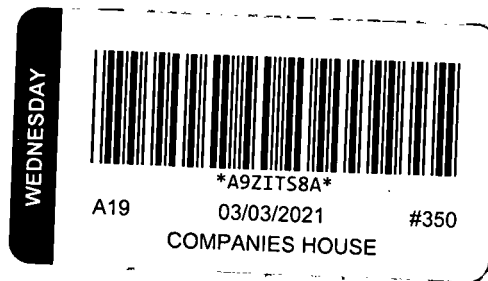

ENTEL COMMUNICATIONS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020



ENTEL COMMUNICATIONS HOLDINGS LIMITED

COMPANY INFORMATION

Director	Metin Pallenberg
Registered number	07459484
Registered office	320 Centennial Avenue Centennial Park Elstree Hertfordshire WD6 3TJ
Independent auditors	Hillier Hopkins LLP Statutory Auditor & Chartered Accountants Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP

ENTEL COMMUNICATIONS HOLDINGS LIMITED

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ENTEL COMMUNICATIONS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

The director presents his strategic report on the group for the year ended 30 April 2020.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is that of suppliers of specialist communications products.

Business review

The director is satisfied with the performance of the group for the year under review. Turnover is lower in 2020 than in 2019, this was anticipated and is a consequence of the strong performance in 2019. Gross margins have remained positive. There has also been a corresponding reduction in administrative expenses. The group continues to make substantial investments in research and development activities. The Statement of Financial Position continues to show improved liquidity and higher cash balances. As a result, the director is confident that business prospects continue to be positive.

Key performance indicators

The business is monitored on a regular basis with specific references to turnover, gross profit margin and cash flow levels. The key performance indicators for the group are turnover (£12,876,473, 2019: £22,750,560), gross margin (67.8%, 2019: 40.7%) and cash balances (£13.1m, 2019: £8.7m).

Financial risk management objectives and policies

The group uses various financial instruments; these include loans and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

The main risks arising from the group's financial instruments are currency risk and credit risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

Currency risk

The group is exposed to transaction foreign exchange risk both in US Dollars and in Euros. The group makes and receives payments in foreign currency and these provide some natural hedging. The timing of currency payments is managed to mitigate currency risk.

Credit risk

The group's principal financial assets are cash and trade debtors. The group offers credit terms to some of its customers which allows payment of the debt after delivery. The group is at risk if the customer is unable to settle the outstanding debt on the due date.

In order to manage credit risk, the group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Brexit

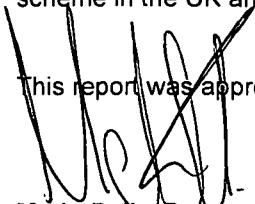
The Director assessed the risks associated with leaving the EU and made contingency plans. Currently Entel is experiencing minimal disruption to EU deliveries.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020

COVID-19 Pandemic

The Covid 19 pandemic has caused disruption across all business sectors. Entel has remained open throughout the pandemic and manufacturing has continued. However order volumes have been impacted during 2020 and turnover is expected to be lower in the year ending 30 April 2021. Entel has taken advantage of the furlough scheme in the UK and has taken further actions in order to manage costs.

 This report was approved by the board and signed on its behalf.

Metin Pallenberg
Director

Date: 17.02.2021.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2020

The Director presents his report and the financial statements for the year ended 30 April 2020.

Director's responsibilities statement

The Director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies for the Group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Results and dividends

The profit for the year, after taxation, amounted to £6,019,078 (2019 - £3,643,357).

During the year ended 30 April 2020, a total dividend of £5,850 per share (2019: £4,650 per share) was paid totalling £596,700 (2019: £474,300).

Director

The Director who served during the year was:

Metin Pallenberg

Future developments

The group continues to invest in product research and development and is looking to bring new and enhanced products to market in the forthcoming year.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020

Disclosure of information to auditors

The Director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

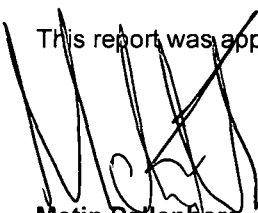
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Hillier Hopkins LLP, were appointed as the auditor to the company during the year and will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Metin Pallenberg
Director

Date: 17.02.2021.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTEL COMMUNICATIONS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Entel Communications Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2020, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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's and of the parent Company's affairs as at 30 April 2020 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTEL COMMUNICATIONS HOLDINGS LIMITED (CONTINUED)

Other information

The Director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

Opinion 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 Director's 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 Director's 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTEL COMMUNICATIONS HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the Director is 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 Director determines 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 Director is responsible for assessing the Group's and the parent 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 Director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group 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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Neil Cundale BSc (FCA) (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Statutory Auditor
Chartered Accountants

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 23 February 2021.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2020**

	Note	2020 £	2019 £
Turnover	4	12,876,473	22,750,560
Cost of sales		(4,145,400)	(13,485,420)
Gross profit		8,731,073	9,265,140
Administrative expenses		(3,737,493)	(4,658,222)
Other operating income	5	469,484	450,246
Operating profit	6	5,463,064	5,057,164
Interest receivable and similar income	10	131,768	85,296
Interest payable and similar expenses	11	(33,669)	(383,750)
Profit before tax		5,561,163	4,758,710
Tax on profit	12	457,915	(1,115,353)
Profit for the financial year		6,019,078	3,643,357
Profit for the year attributable to:			
Owners of the parent		6,019,078	3,643,357
		6,019,078	3,643,357

The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2020

	Note	2020 £	2019 £
Profit for the financial year		6,019,078	3,643,357
Other comprehensive income			
Currency translation differences		(537)	29,416
Movement on deferred tax relating to pension losses		(32,356)	(9,301)
Other comprehensive income for the year		(32,893)	20,115
Total comprehensive income for the year		5,986,185	3,663,472
Total comprehensive income attributable to:			
Owners of the parent Company		5,986,185	3,663,472
		5,986,185	3,663,472

The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED
REGISTERED NUMBER: 07459484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	15	46,516	37,240
Tangible assets	16	772,869	856,761
Investments	17	338,148	218,571
		<u>1,157,533</u>	<u>1,112,572</u>
Current assets			
Stocks	18	3,178,229	3,640,335
Debtors: amounts falling due within one year	19	2,599,389	3,503,934
Cash at bank and in hand	20	13,065,115	8,696,822
		<u>18,842,733</u>	<u>15,841,091</u>
Creditors: amounts falling due within one year	21	(1,603,420)	(3,136,942)
Net current assets		<u>17,239,313</u>	<u>12,704,149</u>
Total assets less current liabilities		<u>18,396,846</u>	<u>13,816,721</u>
Creditors: amounts falling due after more than one year	22	(1,840)	(829,905)
Provisions for liabilities			
Deferred tax	25	(11,404)	(17,757)
Other provisions	26	(233,090)	(288,239)
		<u>(244,494)</u>	<u>(305,996)</u>
Pension liability		(161,806)	(88,018)
Net assets		<u><u>17,988,706</u></u>	<u><u>12,592,802</u></u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED
REGISTERED NUMBER: 07459484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	27	102	102
Foreign exchange reserve	28	295,617	289,735
Merger reserve	28	1,282,366	1,282,366
Profit and loss account	28	16,410,621	11,020,599
		<u>17,988,706</u>	<u>12,592,802</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Metin Pallenberg
Director

Date: 17.02.2021

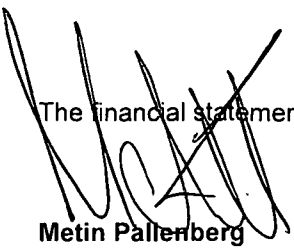
The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED
REGISTERED NUMBER: 07459484

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Note	2020 £		2019 £
Fixed assets				
Investments	17	100		65,575
		<u>100</u>		<u>65,575</u>
Current assets				
Debtors: amounts falling due within one year	19	78,556	2	
		<u>78,556</u>	<u>2</u>	
Creditors: amounts falling due within one year	21	-	(65,475)	
			<u>(65,475)</u>	
Net current assets/(liabilities)		78,556		(65,473)
Total assets less current liabilities		78,656		102
Net assets		78,656		102
Capital and reserves				
Called up share capital	27	102		102
Profit for the year		675,254	474,300	
Other changes in the profit and loss account		(596,700)	(474,300)	
		<u>78,554</u>		<u>-</u>
Profit and loss account carried forward		78,554		-
		<u>78,656</u>		<u>102</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Metin Pallenberg
 Director

Date: 17.02.2021

The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020**

	Called up share capital £	Foreign exchange reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 May 2018	102	260,319	1,282,366	7,860,843	9,403,630
Comprehensive income for the year					
Profit for the year	-	-	-	3,643,357	3,643,357
Actuarial losses on pension scheme	-	-	-	(9,301)	(9,301)
Currency translation differences	-	29,416	-	-	29,416
Total comprehensive income for the year	-	29,416	-	3,634,056	3,663,472
Dividends: Equity capital	-	-	-	(474,300)	(474,300)
Total transactions with owners	-	-	-	(474,300)	(474,300)
At 1 May 2019	102	289,735	1,282,366	11,020,599	12,592,802
Comprehensive income for the year					
Profit for the year	-	-	-	6,019,078	6,019,078
Actuarial losses on pension scheme	-	-	-	(32,356)	(32,356)
Currency translation differences	-	5,882	-	-	5,882
Total comprehensive income for the year	-	5,882	-	5,986,722	5,992,604
Dividends: Equity capital	-	-	-	(596,700)	(596,700)
Total transactions with owners	-	-	-	(596,700)	(596,700)
At 30 April 2020	102	295,617	1,282,366	16,410,621	17,988,706

ENTEL COMMUNICATIONS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 May 2018	102	-	102
Comprehensive income for the year			
Profit for the year	-	474,300	474,300
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	474,300	474,300
Contributions by and distributions to owners			
Dividends: Equity capital	-	(474,300)	(474,300)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(474,300)	(474,300)
	<hr/>	<hr/>	<hr/>
At 1 May 2019	102	-	102
Comprehensive income for the year			
Profit for the year	-	675,254	675,254
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	675,254	675,254
Contributions by and distributions to owners			
Dividends: Equity capital	-	(596,700)	(596,700)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(596,700)	(596,700)
	<hr/>	<hr/>	<hr/>
At 30 April 2020	102	78,554	78,656

ENTEL COMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	6,019,078	3,643,357
Adjustments for:		
Amortisation of intangible assets	13,964	45,790
Depreciation of tangible assets	279,629	232,362
Loss on disposal of tangible assets	(7,132)	(937)
Interest paid	37,154	383,750
Interest received	(131,768)	(85,296)
Taxation charge	(457,915)	1,115,353
Decrease/(increase) in stocks	462,106	(472,870)
Decrease/(increase) in debtors	1,198,139	(614,772)
(Decrease)/increase in creditors	(1,830,450)	331,293
(Decrease) in provisions	(55,149)	(97,930)
Corporation tax paid	(346,470)	(674,888)
Post-employment benefits	35,712	24,943
Foreign Exchange	(4,268)	(21,753)
Net cash generated from operating activities	5,212,630	3,808,402
Cash flows from investing activities		
Purchase of intangible fixed assets	(23,240)	(35,991)
Purchase of tangible fixed assets	(198,783)	(399,230)
Sale of tangible fixed assets	10,182	20,905
Purchase of fixed asset investments	(119,577)	(55,831)
Interest received	131,768	85,296
HP interest paid	(30,979)	-
Net cash from investing activities	(230,629)	(384,851)

ENTEL COMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020

	2020 £	2019 £
Cash flows from financing activities		
Repayment of loans	(1,473)	(101,059)
Repayment of/new finance leases	(25,225)	(46,459)
Dividends paid	(596,700)	(474,300)
Interest paid	(6,175)	(3,605)
Net cash used in financing activities	<u>(629,573)</u>	<u>(625,423)</u>
Net increase in cash and cash equivalents	<u>4,352,428</u>	<u>2,798,128</u>
Cash and cash equivalents at beginning of year	8,696,822	5,854,320
Foreign exchange gains and losses	15,865	44,374
Cash and cash equivalents at the end of year	<u><u>13,065,115</u></u>	<u><u>8,696,822</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,065,115	8,696,822
	<u><u>13,065,115</u></u>	<u><u>8,696,822</u></u>

The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 APRIL 2020

	At 1 May 2019 £	Cash flows £	At 30 April 2020 £
Cash at bank and in hand	8,696,822	4,356,696	13,053,518
Debt due after 1 year	(3,615)	1,775	(1,840)
Debt due within 1 year	(1,721)	(302)	(2,023)
Finance leases	(40,016)	25,225	(14,791)
	<u>8,651,470</u>	<u>4,383,394</u>	<u>13,034,864</u>

The notes on pages 18 to 43 form part of these financial statements.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. General information

Entel Communications Holdings Limited ("the company") and its subsidiaries (together "the group") designs, manufactures and sells specialist communication products through a network of independent dealers.

The company is a private company limited by shares and is incorporated and registered in England. The address of its registered office is 320 Centennial Avenue, Centennial Park, Elstree, Hertfordshire, WD6 3TJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.3 Going concern

In making their going concern assessment for the group and company, the director considered the impact of the COVID-19 outbreak on the group and company's operations.

After reviewing the group's and company's forecasts and projections, the director has a reasonable expectation that the group and the company has adequate financial resources to continue in operational existence for the foreseeable future. The group and company therefore continue to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

The group recognises revenue on sale of goods when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the group.

The group sells a range of specialist communication products through a network of independent dealers. Sales of goods are recognised on despatch to the dealer. Despatch occurs when the goods are shipped from the group's warehouse. The group also provides after-sales services whose revenue is recognised on a straight-line basis over the service period.

The group provides warranty services to its customers. Revenue on the rendering of such services is recognised on a straight-line basis over the specified period.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 5 years
Motor vehicles	- 4 years
Fixtures and fittings	- 2 years
Computer equipment	- 2 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out or weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Further details of specific provisions are given in note 26.

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

3. Judgments in applying accounting policies 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.

The group 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.

(i) Inventory provisioning

The group designs, manufactures and sells specialist communications products and is subject to changing customer demands and technological advancement. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future use of raw materials. See note 18 for the net carrying amount of the inventory and associated provision.

(ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 19 for the net carrying amount of the debtors and associated impairment provision.

(iii) Provisions

Provision is made for dilapidations, warranties and contingencies. These provisions require management's best estimate of the costs that will be incurred based on contractual requirements. See note 26 for the carrying amount of the provisions.

(iv) Defined benefit pension scheme

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on government bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 30 for the group's post-employment benefits.

4. Turnover

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	1,947,998	2,525,399
Rest of Europe	4,654,864	9,500,409
Rest of the world	6,273,611	10,724,752
	<u>12,876,473</u>	<u>22,750,560</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

5. Other operating income

	2020 £	2019 £
Net rents receivable	-	9,600
Government grants receivable - CJRS	26,636	-
Profit on disposal of tangible assets	7,132	937
Foreign exchange gain	435,716	439,709
	469,484	450,246

6. Operating profit

The operating profit is stated after charging/ (crediting):

	2020 £	2019 £
Amortisation	13,964	45,790
Depreciation - owned assets	258,523	205,762
Depreciation - assets held under finance lease	21,203	26,600
Inventory recognised as an expense	5,763,131	8,655,453
Exchange differences	(435,716)	(439,709)
Other operating lease rentals	348,917	304,998
Profit on disposal of tangible fixed assets	(7,132)	(937)
	(435,716)	(439,709)

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	4,750	7,500
	4,750	7,500

Fees payable to the Group's auditor and its associates in respect of:

Audit of the subsidiaries' financial statements	14,250	34,644
Taxation compliance services	1,950	-
All other services	-	9,200
	1,950	9,200

Additional audit fees in respect of subsidiaries' financial statements paid to other auditors separate from the Group's auditor £11,911 (2019: £nil)

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

8. Employees

Staff costs, including Director's remuneration, were as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Wages and salaries	2,483,507	3,042,398	-	-
Social security costs	173,663	214,636	-	-
Cost of defined benefit scheme	27,680	26,035	-	-
Cost of defined contribution scheme	32,081	26,117	-	-
	<u>2,716,931</u>	<u>3,309,186</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the Director, during the year was as follows:

	2020 No.	<i>2019 No.</i>
Selling and distribution	29	33
Processing and administration	183	226
	<u>212</u>	<u>259</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2019 - £NIL)

9. Director's remuneration

The group considers key management to be the director and his compensation is as follows:

	2020 £	<i>2019 £</i>
Director's emoluments	33,125	44,417
Company contributions to defined contribution pension schemes	809	707
	<u>33,934</u>	<u>45,124</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

10. Interest receivable

	2020 £	2019 £
Bank and treasury bill interest receivable	131,768	85,296
	<u>131,768</u>	<u>85,296</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on loans	455	580
Loans from related parties	26,036	372,759
Finance leases interest	1,458	3,640
Interest expense on pension	5,720	6,771
	<u>33,669</u>	<u>383,750</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	147,234	1,119,764
Adjustments in respect of previous periods	(598,796)	-
	<u>(451,562)</u>	<u>1,119,764</u>
Total current tax	<u>(451,562)</u>	<u>1,119,764</u>
Deferred tax		
Origination and reversal of timing differences	(6,353)	3,516
Adjustment for prior periods	-	(7,927)
	<u>(6,353)</u>	<u>(4,411)</u>
Taxation on (loss)/profit on ordinary activities	<u>(457,915)</u>	<u>1,115,353</u>

The adjustments in respect of previous periods totalling £598,796 relates to Research and Development expenditure relief claimed in the year ended 31 March 2020 relating to prior periods.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	5,561,163	4,758,710
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,056,621	904,155
Effects of:		
Expenses not deductible for tax purposes	773	3,516
Capital allowances for year in excess of depreciation	4,508	-
Impact of overseas tax rates	(665,626)	215,609
Adjustments to tax charge in respect of prior periods	-	(7,927)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(853,947)	-
Changes in provisions leading to an increase (decrease) in the tax charge	(183)	-
Non trade charges relief	(61)	-
Total tax charge for the year	(457,915)	1,115,353

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2020 £	2019 £
Dividends	596,700	474,300
	<u>596,700</u>	<u>474,300</u>

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The profit after tax of the parent Company for the year was £675,254 (2019 - £474,300).

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

15. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 May 2019	265,523
Additions	23,240
At 30 April 2020	<u>288,763</u>
Amortisation	
At 1 May 2019	228,283
Charge for the year on owned assets	13,964
At 30 April 2020	<u>242,247</u>
Net book value	
At 30 April 2020	<u>46,516</u>
At 30 April 2019	<u>37,240</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

16. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Assets under constru- ction £	Total £
Cost or valuation							
At 1 May 2019	505,863	222,223	1,210,556	271,335	166,779	1,734	2,378,490
Additions	82,990	282	107,054	8,457	-	-	198,783
Disposals	-	-	(1,610)	(378)	-	(1,734)	(3,722)
At 30 April 2020	588,853	222,505	1,316,000	279,414	166,779	-	2,573,551
Depreciation							
At 1 May 2019	388,452	195,540	598,269	253,177	86,291	-	1,521,729
Charge for the year on owned assets	43,110	8,051	179,297	15,129	12,935	-	258,522
Charge for the year on financed assets	-	-	6,228	-	14,875	-	21,103
Disposals	-	-	(403)	(269)	-	-	(672)
At 30 April 2020	431,562	203,591	783,391	268,037	114,101	-	1,800,682
Net book value							
At 30 April 2020	157,291	18,914	532,609	11,377	52,678	-	772,869
At 30 April 2019	117,411	26,683	612,287	18,158	80,488	1,734	856,761

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

17. Fixed asset investments

Group

	Treasury bills and security deposits £
At 1 May 2019	218,571
Additions	119,577
	<hr/>
Net book value	
At 30 April 2020	338,148
	<hr/> <hr/>

Treasury bills

The group's investment in treasury bills is held in escrow in favour of the SEC in compliance with the requirements under Section 126 of the Corporation Code of the Philippines, Issuance of Licence. In 2019, the group purchased additional treasury bills amounting to £115,825 (2019: £Nil). Interest income on the treasury bills during the year was £9,088 (2019: £1,898) and is reported in "interest receivable and similar income" in the consolidated income statement.

Security deposits

Security deposits are refundable deposits provided in relation to the group's leasing obligations, purchases of raw materials and utility providers.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

17. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2019	65,575
Disposals	(65,475)
	100
At 30 April 2020	100
 Net book value	
At 30 April 2020	100

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Entel UK Limited	320 Centennial Avenue, Centennial Park, Elstree, Hertfordshire	Supplier of specialist communications products	100%
Entel HK Limited (including a branch in the Philippines)	10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong	Supplier of specialist communications products	100%
Entel DWC LLC	Business Centre, Dubai World Central, Dubai, UAE	Supplier of specialist communications products	100%

Entel DWC LLC ceased trading during the period and was subsequently dissolved, with its accumulated retained earnings being transferred via dividend to Entel Communications Holdings Limited.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

17. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 30 April 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Entel UK Limited	9,473,569	2,515,210
Entel HK Limited (including a branch in the Philippines)	8,734,833	3,484,303
Entel DWC LLC	-	20,397

18. Stocks

	Group 2020 £	Group 2019 £
Raw materials and consumables	2,052,999	2,493,768
Work in progress (goods to be sold)	411,814	330,445
Finished goods and goods for resale	713,416	816,122
	<u>3,178,229</u>	<u>3,640,335</u>

The carrying value of stocks are stated net of impairment losses totalling £2,870,982 (2019 - £4,573,318).

19. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,637,404	2,328,739	-	-
Amounts owed by group companies	-	-	78,554	-
Amounts owed by related parties	547	5,540	2	2
Other debtors	484,677	267,153	-	-
Prepayments and accrued income	476,761	902,502	-	-
	<u>2,599,389</u>	<u>3,503,934</u>	<u>78,556</u>	<u>2</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

19. Debtors (continued)

Trade debtors are stated after provisions for impairment of £144,026 (2019: £260,530).

The company is owed £2 (2019: £2) by the director.

20. Cash and cash equivalents

	Group 2020 £	<i>Group 2019 £</i>
Cash at bank and in hand	13,065,115	<i>8,696,822</i>
	<u>13,065,115</u>	<i><u>8,696,822</u></i>

21. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Bank loans	2,023	1,721	-	-
Trade creditors	438,106	535,494	-	-
Amounts owed to group undertakings	-	-	-	65,475
Amounts owed to other related parties	3,066	-	-	-
Corporation tax	-	504,439	-	-
Other taxation and social security	40,649	54,700	-	-
Obligations under finance lease and hire purchase contracts	14,791	25,226	-	-
Other creditors	443,213	750,442	-	-
Accruals and deferred income	661,572	1,264,920	-	-
	<u>1,603,420</u>	<i><u>3,136,942</u></i>	<u>-</u>	<i><u>65,475</u></i>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

22. Creditors: Amounts falling due after more than one year

	Group 2020	<i>Group 2019</i>
	£	£
Bank loans	1,840	3,615
Net obligations under finance leases and hire purchase contracts	-	14,790
Amounts owed to related parties	-	811,500
	1,840	<i>829,905</i>
	1,840	<i>829,905</i>

In 2014, Entel HK Philippines, entered into an agreement with Entel Korea Co. Ltd. (Entel Korea), a related party under common ownership, to convert certain accounts payable amounting to £1.6 million into a five-year long-term loan at an interest of 6.9% per annum. Entel HK Philippines has the option to make partial payments against the principal of the loan. As at 30 April 2020, the outstanding balance of the loan was £nil (2019: £811,500).

23. Loans

	Group 2020	<i>Group 2019</i>
	£	£
Amounts falling due within one year		
Bank loans	2,023	1,721
	2,023	<i>1,721</i>
Amounts falling due 1-2 years		
Bank loans	1,840	3,615
	1,840	<i>3,615</i>
	3,863	<i>5,336</i>
	3,863	<i>5,336</i>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	14,791	25,226
Between 1-5 years	-	14,790
	<u>14,791</u>	<u>40,016</u>

25. Deferred taxation

Group

	2020 £
At beginning of year	(17,757)
Charged to profit or loss	6,353
At end of year	<u>(11,404)</u>

	Group 2020 £	Group 2019 £
Accelerated capital allowances	(11,404)	(20,849)
Tax losses carried forward	-	3,092
	<u>(11,404)</u>	<u>(17,757)</u>

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

26. Provisions

Group

	Warranty provision £	Dilapidations provision £	Total £
At 1 May 2019	193,889	94,350	288,239
Charged to profit or loss	(21,288)	16,495	(4,793)
Utilised in year	(50,357)	-	(50,357)
At 30 April 2020	122,244	110,845	233,089

Dilapidations provision

As part of its property leasing arrangements, the group has an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the consolidated income statement as the obligation arises.

Warranty provision

The group gives warranties at the time of sale to purchasers of its products. Under the terms of the warranties, the group undertakes to make good, by repair or replacement, manufacturing defects that become apparent as defined in the sales contract, from the date of sale.

ENTEL COMMUNICATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

27. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
102 (2019 - 102) Ordinary shares of £1.00 each	102	102

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

28. Reserves

Foreign exchange reserve

The foreign currency reserve reflects the differences on the retranslation of the financial position and income of the company's subsidiaries whose functional currency is not pound sterling.

Merger Reserve

The merger reserve arose on the acquisition of Entel UK Limited and reflected the net assets of Entel UK Limited at that time.

Profit and loss account

Includes all current and prior periods retained profits and losses less any dividend declarations.

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments

The Group operates a Defined Benefit Pension Scheme.

The Group operates a defined contribution pension scheme for its employees in the United Kingdom and a defined benefit pension scheme for its employees in the Philippines.

As of 30 April 2020, the Group had not yet established a tax-qualified, non-contributory retirement plan for its Philippine operations. However, the Group obtained an actuarial valuation in 2020 and 2019 to determine and recognize its estimated retirement liability for all regular full time employees in the Philippines as of 30 April 2020 and 2019.

The normal retirement age is 60 with a minimum of 5 years of credited service. Average retirement benefit is equivalent to 75% of the monthly compensation at the time of retirement for every year of credited service.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	88,018	50,028
Current service cost	27,680	17,789
Interest cost	5,720	3,746
Actuarial gains/losses	32,356	9,301
Past service cost	8,032	7,154
At the end of the year	161,806	88,018
	2020 £	2019 £
Present value of plan liabilities	(161,806)	(88,018)
Net pension scheme liability	(161,806)	(88,018)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	27,680	17,789
Interest expense	5,720	3,746
Defined contribution scheme	32,081	26,117
Total	65,481	47,652

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NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020	2019
Discount rate	4.47%	6.26%
Expected rate of salary increases	5.00%	5.00%
Average remaining working lives	28.0 years	27.5 years

No employees of the parent company were members of the defined benefit scheme.

30. Commitments under operating leases

At 30 April 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	428,508	432,538
Later than 1 year and not later than 5 years	915,598	829,484
	<u>1,344,106</u>	<u>1,262,022</u>

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NOTES TO THE FINANCIAL STATEMENTS
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31. Related party transactions

See note 9 for disclosure of the remuneration of the director and key management.

Related party balances at year end and transactions during the period entered into by the group are summarised below:

	2020 £	2019 £
Directors loan account	(4,198)	(2,678)
Rent expense due to director	16,800	16,400
Rent creditor at balance sheet date payable to director	(4,200)	(4,200)
Sales to companies under common control	768,257	686,330
Purchases from companies under common control	(54,319)	(862,154)
Debtor due from companies under common control	95,717	5,548
Creditor due to companies under common control	(3,066)	-
Interest expense due to companies under common control	(26,036)	(372,759)
Loan balances due to companies under common control	-	(811,500)

32. Controlling party

The ultimate controlling party is Mr Pallenberg by virtue of his holding of the entire issued share capital of Entel Communications Holdings Limited.