the standard rate of corporation tax in the UK of 19.00 % (2019: 19.00%).

	2020	2019
	£'000	£'000
Profit before taxation	5,053	6,912
	<u> </u>	<u> </u>
Profit multiplied by rate of tax	960	1,313
Effect of expenses not deductible for tax purposes	31	(2)
Effect of capital allowances and depreciation	(21)	(27)
Deferred tax not recognised	6	27
	<u> </u>	<u> </u>
Tax on profit	<u>976</u>	<u>1,311</u>

14. Dividends

Equity dividends

	2020	2019
	£'000	£'000
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	5,000	4,200

15. Tangible assets

	Short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2020	125	58	1,779	82	2,044
Additions	-	-	183	64	247
Disposals	-	-	(86)	(42)	(128)
At 31 December 2020	125	58	1,876	104	2,163
Depreciation					
At 1 January 2020	117	15	1,393	53	1,578
Charge for the year	-	11	142	17	170
Disposals	-	-	(21)	(18)	(39)
At 31 December 2020	117	26	1,514	52	1,709
Carrying amount					
At 31 December 2020	8	32	362	52	454
At 31 December 2019	8	43	386	29	466

16. Investments

	Shares in group undertakings £'000	Property investment £'000	Total £'000
Cost			
At 1 January 2020 and 31 December 2020	2,513	245	2,758
Impairment			
At 1 January 2020 and 31 December 2020	-	-	-
Carrying amount			
At 31 December 2020	2,513	245	2,758
At 31 December 2019	2,513	245	2,758

The investment property has been valued at fair value using the market rate of return by the directors as at 31 December 2020. The directors believe there is no change in the fair value. There has been no independent valuation for the property during the year.

Investments in group undertakings

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Galaxy Connect Limited	Amba House, 4th floor 4th floor, King Suite 15 College Road Harrow, Middlesex HA1 1BA	Ordinary	100
Fone Range Limited	Suite 103 First Floor 46 Station Road, North Harrow, Middlesex England HA2 7SE	Ordinary	100
Galaxy Connect (Ireland) Limited	Colimore House, Colimore Road, Dalkey, Co. Dublin	Ordinary	100

The results and capital and reserves for the period of the trading companies are as follows:

	Capital and reserves		Profit/(loss) for the period	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Subsidiary undertakings				
Galaxy Connect Limited	5,739	4,267	1,472	931
Sub Subsidiary undertakings				
Galaxy Connect (Ireland) Limited	(62)	(-)	(62)	-

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

17. Stocks

	2020	2019
	£'000	£'000
Finished goods and goods for resale	5,303	5,120
	<hr/>	<hr/>

18. Debtors

	2020	2019
	£'000	£'000
Trade debtors	7,947	5,096
Amounts owed by group undertakings	10,966	12,516
Prepayments and accrued income	2,885	2,161
Other debtors	83	11
	<hr/>	<hr/>
	21,881	19,784
	<hr/>	<hr/>

19. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Bank loans and overdrafts	853	1,054
Trade creditors	5,740	2,942
Amounts owed to group undertakings	231	-
Accruals and deferred income	2,622	3,277
Corporation tax	317	408
Social security and other taxes	766	737
Other creditors	18	14
	<u>10,547</u>	<u>8,432</u>

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

20. Provisions

	Deferred tax (note 21)	Total
	£'000	£'000
At 1 January 2020	53	53
Additions	6	6
	<u>59</u>	<u>59</u>
At 31 December 2020	<u>59</u>	<u>59</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£'000	£'000
Included in provisions (note 20)	59	53
	<u>59</u>	<u>53</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£'000	£'000
Accelerated capital allowances	59	53
	<u>59</u>	<u>53</u>

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£'000	£'000
Recognised in other operating income:		
Government grants recognised directly in income	181	-
	<u> </u>	<u> </u>

23. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No	£'000	No	£'000
Ordinary shares of £1.00 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

24. Reserves

Called-up share capital – represents the nominal value of shares that have been issued. Profit and loss account – includes all current and prior period retained profits and losses.

25. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Remuneration of key management personnel	136	136	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company has taken advantage of the exemption under FRS 102 Section 33.1A not to disclose transactions with fellow subsidiary entities that are 100% owned within the group.

26. 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.

27. Guarantees and charges

The company had given the bank a fixed and floating charge over the undertaking and all property and assets, present future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. This charge has been satisfied on 23 March 2021. The bank overdraft facility is secured against the assets of the company and by a limited guarantee from the directors of the company.

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