

Registered number
04189802

**Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 31 May 2019**
for
3R Telecom Limited

Lall Ondhia Limited
Charter House
8-10 Station Road
London
E12 5BT



3R Telecom Limited
Reports and accounts
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3R Telecom Limited
Company Information

Directors

Dr Gulrez Khan
Mr Ramesh Bhikhabhai Patel
Mr Rajnikant Dayabhai Patel
Mr Paul Stacy Wootten

Secretaries

Mr Taahir Sayed
Mr Kamal Dave

Auditors

Lall Ondhia Ltd
8-10 Station Road
Manor Park
London
United Kingdom
E12 5BT

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered office

8-10 Station Road
Manor Park
London
CM16 6RB
E12 5BT

Registered number

04189802

3R Telecom Limited

Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 May 2019.

REVIEW OF BUSINESS

The downward pressure on the UK economy continues to be a significant barrier to growth for the group. Despite these challenges the group managed slight improvements in bottom line performance due mainly to careful trimming of costs as the topline turnover declined by 15%. The group is seeing a continued high-level decline in the low margin airtime revenues, whilst replacing it with the higher margin buy substantially lower turnover of the Point of Sales customer base.

In line with the long-term strategy the group saw an improvement in the core software division, which made great strides turning the prior year loss into a profit as the as the implementation of the groups standard operating procedures resulted in a stable and platform and creative features. The online market for POS is showing a slowdown in both new and renewed licenses, which saw this division drop into a loss.

The hardware sales and therefore new client take-on continued to slow down due to the pressure on the economy, this affected two hardware sales divisions and although the group returned to profitability this increase in bottomline was marginal.

There were a few offshore sales, but these were not significant, however this continues to be reviewed as a potential growth opportunity.

In the portfolio of electronic products, merchant services revenue continues to improve, however the decline of the mobile top-up market is being replaced by the installed Point of Sale and add-ons to the existing customer base.

PRINCIPAL RISKS AND UNCERTAINTIES

The UK retail sector continues to be depressed coupled with the uncertainties revolving around the Brexit issue. In this respect the risks and uncertainties faced by the group are no exception compared to other businesses operation within the retail sector however the group remains cautiously positive to drive its local branding and continue to explore the foreign markets.

FUTURE DEVELOPMENTS

With the depressed UK market and uncertainties around the Brexit, the directors' focus for the forthcoming year will be to concentrate more on new products & softwares solutions around EPOS systems and integration of EPS with different transactions recording platforms.

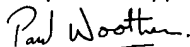
FINANCIAL INSTRUMENTS

The company has normal level exposure to price, credit, liquidity and cash flow risks arising from trading activities which are mostly conducted in sterling.

KEY PERFORMANCE INDICATORS

The key performance indicators for the group are a combination of raising customer retention through annual renewals, whilst growing the pool of customers on a monthly basis, to be retained in a years' time. Across the group, new UK customers were being added at the lower rate per month during the year compared to previous years. Decreasing enrollment of new customers is due to high level competition in the industry and wide availability of non-bespoke plug and play EPOS systems. In the current climate, it will be difficult to improve on this until business confidence improves, which is not likely for the next 3 to 5 years as highlighted in the previous year, hence the need to focus on new products, wider software solutions and creating compatibility across various transactions recording platforms in the future.

This report was approved by the board on 24/2/2020 and signed on its behalf by:



Mr Paul Stacy Wootten
Director

3R Telecom Limited**Registered number:**

04189802

Directors' Report

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2019.

Principal activities

The Group's principal activities during the year continued to be that of distributor of electronic value based products focused on electronic mobile phone top-ups (E-topup) for local and international communication.

Dividends

No dividends will be distributed for the year ended 31 May 2019.

Directors

The following persons served as directors during the year:

Dr Gulrez Khan
Mr Ramesh Bhikhabhai Patel
Mr Rajnikant Dayabhai Patel
Mr Paul Stacy Wootten

Strategic Report

The company has chosen in accordance with Companies Act 2006, s.441C(11) to set out in the company's strategic report information required by Schedule 7 of the Large and Medium Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

Directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and 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 (Financial Reporting Standard 102 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3R Telecom Limited

Registered number:

04189802

Directors' Report

Disclosure of information to auditors

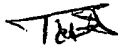
Each person who was a director at the time this report was approved confirms that:

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

Auditors

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

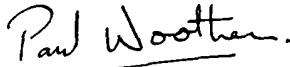
This report was approved by the board on 24/3/2022 and signed on its behalf by:



Mr Rajnikant Dayabhai Patel
Director



Mr Ramesh Bhikhabhai Patel
Director



Mr Paul Stacy Wootten
Director

3R Telecom Limited
Independent auditor's report
to the members of 3R Telecom Limited

Opinion

We have audited the financial statements of 3R Telecom Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, 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.

3R Telecom Limited
Independent auditor's report
to the members of 3R Telecom Limited

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 group 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 group strategic report and the directors' report have 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Harsh Kantilal Ondhia FCCA
(Senior Statutory Auditor)
for and on behalf of
Lall Ondhia Ltd
Accountants and Statutory Auditors

24/2/2020

8-10 Station Road
Manor Park
London
E12 5BT

3R Telecom Limited
Consolidated Income Statement
for the year ended 31 May 2019

	Notes	2019 £	2018 £
Turnover	2	22,587,167	26,406,492
Cost of sales		(21,305,174)	(25,075,840)
Gross profit		<u>1,281,993</u>	<u>1,330,652</u>
Administrative expenses		(1,382,270)	(1,406,783)
Other operating income		78,795	77,794
Operating (loss)/profit	3	<u>(21,482)</u>	<u>1,663</u>
Interest receivable		1,317	275
Interest payable	5	(20,403)	(20,853)
Loss on ordinary activities before taxation		<u>(40,568)</u>	<u>(18,915)</u>
Tax on loss on ordinary activities	6	18,090	(6)
Loss for the financial year		<u>(22,478)</u>	<u>(18,921)</u>

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Consolidated Statement of comprehensive income
for the year ended 31 May 2019

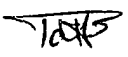
	Notes	2019 £	2018 £
Loss for the financial year		(22,478)	(18,921)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(22,478)</u>	<u>(18,921)</u>

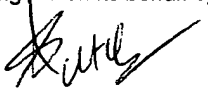
The notes on pages 14 to 24 form part of these financial statements.

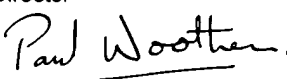
3R Telecom Limited
Consolidated Balance Sheet
as at 31 May 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	8	873,194	1,000,868
Tangible assets	9	<u>328,168</u>	<u>402,566</u>
		1,201,362	1,403,434
Current assets			
Stocks	11	313,682	188,398
Debtors	12	287,867	339,626
Cash at bank and in hand		<u>1,053,656</u>	<u>1,185,229</u>
		1,655,205	1,713,253
Creditors: amounts falling due within one year	13	(857,611)	(945,477)
Net current assets		<u>797,594</u>	<u>767,776</u>
Total assets less current liabilities		<u>1,998,956</u>	<u>2,171,210</u>
Creditors: amounts falling due after more than one year	14	(76,721)	(208,407)
Provisions for liabilities			
Deferred taxation	17	(14,788)	(32,878)
Net assets		<u>1,907,447</u>	<u>1,929,925</u>
Capital and reserves			
Called up share capital	18	767,500	767,500
Share premium	19	70,000	70,000
Profit and loss account	20	1,069,947	1,092,425
Total equity		<u>1,907,447</u>	<u>1,929,925</u>

The financial statements were approved by the board on 24/5/2020 and signed on its behalf by:


Mr Rajnikant Dayabhai Patel
Director


Mr Ramesh Bhikhabhai Patel
Director


Mr Paul Stacy Wootten
Director

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Company Balance Sheet
as at 31 May 2019

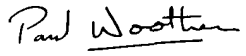
	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	8	321,444	357,160
Tangible assets	9	297,272	349,798
Investments	10	514,900	514,900
		<u>1,133,616</u>	<u>1,221,858</u>
Current assets			
Stocks	11	276,465	148,672
Debtors	12	687,135	776,330
Cash at bank and in hand		854,066	999,396
		<u>1,817,666</u>	<u>1,924,398</u>
Creditors: amounts falling due within one year	13	(737,373)	(829,917)
Net current assets		<u>1,080,293</u>	<u>1,094,481</u>
Total assets less current liabilities		<u>2,213,909</u>	<u>2,316,339</u>
Creditors: amounts falling due after more than one year	14	(76,721)	(208,407)
Provisions for liabilities			
Deferred taxation	17	(7,863)	(13,740)
Net assets		<u>2,129,325</u>	<u>2,094,192</u>
Capital and reserves			
Called up share capital	18	767,500	767,500
Share premium	19	70,000	70,000
Profit and loss account	20	1,291,825	1,256,692
Total equity		<u>2,129,325</u>	<u>2,094,192</u>

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The financial statements were approved by the board on 26/2/2020 and signed on its behalf by:


Mr Rajnikant Dayabhai Patel
Director


Mr Ramesh Bhikhabhai Patel
Director


Mr Paul Stacy Wootten
Director

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Consolidated Statement of Changes in Equity
for the year ended 31 May 2019

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 June 2017	767,500	70,000	-	1,111,346	1,948,846
Loss for the financial year				(18,921)	(18,921)
At 31 May 2018	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,092,425</u>	<u>1,929,925</u>
At 1 June 2018	767,500	70,000	-	1,092,425	1,929,925
Loss for the financial year				(22,478)	(22,478)
At 31 May 2019	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,069,947</u>	<u>1,907,447</u>

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Company Statement of Changes in Equity
for the year ended 31 May 2019

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 June 2017	767,500	70,000	-	1,237,816	2,075,316
Profit for the financial year				18,876	18,876
At 31 May 2018	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,256,692</u>	<u>2,094,192</u>
At 1 June 2018	767,500	70,000	-	1,256,692	2,094,192
Profit for the financial year				35,133	35,133
At 31 May 2019	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,291,825</u>	<u>2,129,325</u>

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Consolidated Statement of Cash Flows
for the year ended 31 May 2019

	2019	2018
	£	£
Operating activities		
Loss for the financial year	(22,478)	(18,921)
Adjustments for:		
Interest receivable	(1,317)	(275)
Interest payable	20,403	20,853
Tax on loss on ordinary activities	(18,090)	6
Depreciation	139,854	152,174
Amortisation of goodwill	122,674	86,958
Amortisation of patents and licenses	5,000	5,000
Increase in stocks	(125,284)	(3,810)
Decrease in debtors	51,759	248,644
Decrease in creditors	(55,023)	(405,108)
	<u>117,498</u>	<u>85,521</u>
Interest received	1,317	275
Interest paid	(20,403)	(20,853)
Corporation tax paid	-	(6)
	<u>98,412</u>	<u>64,937</u>
Cash generated by operating activities		
Investing activities		
Payments to acquire intangible fixed assets	-	(79,182)
Payments to acquire tangible fixed assets	(65,456)	(165,859)
	<u>(65,456)</u>	<u>(245,041)</u>
Cash used in investing activities		
Financing activities		
Proceeds from new loans	-	98,352
Repayment of loans	(164,529)	35,626
	<u>(164,529)</u>	<u>133,978</u>
Cash (used in)/generated by financing activities		
Net cash used		
Cash generated by operating activities	98,412	64,937
Cash used in investing activities	(65,456)	(245,041)
Cash (used in)/generated by financing activities	(164,529)	133,978
	<u>(131,573)</u>	<u>(46,126)</u>
Net cash used		
Cash and cash equivalents at 1 June	<u>1,185,229</u>	<u>1,231,355</u>
Cash and cash equivalents at 31 May	<u>1,053,656</u>	<u>1,185,229</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>1,053,656</u>	<u>1,185,229</u>

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

The notes on pages 14 to 24 form part of these financial statements.

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of consolidation

The group financial statements consolidated those of the company and its subsidiary undertakings drawn up to 31 May 2019. The subsidiary is an entity over which the company has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercise control through voting rights.

Related party exemption

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

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reported period.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business, is being amortised evenly over its estimated useful life of 10 years.

Software development

Software development costs are recognised as an expense in the period in which they are incurred unless all of the criteria are met for asset recognition. The major asset recognition criteria includes that there is a clearly defined product or project, it has been assessed with reasonable certainty as to its technical feasibility and product or project's ultimate commercial viability. The aggregate of the deferred development costs and any further development costs is reasonably expected to be exceeded by related future sales or other revenues. Software development costs are being amortised over the estimated economic useful life of 10 years.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses over its estimated useful life.

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	Over 50 years on straight line basis
Improvements to land & buildings	Over 30 years on straight line basis
Plant and machinery	25% on straight line basis
Motor vehicles	25% on reducing balance
Fixtures and fittings	25% on straight line basis
Computer equipment	33% on straight line basis

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Research and development

Development costs not qualifying under the software development policy for capitalisation is expensed. Expenditure on research and development is written off in the year in which it is incurred.

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Analysis of turnover	2019	2018
	£	£
Sale of goods	22,401,001	26,233,290
Commissions	186,166	173,202
	<u>22,587,167</u>	<u>26,406,492</u>
By geographical market:		
UK	<u>22,587,167</u>	<u>26,406,492</u>
3 Operating profit	2019	2018
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	139,854	152,624
Amortisation of goodwill	86,958	86,958
Amortisation of patents and licenses	5,000	5,000
Amortisation of software development cost	35,717	-
Operating lease rentals - land and buildings	55,150	18,000
Auditors' remuneration for audit services	20,589	19,000
Carrying amount of stock sold	<u>21,305,174</u>	<u>25,075,840</u>

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

4 Staff costs	2019	2018
	£	£
Wages and salaries	541,931	593,717
Social security costs	52,289	54,799
Other pension costs	11,787	6,793
	<u>606,007</u>	<u>655,309</u>

Average number of employees during the year	Number	Number
Average number of employees	<u>20</u>	<u>20</u>

	2019	2018
	£	£
Directors' remuneration	<u>70,500</u>	<u>73,400</u>

Two directors to whom pension benefits are accruing and directors are also the Key Management Personnel

5 Interest payable	2019	2018
	£	£
Bank loans and overdrafts	15,799	17,605
Finance charges payable under finance leases and hire purchase contracts	4,604	3,248
	<u>20,403</u>	<u>20,853</u>

6 Taxation	2019	2018
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	6
Deferred tax:		
Origination and reversal of timing differences	(18,090)	-
	<u>(18,090)</u>	<u>6</u>
Tax on (loss)/profit on ordinary activities	<u>(18,090)</u>	<u>6</u>

7 Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

8 Intangible fixed assets

Group

	Goodwill	Patents and licenses	Software development	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost				
At 1 June 2018	1,888,011	60,000	357,160	2,305,171
At 31 May 2019	<u>1,888,011</u>	<u>60,000</u>	<u>357,160</u>	<u>2,305,171</u>
Amortisation				
At 1 June 2018	1,287,303	17,000	-	1,304,303
Provided during the year	85,958	6,000	35,716	127,674
At 31 May 2019	<u>1,373,261</u>	<u>23,000</u>	<u>35,716</u>	<u>1,431,977</u>
Carrying amount				
At 31 May 2019	<u>514,750</u>	<u>37,000</u>	<u>321,444</u>	<u>873,194</u>
At 31 May 2018	<u>600,708</u>	<u>43,000</u>	<u>357,160</u>	<u>1,000,868</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

Company

	Goodwill	Software development	Total
	<i>At cost</i>	<i>At cost</i>	
	£	£	£
Cost			
At 1 June 2018	970,000	357,160	1,327,160
At 31 May 2019	<u>970,000</u>	<u>357,160</u>	<u>1,327,160</u>
Amortisation			
At 1 June 2018	970,000	-	970,000
Provided during the year	-	35,716	35,716
At 31 May 2019	<u>970,000</u>	<u>35,716</u>	<u>1,005,716</u>
Carrying amount			
At 31 May 2019	<u>-</u>	<u>321,444</u>	<u>321,444</u>
At 31 May 2018	<u>-</u>	<u>357,160</u>	<u>357,160</u>

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

9 Tangible fixed assets

Group

	Land and buildings	Improvements to property	Plant and machinery
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>
	£	£	£
Cost or valuation			
At 1 June 2018	224,301	17,238	1,642,980
Additions	-	1,632	62,747
Disposals	-	-	(4,838)
At 31 May 2019	<u>224,301</u>	<u>18,870</u>	<u>1,700,889</u>
Depreciation			
At 1 June 2018	72,281	9,961	1,413,807
Charge for the year	3,134	6,290	125,524
On disposals	-	-	(4,838)
At 31 May 2019	<u>75,415</u>	<u>16,251</u>	<u>1,534,493</u>
Carrying amount			
At 31 May 2019	<u>148,886</u>	<u>2,619</u>	<u>166,396</u>
At 31 May 2018	<u>152,020</u>	<u>7,277</u>	<u>229,173</u>

	Fixtures and fittings	Motor vehicles	Computer equipment	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 1 June 2018	1,701	31,455	15,091	1,932,766
Additions	595	-	482	65,456
Disposals	-	-	-	(4,838)
At 31 May 2019	<u>2,296</u>	<u>31,455</u>	<u>15,573</u>	<u>1,993,384</u>
Depreciation				
At 1 June 2018	1,701	19,441	13,009	1,530,200
Charge for the year	149	3,003	1,754	139,854
On disposals	-	-	-	(4,838)
At 31 May 2019	<u>1,850</u>	<u>22,444</u>	<u>14,763</u>	<u>1,665,216</u>
Carrying amount				
At 31 May 2019	<u>446</u>	<u>9,011</u>	<u>810</u>	<u>328,168</u>
At 31 May 2018	<u>-</u>	<u>12,014</u>	<u>2,082</u>	<u>402,566</u>

3R Telecom Limited
Notes to the Consolidated Financial Statements
for the year ended 31 May 2019

Company

	Land and buildings	Plant and machinery	Motor vehicle	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 1 June 2018	224,301	1,568,418	31,455	1,824,174
Additions	-	61,192	-	61,192
Disposals	-	(4,838)	-	(4,838)
At 31 May 2019	<u>224,301</u>	<u>1,624,772</u>	<u>31,455</u>	<u>1,880,528</u>
Depreciation				
At 1 June 2018	72,281	1,382,654	19,441	1,474,376
Charge for the year	3,134	107,580	3,003	113,717
On disposals	-	(4,838)	-	(4,838)
At 31 May 2019	<u>75,415</u>	<u>1,485,396</u>	<u>22,445</u>	<u>1,583,256</u>
Carrying amount				
At 31 May 2019	<u>148,886</u>	<u>139,376</u>	<u>9,010</u>	<u>297,272</u>
At 31 May 2018	<u>152,020</u>	<u>185,764</u>	<u>12,014</u>	<u>349,798</u>

10 Fixed assets investments

Company

Shares in group undertakings	£
Cost or valuation	
At 1 June 2018	<u>514,900</u>
and 31 May 2019	
Carrying amount	
At 31 May 2019	<u>514,900</u>
At 31 May 2018	<u>514,900</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

3R Telecom Limited
Notes to the Consolidated Financial Statements
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Subsidiaries

CES TS SOFTWARE LIMITED

Registered office; England

Nature of business: Software development

Class of shares: % holding
 Ordinary 100

	2019	2018
	£	£
Aggregate capital and reserves	19,512	9,236
Profit/(Loss) for the year	<u>10,276</u>	<u>(15,661)</u>

OCTEPOS LIMITED

Registered office; England

Nature of business: Software development

Class of shares: % holding
 Ordinary 100

	2019	2018
	£	£
Aggregate capital and reserves	36,799	23,244
Profit/(Loss) for the year	<u>13,555</u>	<u>19,541</u>

3R SOFTWARE SOLUTIONS LIMITED

Registered office; England

Nature of business: Software development

Class of shares: % holding
 Ordinary 100

	2019	2018
	£	£
Aggregate capital and reserves	(15,538)	24,073
Profit/(Loss) for the year	<u>(39,431)</u>	<u>341</u>

11 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Finished goods and goods for resale	<u>313,682</u>	<u>188,398</u>	<u>276,465</u>	<u>148,672</u>

3R Telecom Limited
Notes to the Consolidated Financial Statements
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12 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	129,449	156,300	75,047	85,284
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	494,447	550,689
Other debtors	140,547	165,624	99,770	122,655
Prepayments and accrued income	17,871	17,702	17,871	17,702
	<u>287,867</u>	<u>339,626</u>	<u>687,135</u>	<u>776,330</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank overdrafts	6,678	-	6,678	-
Bank loans (see note 15)	192,164	225,007	192,164	225,007
Obligations under finance lease and hire purchase contracts (see note 16)	27,812	35,626	27,812	35,626
Trade creditors	356,765	395,681	293,798	324,971
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-	25,556	24,826
Other taxes and social security costs	56,473	74,809	27,396	48,790
Other creditors	169,219	175,090	152,971	156,487
Accruals and deferred income	48,500	39,264	10,998	14,210
	<u>857,611</u>	<u>945,477</u>	<u>737,373</u>	<u>829,917</u>

The bank loans falling due within one year are secured by way of a debenture provided over the assets of the company and its subsidiaries.

14 Creditors: amounts falling due after one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 15)	<u>76,721</u>	<u>208,407</u>	<u>76,721</u>	<u>208,407</u>

The bank loans falling due after one year are secured by way of a debenture provided over the assets of the company and its subsidiaries.

3R Telecom Limited
Notes to the Consolidated Financial Statements
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15 Loans

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Analysis of maturity of debt:				
Within one year or on demand	192,164	225,007	192,164	225,007
Between one and two years	76,721	208,407	76,721	208,407
	<u>268,885</u>	<u>433,414</u>	<u>268,885</u>	<u>433,414</u>

16 Obligations under finance leases and hire purchase contracts

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts payable:				
Within one year	<u>27,812</u>	<u>35,626</u>	<u>27,812</u>	<u>35,626</u>

17 Deferred taxation

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	<u>14,788</u>	<u>32,878</u>	<u>7,863</u>	<u>13,740</u>

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At 1 June	32,878	32,878	13,740	13,740
Credited to the profit and loss account	(18,090)	-	(5,877)	-
At 31 May	<u>14,788</u>	<u>32,878</u>	<u>7,863</u>	<u>13,740</u>

18 Share capital

	Nominal value	2019 Number	2019 £	2018 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	767,500	<u>767,500</u>	<u>767,500</u>

19 Share premium

	2019 £	2018 £
At 1 June	70,000	70,000
At 31 May	<u>70,000</u>	<u>70,000</u>

3R Telecom Limited
Notes to the Consolidated Financial Statements
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20 Reserves

Group

	Profit and loss account £	Share premium £	Totals £
At 1 June	1,092,425	70,000	1,162,425
Loss for the financial year	(22,478)		(22,478)
At 31 May	<u>1,069,947</u>	<u>70,000</u>	<u>1,139,947</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 June	1,256,692	70,000	1,326,692
Profit for the financial year	35,133		35,133
At 31 May	<u>1,291,825</u>	<u>70,000</u>	<u>1,361,825</u>

21 Presentation currency

The financial statements are presented in Sterling which is also the functional currency.

22 Controlling party

The ultimate controlling party is Mr Ramesh Bhikhabhai Patel.

23 Legal form of entity and country of incorporation

3R Telecom Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

24 Principal place of business

The address of the company's principal place of business is:

39 Lindsey Street
Epping
Essex
CM16 6RB