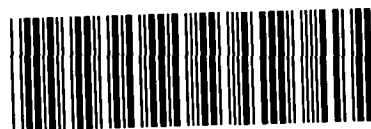


Registered number  
04189802

**Group Strategic Report, Directors' Report and  
Consolidated Financial Statements for the Year Ended 31 May 2020**  
**for**  
**3R Telecom Limited**



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**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  
Chartered Certified Accountants  
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  
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 2020.

#### **REVIEW OF BUSINESS**

This year saw huge disruption to business due to the pandemic, lockdowns and a general change in client purchasing channels. Whilst the pandemic had a negative effect on the economy, it had the unintended consequence of shifting business to online deliveries which accelerated the installations of the the 3R Telecoms EPOS strategy. The limit to business activity and movement accelerated the decline of the mobile top-up market and revenues have dipped below the £200,000 per week mark from their highs in 2010 of around £1,500,000.

The company has maintained its tight control over costs and whilst turnover during the pandemic has been low, the solid cash reserves have enabled the company to weather this most unexpected storm.

In line with the long-term strategy the group saw an improvement in the core Software division, which despite the volatile conditions, continues to improve both its quality and standing in the market.

The outlook is conservative, for at least the next two to three years whilst the pandemic is expected to trigger a world-wide economic slowdown, which we anticipate to bottom out around 2023, and will be preparing 3R Telecoms to be in a position to strengthen the product offering to take advantage of the upswing when it occurs.

#### **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.

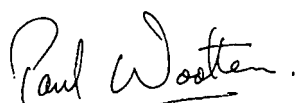
#### **FINANCIAL INSTRUMENTS**

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 of 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 in the light of Covid pandemic and resultant business climate, hence there is 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 28/3/21 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 2020.

#### **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 2020.

#### **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-sized 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 27/3/21 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 2020 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 2020 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**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.

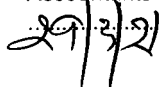
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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



8-10 Station Road  
Manor Park  
London  
E12 5BT



**3R Telecom Limited**  
**Consolidated Income Statement**  
**for the year ended 31 May 2020**

	<b>Notes</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Turnover</b>	2	17,982,245	22,587,167
Cost of sales		(16,824,755)	(21,305,174)
<b>Gross profit</b>		<u>1,157,490</u>	<u>1,281,993</u>
Administrative expenses		(1,356,245)	(1,382,270)
Other operating income		100,073	78,795
<b>Operating loss</b>	3	<u>(98,682)</u>	<u>(21,482)</u>
Interest receivable		1,310	1,317
Interest payable	5	(14,118)	(20,403)
<b>Loss on ordinary activities before taxation</b>		<u>(111,490)</u>	<u>(40,568)</u>
Tax on loss on ordinary activities	6	12,960	18,090
<b>Loss for the financial year</b>		<u>(98,530)</u>	<u>(22,478)</u>

The notes on pages 13 to 22 form part of these financial statements.

**3R Telecom Limited**  
**Consolidated Balance Sheet**  
**as at 31 May 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	745,520	873,194
Tangible assets	9	<u>242,427</u>	<u>328,168</u>
		987,947	1,201,362
<b>Current assets</b>			
Stocks	11	184,508	313,682
Debtors	12	404,105	287,867
Cash at bank and in hand		<u>932,022</u>	<u>1,053,656</u>
		1,520,635	1,655,205
<b>Creditors: amounts falling due within one year</b>	13	(699,756)	(857,611)
<b>Net current assets</b>		<u>820,879</u>	<u>797,594</u>
<b>Total assets less current liabilities</b>		<u>1,808,826</u>	<u>1,998,956</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(76,721)
<b>Provisions for liabilities</b>			
Deferred taxation	17	(1,828)	(14,788)
<b>Net assets</b>		<u>1,806,998</u>	<u>1,907,447</u>
<b>Capital and reserves</b>			
Called up share capital	18	765,581	767,500
Share premium	19	70,000	70,000
Other reserves	20	1,919	-
Profit and loss account	21	969,498	1,069,947
<b>Total equity</b>		<u>1,806,998</u>	<u>1,907,447</u>

The financial statements were approved by the board on 29/5/20 and signed on its behalf by:

Mr Rajnikant Dayabhai Patel  
 Director

*Paul Wootten*

Mr Paul Stacy Wootten  
 Director

Mr Ramesh Bhikhabhai Patel  
 Director

*Ramesh Patel*


The notes on pages 13 to 22 form part of these financial statements.

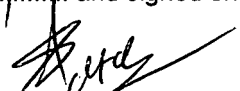
**3R Telecom Limited**  
**Company Balance Sheet**  
**as at 31 May 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	285,728	321,444
Tangible assets	9	230,679	297,272
Investments	10	514,900	514,900
		<u>1,031,307</u>	<u>1,133,616</u>
<b>Current assets</b>			
Stocks	11	155,956	276,465
Debtors	12	766,408	687,135
Cash at bank and in hand		730,179	854,066
		<u>1,652,543</u>	<u>1,817,666</u>
<b>Creditors: amounts falling due within one year</b>	13	(525,686)	(737,373)
<b>Net current assets</b>		<u>1,126,857</u>	<u>1,080,293</u>
<b>Total assets less current liabilities</b>		<u>2,158,164</u>	<u>2,213,909</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(76,721)
<b>Provisions for liabilities</b>			
Deferred taxation	17	-	(7,863)
<b>Net assets</b>		<u>2,158,164</u>	<u>2,129,325</u>
<b>Capital and reserves</b>			
Called up share capital	18	765,581	767,500
Share premium	19	70,000	70,000
Other reserves	20	1,919	-
Profit and loss account	21	1,320,664	1,291,825
<b>Total equity</b>		<u>2,158,164</u>	<u>2,129,325</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 29/3/20 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 13 to 22 form part of these financial statements.

**3R Telecom Limited**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31 May 2020**

	Share capital	Share premium	Capital redemption reserves	Profit and loss account	Total
	£	£	£	£	£
<b>At 1 June 2018</b>	767,500	70,000	-	1,092,425	1,929,925
Loss for the financial year				(22,478)	(22,478)
<b>At 31 May 2019</b>	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,069,947</u>	<u>1,907,447</u>
<b>At 1 June 2019</b>	767,500	70,000	-	1,069,947	1,907,447
Loss for the financial year				(98,530)	(98,530)
Shares redeemed	(1,919)		1,919	(1,919)	(1,919)
<b>At 31 May 2020</b>	<u>765,581</u>	<u>70,000</u>	<u>1,919</u>	<u>969,498</u>	<u>1,806,998</u>

The notes on pages 13 to 22 form part of these financial statements.

**3R Telecom Limited**  
**Company Statement of Changes in Equity**  
**for the year ended 31 May 2020**

	Share capital £	Share premium £	Capital redemption reserves £	Profit and loss account £	Total £
<b>At 1 June 2018</b>	767,500	70,000	-	1,256,692	2,094,192
Profit for the financial year				35,133	35,133
<b>At 31 May 2019</b>	<u>767,500</u>	<u>70,000</u>	<u>-</u>	<u>1,291,825</u>	<u>2,129,325</u>
<b>At 1 June 2019</b>	767,500	70,000	-	1,291,825	2,129,325
Profit for the financial year				30,758	30,758
Shares redeemed	(1,919)		1,919	(1,919)	(1,919)
<b>At 31 May 2020</b>	<u>765,581</u>	<u>70,000</u>	<u>1,919</u>	<u>1,320,664</u>	<u>2,158,164</u>

The notes on pages 13 to 22 form part of these financial statements.

**3R Telecom Limited**  
**Consolidated Statement of Cash Flows**  
**for the year ended 31 May 2020**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Loss for the financial year	(98,530)	(22,478)
Adjustments for:		
Interest receivable	(1,310)	(1,317)
Interest payable	14,118	20,403
Tax on loss on ordinary activities	(12,960)	(18,090)
Depreciation	119,181	139,854
Amortisation of goodwill	122,674	122,674
Amortisation of patents and licenses	5,000	5,000
Decrease/(increase) in stocks	129,174	(125,284)
(Increase)/decrease in debtors	(116,238)	51,759
Decrease in creditors	(65,966)	(55,023)
	<u>95,143</u>	<u>117,498</u>
Interest received	1,310	1,317
Interest paid	(14,118)	(20,403)
Cash generated by operating activities	<u>82,335</u>	<u>98,412</u>
<b>Investing activities</b>		
Payments to acquire tangible fixed assets	(33,441)	(65,456)
Cash used in investing activities	<u>(33,441)</u>	<u>(65,456)</u>
<b>Financing activities</b>		
Repayment of loans	(168,610)	(164,529)
Cash used in financing activities	<u>(170,529)</u>	<u>(164,529)</u>
<b>Net cash used</b>		
Cash generated by operating activities	82,335	98,412
Cash used in investing activities	(33,441)	(65,456)
Cash used in financing activities	(170,529)	(164,529)
Net cash used	<u>(121,634)</u>	<u>(131,573)</u>
Cash and cash equivalents at 1 June	<u>1,053,656</u>	<u>1,185,229</u>
Cash and cash equivalents at 31 May	<u>932,022</u>	<u>1,053,656</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>932,022</u>	<u>1,053,656</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 13 to 22 form part of these financial statements.

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

**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 2020. 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.

***Going concern***

Though the group's operations were impacted by Covid 19, the company has been able to restore and maintain its services with limited disruption. The company is confident of overcoming the difficult times with the continued support of its customers and other stakeholders.

Accordingly, there is a reasonable expectation that the group has resources to continue in operational existence for the foreseeable future. The directors and shareholders have assured their continued support thus the going concern basis of accounting is continued to be adopted in preparing the financial statements.

***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.

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

***Intangible fixed assets***

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

***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.



**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

**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.

**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.

<b>2 Analysis of turnover</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Sale of goods	17,792,787	22,401,001
Commissions	189,458	186,166
	<u>17,982,245</u>	<u>22,587,167</u>
By geographical market:		
UK	<u>17,982,245</u>	<u>22,587,167</u>
<b>3 Operating profit</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	119,181	139,854
Amortisation of goodwill	85,958	85,958
Amortisation of patents and licenses	6,000	6,000
Amortisation of software development cost	35,717	35,717
Operating lease rentals - land and buildings	39,650	55,150
Auditors' remuneration for audit services	20,955	20,589
Carrying amount of stock sold	<u>16,824,755</u>	<u>21,305,174</u>

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

<b>4 Staff costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	570,515	541,931
Social security costs	58,133	52,289
Other pension costs	13,954	11,787
	<u>642,602</u>	<u>606,007</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u>77,417</u>	<u>70,500</u>

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

<b>5 Interest payable</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	8,758	15,299
Finance charges payable under finance leases and hire purchase contracts	5,360	5,104
	<u>14,118</u>	<u>20,403</u>

<b>6 Taxation</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Origination and reversal of timing differences	(12,960)	(18,090)
	<u>(12,960)</u>	<u>(18,090)</u>
Tax on loss on ordinary activities	<u>(12,960)</u>	<u>(18,090)</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 2020**

**8 Intangible fixed assets**

**Group**

	<b>Goodwill</b>	<b>Patents and licenses</b>	<b>Software development</b>	<b>Total</b>
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
<b>Cost</b>				
At 1 June 2019	1,888,011	60,000	357,160	2,305,171
At 31 May 2020	1,888,011	60,000	357,160	2,305,171
<b>Amortisation</b>				
At 1 June 2019	1,372,261	24,000	35,716	1,431,977
Provided during the year	85,958	6,000	35,716	127,674
At 31 May 2020	1,458,219	30,000	71,432	1,559,651
<b>Carrying amount</b>				
At 31 May 2020	429,792	30,000	285,728	745,520
At 31 May 2019	515,750	36,000	321,444	873,194

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

**Company**

	<b>Goodwill</b>	<b>Software development</b>	<b>Total</b>
	<i>At cost</i>	<i>At cost</i>	
	£	£	£
<b>Cost</b>			
At 1 June 2019	970,000	357,160	1,327,160
At 31 May 2020	970,000	357,160	1,327,160
<b>Amortisation</b>			
At 1 June 2019	970,000	35,716	1,005,716
Provided during the year	-	35,716	35,716
At 31 May 2020	970,000	71,432	1,041,432
<b>Carrying amount</b>			
At 31 May 2020	-	285,728	285,728
At 31 May 2019	-	321,444	321,444

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
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**9 Tangible fixed assets**

<b>Group</b>	<b>Land and buildings</b> <i>At cost</i> £	<b>Improvements to property</b> <i>At cost</i> £	<b>Plant and machinery</b> <i>At cost</i> £
<b>Cost or valuation</b>			
At 1 June 2019	224,301	18,870	1,700,889
Additions	-	-	31,807
At 31 May 2020	224,301	18,870	1,732,696
<b>Depreciation</b>			
At 1 June 2019	75,416	16,251	1,534,493
Charge for the year	3,134	2,075	110,958
At 31 May 2020	78,550	18,326	1,645,451
<b>Carrying amount</b>			
At 31 May 2020	145,751	544	87,245
At 31 May 2019	148,885	2,619	166,396

	<b>Fixtures and fittings</b> <i>At cost</i> £	<b>Motor vehicles</b> <i>At cost</i> £	<b>Computer equipment</b> <i>At cost</i> £	<b>Total</b> £
<b>Cost or valuation</b>				
At 1 June 2019	2,296	31,455	15,573	1,993,384
Additions	1,634	-	-	33,441
At 31 May 2020	3,930	31,455	15,573	2,026,825
<b>Depreciation</b>				
At 1 June 2019	1,850	22,444	14,763	1,665,217
Charge for the year	557	2,253	204	119,181
At 31 May 2020	2,407	24,697	14,967	1,784,398
<b>Carrying amount</b>				
At 31 May 2020	1,523	6,758	606	242,427
At 31 May 2019	447	9,011	810	328,168

<b>Company</b>	<b>Land and buildings</b> <i>At cost</i> £	<b>Plant and machinery</b> <i>At cost</i> £	<b>Motor vehicle</b> <i>At cost</i> £	<b>Total</b> £
<b>Cost or valuation</b>				
At 1 June 2019	224,301	1,624,772	31,455	1,880,528
Additions	-	31,807	-	31,807
At 31 May 2020	224,301	1,656,579	31,455	1,912,335
<b>Depreciation</b>				
At 1 June 2019	75,416	1,485,396	22,444	1,583,256
Charge for the year	3,134	93,013	2,253	98,400
At 31 May 2020	78,550	1,578,409	24,697	1,681,656
<b>Carrying amount</b>				
At 31 May 2020	145,751	78,170	6,758	230,679
At 31 May 2019	148,885	139,376	9,011	297,272

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

**10 Fixed assets investments**

**Company**

<b>Shares in group undertakings</b>	<b>£</b>
<b>Cost or valuation</b>	
At 1 June 2019	514,900
At 31 May 2019	<u>514,900</u>
<b>Carrying amount</b>	
At 31 May 2020	514,900
At 31 May 2019	<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:

**Subsidiaries**

**CES TS SOFTWARE LIMITED**

Registered office: England  
Nature of business: Software development

Class of shares: % holding  
Ordinary 100

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate capital and reserves	(42,199)	19,512
Profit/(Loss) for the year	<u>(61,711)</u>	<u>10,276</u>

**OCTEPOS LIMITED**

Registered office: England  
Nature of business: Software development

Class of shares: % holding  
Ordinary 100

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate capital and reserves	46,031	36,799
Profit/(Loss) for the year	<u>9,232</u>	<u>13,555</u>

**3R SOFTWARE SOLUTIONS LIMITED**

Registered office: England  
Nature of business: Software development

Class of shares: % holding  
Ordinary 100

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate capital and reserves	(50,155)	(15,358)
Profit/(Loss) for the year	<u>(34,797)</u>	<u>(39,431)</u>

**3R Telecom Limited**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 31 May 2020**

**11 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finished goods and goods for resale	184,508	313,682	155,956	276,465

**12 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	241,249	129,449	169,559	75,047
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	474,183	494,447
Other debtors	138,066	140,547	97,876	99,770
Prepayments and accrued income	24,790	17,871	24,790	17,871
	<u>404,105</u>	<u>287,867</u>	<u>766,408</u>	<u>687,135</u>

**13 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdrafts	6,678	6,678	6,678	6,678
Bank loans (see note 15)	100,275	192,164	100,275	192,164
Obligations under finance lease and hire purchase contracts (see note 16)	4,845	27,812	4,846	27,812
Trade creditors	312,052	356,765	181,604	293,798
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-	25,923	25,556
Other taxes and social security costs	50,122	56,473	38,163	27,396
Other creditors	169,597	169,219	153,011	152,971
Accruals and deferred income	56,187	48,500	15,186	10,998
	<u>699,756</u>	<u>857,611</u>	<u>525,686</u>	<u>737,373</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**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (see note 15)	-	76,721	-	76,721

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**  
**for the year ended 31 May 2020**

**15 Loans**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Analysis of maturity of debt:				
Within one year or on demand	100,275	192,164	100,275	192,164
Between one and two years	-	76,721	-	76,721
	<u>100,275</u>	<u>268,885</u>	<u>100,275</u>	<u>268,885</u>

**16 Obligations under finance leases and hire purchase contracts**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts payable:				
Within one year	<u>4,846</u>	<u>27,812</u>	<u>4,846</u>	<u>27,812</u>

**17 Deferred taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>1,828</u>	<u>14,788</u>	<u>-</u>	<u>7,863</u>

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 June	14,788	32,878	7,863	13,740
Credited to the profit and loss account	(12,960)	(18,090)	(7,863)	(5,877)
At 31 May	<u>1,828</u>	<u>14,788</u>	<u>-</u>	<u>7,863</u>

**18 Share capital**

	<b>Nominal value</b>	<b>2020 Number</b>	<b>2020 £</b>	<b>2019 £</b>
Allotted, called up and fully paid:				
Ordinary shares	£0.1 each	7,655,811	<u>765,581</u>	<u>767,500</u>

During the year company purchased 19,189 of its own share at par value of £0.10 per share.

**19 Share premium**

	<b>2020 £</b>	<b>2019 £</b>
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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<b>20 Other reserves</b>	<b>2020</b>	<b>2019</b>
<b>Capital redemption reserve</b>	<b>£</b>	<b>£</b>
Transfer from the profit and loss account	1,919	-
At 31 May	<u>1,919</u>	<u>-</u>

During the year company purchased 19,189 of its own share at par value of £0.10 per share and the value has been transferred to capital redemption reserve.

**21 Reserves**

<b>Group</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Totals £</b>
At 1 June	1,069,947	70,000	1,139,947
Loss for the financial year	(98,530)		(98,530)
Transfer to capital redemption reserve	(1,919)	-	(1,919)
At 31 May	<u>969,498</u>	<u>70,000</u>	<u>1,039,498</u>

<b>Company</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Totals £</b>
At 1 June	1,291,825	70,000	1,361,825
Profit for the financial year	30,758		30,758
Transfer to capital redemption reserve	(1,919)	-	(1,919)
At 31 May	<u>1,320,664</u>	<u>70,000</u>	<u>1,390,664</u>

**22 Presentation currency**

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

**23 Controlling party**

The ultimate controlling party is Mr Ramesh Bhikhabhai Patel.

**24 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.

**25 Principal place of business**

The address of the company's principal place of business is:  
 39 Lindsey Street  
 Epping  
 Essex  
 CM16 6RB