Registered No. 04732495

Pretel Group Limited

Report and Financial Statements

31 December 2017

Directors
Jayesh Patel
Jayten Patel

Secretary
Stephen Martin

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Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Strategic report

The group's earnings before interest, tax, depreciation and amortisation (EBITDA) in the year was (£101,969) [2016 - £9,876].

The group's operating loss before interest and taxation is (£101,969) [2016: £9,876 profit].

Principal activities and review of the business

The group provides Bedside Entertainment Systems to acute NHS hospitals. In addition the group provides payphones, bedside phone units and bedside phone and TV units.

The majority of the group's business to date is derived from the management of entertainment and communication terminals at patients' bedsides.

The group uses a number of KPI's covering its business performance, key ones being:

EBITDA: Earnings before interest, tax, depreciation and amortisation reflect the ability of the group to generate cash from its ongoing operations.

Revenue: Revenue per terminal per day broken down into type of revenue stream.

Costs: Chiefly covering site staff costs, maintenance costs and direct costs of sales. The group has taken active steps to reduce the costs of staff during the year and to tightly control other costs.

Directors

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

Jayesh Patel
Jayten Patel
Keith Scott (resigned 28 February 2018)

Principal risks and uncertainties

The group's activities are largely supplying services to patients within NHS hospitals, their friends and families. The group is therefore affected by government policy in respect of healthcare provision and funding.

In addition, government policy on use of mobile phones and cameras within the ward areas of NHS hospitals affects the usage of the group's equipment within those areas. The government issued revised guidelines in January 2009 which effectively relaxed many of the restrictions on the use of mobile phones in hospitals and which has adversely affected usage of the group's bedside terminals since that point.

Directors' report

Outlook

The relaxation of NHS guidelines in 2009 governing the use of mobile phones has continued to affect usage of our bedside equipment and therefore the financial performance of the group from that time onwards. Management has faced declines in revenues and over the years has continued to seek cost and efficiency savings to counteract this.

Management have to date been unable to secure new sources of sustainable income to enable the group to plan for its future beyond the conclusion in 2020 and 2021 of its current concession agreements. Forecasts are currently based on existing revenue streams and current cash holdings.

Going concern

In order to assess the appropriateness of preparing the financial statements on a going concern basis, management has prepared detailed projections of expected future cash flows and these have been reviewed by the Board. These forecasts include potential uncertainties and sensitivities of key assumptions.

The directors have considered the current financial position of the group and the cash flow forecasts for the foreseeable future, and believe that the group will generate sufficient funds to meet its obligations and all financial liabilities as they fall due, for a period of at least 12 months from the date of signing these financial statements. The directors therefore believe that the group remains a going concern.

By order of the Board

Jayten Patel
Director

19 September 2018

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Consolidated Statement of Income and retained earnings

for the year ended 31 December 2017

		2017	2016
	Notes	£	£
Turnover		884,871	1,046,250
Cost of sales		(64,381)	(93,804)
Gross Profit		820,490	952,446
Administrative expenses		(922,459)	(942,570)
Operating (loss) / profit		(101,969)	9,876
Interest receivable and similar income		365	992
(Loss) / Profit on ordinary activities before taxation	4	(101,604)	10,868
Tax on profit on ordinary activities		-	-
(Loss) / profit for the financial year		(101,604)	10,868

Retained earnings at the start of the year	(1,543,609)	(1,554,477)
(Loss) / Profit for the year	(101,604)	10,868
Retained earnings at the end of the year	(1,645,213)	(1,543,609)

Consolidated Statement of Financial Position

at 31 December 2017

		2017	2016
	Notes	£	£
Fixed assets			
Tangible assets	7	-	-
Current assets			
Stocks		28,558	21,505
Debtors	9	132,703	144,613
Cash at bank and in hand		215,426	373,695
		376,687	539,813
Creditors: amounts falling due within one year	10	(168,805)	(230,327)
Net current assets		207,882	309,486
Total assets less current liabilities		207,882	309,486
Net assets		**207,882**	**309,486**
Capital and reserves			
Called up share capital	11	1,853,095	1,853,095
Profit and loss account		(1,645,213)	(1,543,609)
Shareholders' funds		**207,882**	**309,486**

The financial statements were approved by the Board on 19 September 2018 and signed on its behalf by

Jayten Patel
Director.

Company Statement of Financial Position

at 31 December 2017

		2017	*2016*
	Notes	*£*	*£*
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	47,471	-
Total Assets		47,471	-
Net Assets		**47,471**	-
Capital and reserves			
Called up share capital	11	1,853,095	1,853,095
Profit and loss account		(1,805,624)	(1,853,095)
Shareholders' funds		**47,471**	-

For the year ending 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors responsibilities:

• The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;

• The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial statements were approved by the Board on 19 September 2018 and signed on its behalf by

Jayten Patel
Director

Consolidated statement of cash flows

for the year ended 31 December 2017

		2017	2016
	Notes	£	£
Cash flows from operating activities			
(Loss)/Profit for the financial year		(101,604)	10,868
Adjustments for:			
Interest receivable and similar income		(365)	(992)
Changes in:			
Stock		(7,053)	6,877
Trade and other debtors		11,910	(6,453)
Trade and other creditors		(61,522)	(61,008)
Cash generated from operations		(158,634)	(50,708)
Interest received		365	992
Net cash used for operating activities		(158,269)	(49,716)
Net decrease in cash and cash equivalents		(158,269)	(49,716)
Cash and cash equivalents at start of year		373,695	423,411
Cash and cash equivalents at end of year	13	215,426	373,695

Notes to the financial statements

at 31 December 2017

1. General Information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Maniland House, 12 Court Parade, East Lane, Wembley, HA0 3HU.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102, Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost basis, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the results of Pretel Group Limited and its subsidiary undertakings drawn up to 31 December 2017. The company's own Statement of Comprehensive Income is not included as permitted by Section 408 of the Companies Act 2006.

Turnover

Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where the contract has only been partially completed at the balance sheet date turnover represents the value of the services provided to date based on a proportion of the total expected consideration at completion. Where payments are received from customers in advance of services provided, the amounts are recorded as payments on account and included as part of Creditors due within one year.

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. This includes the amount of cash collected from payphones during the year, plus an accrual for cash received in payphones but not collected at the year end. Turnover also includes revenue from the sale of payphones, payphone brackets Easitalk and Easiview units.

Turnover relates to the principal activities of the company, which were carried out wholly in the United Kingdom.

Notes to the financial statements

at 31 December 2017

Tangible assets

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

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets on a straight line basis, as follows:

Fixtures and fittings	–	3-8 years
Terminal equipment	–	3-4 years
Plant and machinery	–	5-15 years
Telephone equipment	–	3-4 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Notes to the financial statements

at 31 December 2017

Stocks

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Financial instruments

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

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

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Notes to the financial statements

at 31 December 2017

4. Profit/loss before tax

This is stated after charging:

	2017	*2016*
	£	*£*
Fees payable to the company's auditors:		
Audit of these financial statements	-	9,000

The company has claimed audit exemption for the year ended 31 December 2017.

5. Staff costs

The average number of persons employed by the group during the year amounted to 25 (2016: 23).

6. Company result for the financial year

The profit after tax for the company is £47,471 (2016 – £172,961 loss).

Notes to the financial statements
at 31 December 2017

7. Tangible fixed assets

Group				
	Plant and machinery	*Fixtures and fittings*	*Telephone and terminal equipment*	*Total*
	£	£	£	£
Cost:				
At 1 January 2017	6,499,261	1,765,889	4,137,746	12,402,896
At 31 December 2017	6,499,261	1,765,889	4,137,746	12,402,896
Depreciation:				
At 1 January 2017	6,499,261	1,765,889	4,137,746	12,402,896
At 31 December 2017	6,499,261	1,765,889	4,137,746	12,402,896
Net book value:				
At 31 December 2017	-	-	-	-
At 31 December 2016	-	-	-	-

Notes to the financial statements

at 31 December 2017

8. Fixed asset investments

	Shares in group undertakings
	£
Company	
Cost and net book value	
At beginning of the year	-
Impairment charge during the year	-
Carrying value as at 31 December 2017	-

The company directly holds 100% of the allotted ordinary share capital of the following company which is registered in England & Wales.

Company	**Activity**
Premier Telesolutions Limited	Holding company

The company indirectly holds 100% of the allotted ordinary share capital of the following companies:

Company	**Activity**
Premier Managed Payphones Limited	Operation of payphone, "Easitalk" and "Easiview" business
Premier Managed Services Limited	No longer trading
Premier Entertainment Limited	Management of a hospital bedside terminal business
Premier Telecom Contracts Limited	Operation of a hospital bedside terminal business

Notes to the financial statements

at 31 December 2017

9. Debtors

	2017		2016	
	Group	*Company*	*Group*	*Company*
	£	£	£	£
Trade debtors	91,170	-	86,549	-
Amounts owed by subsidiary undertakings	-	47,471	-	-
Prepayments and accrued income	41,533	-	58,064	-
	132,703	47,471	144,613	-

10. Creditors: amounts falling due within one year

	2017		2016	
	Group	*Company*	*Group*	*Company*
	£	£	£	£
Trade creditors	53,994	-	53,955	-
Other creditors	18,334	-	9,374	-
Other taxation and social security	36,785	-	51,663	-
Accruals and deferred income	59,692	-	115,335	-
	168,805	-	230,327	-

Notes to the financial statements

at 31 December 2017

11. Issued share capital

	2017	2016
Allotted, called up and fully paid	£	£
Equity:		
175,309,500 'A' Ordinary shares of 1p	1,753,095	1,753,095
100,000 "B" ordinary shares of £1 each	100,000	100,000
Disclosed in the financial statements as:		
Ordinary share capital	1,853,095	1,853,095

The principal rights of the shares are;

Equity shares

Except as specifically stated below as regards the rights of each class of share, each share within each separate class of shares shall rank pari passu in all respects. Equity shares that have one vote per share and have no preferential dividend rights, no redemption rights and an unlimited right to share in a surplus remaining on winding up do not require additional disclosure. Accordingly, the details below have been reported by exception.

Dividends

Any profits that the directors determine to distribute amongst the equity shareholders shall be made in the ratio of 75% to the holders of the A shares and 25% to the holders of the B Shares

Rights to vote at meetings of the company

Holders of the A Ordinary Shares shall have 75% of the votes at every meeting of the company at which they are present or have duly elected a representative. Holders of the B Ordinary Shares shall have 25% of the votes at every meeting of the company at which they are present or have duly elected a representative.

Full details of the rights of shareholders are available in the articles of association of Pretel Group Limited, which are available to the public and may be obtained from The Registrar at Companies House.

Winding up

On winding up or other return of capital, assets available for distribution will be applied in the following order:

- payment of any dividend arrears in respect of the ordinary shares;
- 75% of the available assets shall be distributed among the A Ordinary Shareholders, 25% of the available assets shall be distributed among the B Ordinary Shareholders.

Notes to the financial statements

at 31 December 2017

12. Operating leases

The group as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	27,000	27,000
Later than 1 year and not later than 5 years	13,500	40,500
	40,500	67,500

13. Cash and cash equivalents

Group	*2017*	*2016*
	£	£
Cash at bank and in hand	215,426	373,695

14. Ultimate parent undertaking

The ultimate parent company is Catwise Limited, a company incorporated in England & Wales.