

Company Registration No 01397862 (England and Wales)

**ATLANTIC ELECTRONICS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**



---

# ATLANTIC ELECTRONICS LIMITED

## COMPANY INFORMATION

---

Directors	Mr D K Patel Mr K H Patel Mr A H Patel
Secretary	Mr K H Patel
Company number	01397862
Registered office	970 North Circular Road London NW2 7JR
Auditors	Blandfords & Co Limited Chartered Accountants Registered Auditors 284 Station Road Harrow Middlesex HA1 2EA

---

---

# ATLANTIC ELECTRONICS LIMITED

## CONTENTS

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7 - 8
Cash flow statement	9
Notes to the cash flow statement	10 - 11
Notes to the financial statements	12 - 23

---

# **ATLANTIC ELECTRONICS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2012***

---

The directors present their report and financial statements for the year ended 31 December 2012

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of wholesale and retail of Hi-fi and electrical goods

The company has faced difficult trading conditions during 2012. The economic climate has had an impact on trading but the directors are pleased with the results taking these factors in to account

The dispute with HMRC over denied input VAT has continued, at the balance sheet date £1,128,138 of input VAT withheld remains outstanding. The hearing concluded in July 2013 and the decision of the tribunal is awaited. The directors are optimistic about the outcome. Further information on the input VAT is disclosed under note 11 Debtors and Prepayments

The company's operations expose it to a variety of financial risks that include the effects of market forces on product selling prices, credit risk, liquidity risk and interest rate risk. The company monitors levels of debt finance and related finance costs. It does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied. Risks of market forces on selling prices is managed through constant monitoring the customer demands and stocking levels. Credit risk is managed through appropriate checks on customers. Liquidity and interest rate risks are managed through monitoring levels of stocks, debtors and creditors on an active basis.

The results for the year and the financial position of the company at the year end were considered satisfactory by the directors who expect recovery and growth in the foreseeable future.

In the context of a sluggish economy the sales performance is considered satisfactory given there was only a fall of 2%. This along with an improved gross profit margin of 13% compared to 12% in 2011 is a credit to the team. The company's profit and loss reserves have been maintained at just under £2.8m. Shareholders' funds were also maintained at £4.4m giving the company a strong asset base going in to the future.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

#### **Future developments**

In the spring of 2013 the double shop unit in Wilesden Green were closed and let out to a third party. The decision was made as the sales profitability of the shop was deemed unsatisfactory by the directors. The shops have now been let out giving the company a rental income and a related decrease in overheads. The directors believe that this move will improve the company's profitability and enable the North Circular site to become a hub for the North West London area. There will be synergy as the site will fully perform a wholesale, retail and online business.

#### **Directors**

The following directors have held office since 1 January 2012

Mr D K Patel

Mr K H Patel

Mr A H Patel

# ATLANTIC ELECTRONICS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

---

Charitable donations	2012 £	2011 £
During the year the company made the following payments		
Charitable donations	3,000	3,200

---

The charitable donations were made to International Society for Krishna Consciousness, the purpose of which was the furtherance of spiritual and educational development

### Auditors

In accordance with the company's articles, a resolution proposing that Blandfords & Co (previously trading as F S Dalal & Co) be reappointed as auditors of the company will be put at a General Meeting

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

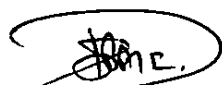
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr D K Patel

Director

20 September 2013

# **ATLANTIC ELECTRONICS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ATLANTIC ELECTRONICS LIMITED**

---

We have audited the financial statements of Atlantic Electronics Limited for the year ended 31 December 2012 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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.

#### **Input VAT claim denied**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures concerning the Input VAT claim withheld by HM Revenue and Customs as disclosed in note 12 of the financial statements and in the directors report. The ultimate outcome of the matter cannot presently be determined, and no provision has been made in the accounts against the repayment due.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# ATLANTIC ELECTRONICS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

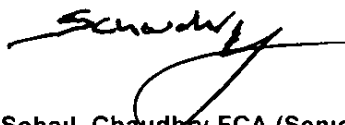
### TO THE MEMBERS OF ATLANTIC ELECTRONICS LIMITED

---

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and 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



Mr Sohail Chaudhry FCA (Senior Statutory Auditor)  
for and on behalf of Blandfords & Co Limited  
Chartered Accountants  
Statutory Auditor

30 September 2013

284 Station Road  
Harrow  
Middlesex  
HA1 2EA

# ATLANTIC ELECTRONICS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	9,283,635	9,516,471
Cost of sales		(8,068,603)	(8,380,491)
Gross profit		1,215,032	1,135,980
Administrative expenses		(1,292,216)	(1,257,631)
Other operating income		151,204	102,677
Operating profit/(loss)	3	74,020	(18,974)
Profit/(loss) on sale of fixed assets		-	88,790
Profit on ordinary activities before interest		74,020	69,816
Other interest receivable and similar income	4	6	17
Interest payable and similar charges	5	(97,746)	(115,926)
Loss on ordinary activities before taxation		(23,720)	(46,093)
Tax on loss on ordinary activities	6	(3,232)	-
Loss for the year	18	(26,952)	(46,093)

The profit and loss account has been prepared on the basis that all operations are continuing operations



# ATLANTIC ELECTRONICS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

---

	Notes	2012 £	2011 £
Loss for the financial year		(26,952)	(46,093)
Unrealised (deficit)/surplus on revaluation of properties		-	1,587,588
Total recognised gains and losses relating to the year		(26,952)	1,541,495

---

### Note of historical cost profits and losses

	2012 £	2011 £
Reported loss on ordinary activities before taxation	(23,720)	(46,093)
Realisation of property revaluation gains of previous years	-	457,484
Historical cost (loss)/profit on ordinary activities before taxation	(23,720)	411,391
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	(26,952)	411,391

---

# ATLANTIC ELECTRONICS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Intangible assets	7	-		4,167	
Tangible assets	8	4,346,952		4,316,777	
Investments	9	1		1	
		<u>4,346,953</u>		<u>4,320,945</u>	
<b>Current assets</b>					
Stocks	10	1,782,307		1,861,824	
Debtors	11	2,236,653		2,315,227	
Investments	12	16,157		-	
Cash at bank and in hand		34,270		132,877	
		<u>4,069,387</u>		<u>4,309,928</u>	
<b>Creditors amounts falling due within one year</b>	13	(2,071,927)		(2,110,327)	
<b>Net current assets</b>		<u>1,997,460</u>		<u>2,199,601</u>	
<b>Total assets less current liabilities</b>		<u>6,344,413</u>		<u>6,520,546</u>	
<b>Creditors amounts falling due after more than one year</b>	14	(1,848,915)		(1,998,248)	
<b>Provisions for liabilities</b>	15				
Deferred tax liability		(5,072)		(1,840)	
<b>Accruals and deferred income</b>	16	(60,830)		(63,910)	
		<u>4,429,596</u>		<u>4,456,548</u>	
<b>Capital and reserves</b>					
Called up share capital	17	60,000		60,000	
Revaluation reserve	18	1,587,589		1,587,589	
Profit and loss account	18	2,782,007		2,808,959	
<b>Shareholders' funds</b>	19	<u>4,429,596</u>		<u>4,456,548</u>	

# ATLANTIC ELECTRONICS LIMITED

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2012**

---

Approved by the Board and authorised for issue on 20 September 2013



Mr K H Patel  
Director



Mr D K Patel  
Director

Company Registration No 01397862

# ATLANTIC ELECTRONICS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
<b>Net cash inflow from operating activities</b>		254,384		241,644
<b>Returns on investments and servicing of finance</b>				
Interest received	6		17	
Interest paid	(97,746)		(115,926)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(97,740)		(115,909)
<b>Taxation</b>		-		(14,739)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(53,309)		(104,870)	
Receipts from sales of tangible assets	-		1,000,000	
<b>Net cash (outflow)/inflow for capital expenditure</b>		(53,309)		895,130
<b>Net cash inflow before management of liquid resources and financing</b>		103,335		1,006,126
Current asset investments	(16,157)		-	
<b>Financing</b>				
New long term bank loan	-		2,200,000	
Repayment of long term bank loan	(149,333)		(50,438)	
Repayment of other short term loans	-		(3,209,875)	
Capital element of hire purchase contracts	(11,613)		(13,629)	
<b>Net cash outflow from financing</b>		(160,946)		(1,073,942)
<b>Decrease in cash in the year</b>		(73,768)		(67,816)

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit/(loss)	74,020	69,816
	Depreciation of tangible assets	23,134	22,233
	Amortisation of intangible assets	4,167	5,000
	Profit on disposal of assets	-	(88,790)
	Decrease in stocks	79,517	36,232
	Decrease/(increase) in debtors	78,574	(271,251)
	(Decrease)/Increase in creditors within one year	(1,948)	471,484
	Movement on grant provision	(3,080)	(3,080)
	<b>Net cash inflow from operating activities</b>	<b>254,384</b>	<b>241,644</b>

2	Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	132,877	(98,607)	-	34,270
	Bank overdrafts	(548,467)	24,839	-	(523,628)
		<u>(415,590)</u>	<u>(73,768)</u>	<u>-</u>	<u>(489,358)</u>
	Liquid resources				
	Current asset investments	-	16,157	-	16,157
	Bank deposits	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Debt				
	Finance leases	(11,613)	11,613	-	-
	Debts falling due within one year	(151,314)	-	-	(151,314)
	Debts falling due after one year	(1,998,248)	149,333	-	(1,848,915)
		<u>(2,161,175)</u>	<u>160,946</u>	<u>-</u>	<u>(2,000,229)</u>
	<b>Net debt</b>	<b>(2,576,765)</b>	<b>103,335</b>	<b>-</b>	<b>(2,473,430)</b>

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2012**

---

<b>3</b>	<b>Reconciliation of net cash flow to movement in net debt</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Decrease in cash in the year	(73,768)	(67,816)
	Cash outflow from increase in liquid resources	16,157	-
	Cash outflow from decrease in debt and lease financing	160,946	1,073,942
		<hr/>	<hr/>
	<b>Movement in net debt in the year</b>	<b>103,335</b>	<b>1,006,126</b>
	Opening net debt	(2,576,765)	(3,582,891)
		<hr/>	<hr/>
	<b>Closing net debt</b>	<b>(2,473,430)</b>	<b>(2,576,765)</b>
		<hr/>	<hr/>

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold investment land and buildings

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services during the year net of VAT and trade discounts

#### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	See below
Land and buildings Leasehold	Over the term of the lease
Fixtures, fittings & equipment	20% reducing balance method
Motor vehicles	25% per annum on cost

The company has a policy of not depreciating its freehold property. Although this policy is a departure from the general requirement of the Companies Act 2006 and FRS 15 for assets to be depreciated, FRS 15 does allow for non depreciation of assets where the length of the useful economic life renders the depreciation immaterial and/or a high residual value of the assets compared to the carrying amount. Following a full valuation of the freehold property in the year the directors are of the opinion that in order to give a true and fair view, depreciation is not necessary due to the high residual value of the freehold property.

The company carries out an annual impairment review in accordance with FRS 11 "Impairment of Fixed Assets and Goodwill" which requires that the company should write down any asset, which is not being depreciated, to its recoverable amount where this is lower than the carrying value.

#### 1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

---

### 1 Accounting policies (continued)

#### 1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value  
Current asset investments are stated at the lower of cost and net realisable value

#### 1.8 Stock

Stock is valued at the lower of cost and net realisable value

#### 1.9 Pensions

The company operates a defined contribution scheme for the benefit of the company directors. Contributions payable are charged to the profit and loss account in the year they are payable. No contributions were paid in the year.

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. A net asset is only recognised if it is more than likely that there will be future profits from which the subsequent reversal of the timing differences can be deducted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.12 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.13 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. Although a medium-sized group is required to prepare group accounts, the directors have not prepared group accounts as the company's subsidiary has been dormant since 2005 and its balance sheet is immaterial to the group.

### 2 Turnover

#### Geographical market

	Turnover	
	2012	2011
	£	£
United kingdom	9,186,245	8,844,958
Europe	-	13,595
Rest of the world	97,389	657,918
	<u>9,283,634</u>	<u>9,516,471</u>



# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

<b>3</b>	<b>Operating profit/(loss)</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss) is stated after charging		
	Amortisation of intangible assets	4,167	5,000
	Depreciation of tangible assets	23,134	22,233
	Loss on foreign exchange transactions	2,168	-
	Operating lease rentals	39,706	36,406
	Auditors' remuneration (including expenses and benefits in kind)	11,000	10,500
	and after crediting		
	Government grants	3,080	3,080
	Profit on foreign exchange transactions	-	(9,988)

#### Exceptional items

Operating profit is stated after charging exceptional legal costs relating to the VAT appeal amounting to £106,267 (2011 £82,975)

<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Other interest	6	17

<b>5</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	96,906	112,951
	Hire purchase interest	840	2,975
		<u>97,746</u>	<u>115,926</u>

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £	2011 £
	<b>Total current tax</b>	-	-
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	3,232	-
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(23,720)	(46,093)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.00%)	(4,744)	(9,219)
	Effects of		
	Non deductible expenses	1,087	1,668
	Depreciation add back	4,627	4,447
	Capital allowances	(7,348)	(4,686)
	On disposal of fixed assets	-	(17,758)
	Tax losses carried forward	6,378	25,548
		4,744	9,219
	<b>Current tax charge for the year</b>	-	-

The company has estimated losses of £ 159,350 (2011 - £ 127,758) available for carry forward against future trading profits

7	Intangible fixed assets	Goodwill £
	<b>Cost</b>	
	At 1 January 2012 & at 31 December 2012	25,000
	<b>Amortisation</b>	
	At 1 January 2012	20,833
	Charge for the year	4,167
	At 31 December 2012	25,000
	<b>Net book value</b>	
	At 31 December 2012	-
	At 31 December 2011	4,167

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

#### 8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2012	4,250,000	58,325	369,334	83,661	4,761,320
Additions	25,685	-	4,429	23,195	53,309
At 31 December 2012	4,275,685	58,325	373,763	106,856	4,814,629
<b>Depreciation</b>					
At 1 January 2012	-	58,325	309,846	76,372	444,543
Charge for the year	-	-	12,783	10,351	23,134
At 31 December 2012	-	58,325	322,629	86,723	467,677
<b>Net book value</b>					
At 31 December 2012	4,275,685	-	51,134	20,133	4,346,952
At 31 December 2011	4,250,000	-	59,488	7,289	4,316,777

The freehold and leasehold land and buildings were valued on an open market basis by a firm of independent Chartered Surveyors

If these properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £
<b>Net book values</b>	
At 31 December 2012	15,346
At 31 December 2011	19,183
<b>Depreciation charge for the year</b>	
At 31 December 2012	3,836
At 31 December 2011	6,395

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 9 Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 January 2012 & at 31 December 2012	1
<b>Net book value</b>	
At 31 December 2012	1
At 31 December 2011	1

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Cambridge Hi Fi Limited	England	Ordinary	100 00
<b>Participating interests</b>			
Westend DJ Limited	England	Ordinary	25 50
A & M Electronics Limited	England	Ordinary	50 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
	<b>Principal activity</b>		
Cambridge Hi Fi Limited	Dormant since April '05	(137,345)	-
Westend DJ Limited	Retailing DJ equipment	185,328	21,230
A & M Electronics Limited	Retailing electronic goods	218,530	(51,349)

### 10 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,782,307	1,861,824

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

---

11 Debtors	2012 £	2011 £
Trade debtors	980,939	1,070,314
Other debtors	1,161,913	1,155,536
Prepayments and accrued income	93,801	89,377
	<u>2,236,653</u>	<u>2,315,227</u>

Other debtors include VAT recoverable of £1,128,138 which is in dispute with HM Revenue & Customs. The result of a tribunal hearing which concluded in July 2013 is awaited. The directors are optimistic of success but understand the underlying uncertainty in any litigation. No provision has been made in the accounts in respect of the VAT recoverable.

12 Current asset investments	2012 £	2011 £
Other unlisted investments	<u>16,157</u>	<u>-</u>

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

13 Creditors, amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	674,942	699,781
Net obligations under hire purchase contracts	-	11,613
Trade creditors	1,076,818	1,123,183
Other creditors	11,040	76,937
Taxes and social security costs	8,189	10,314
Directors' current accounts	3,885	6,897
Other creditors	223,829	105,389
Accruals and deferred income	73,224	76,213
	<u>2,071,927</u>	<u>2,110,327</u>

Bank overdraft and loan (including amounts shown in note 13) are secured by first legal charge on the company's freehold properties at 37/39 High Road, London NW10 and 970 North Circular Road, London NW2 and a fixed and floating charge debenture on the assets of the company

The bank loan (part thereof amounting to £1.1m [original amount]) and overdraft facilities carry interest rate of 2.75% pa over the base rate. Half of the original bank loan advanced (£1.1m) is under a base rate swap facility and is subject to base plus a fixed rate of 1.92% and a floating rate. The bank loan facility expires in August 2018.

#### Net obligations under hire purchase contracts

Repayable within one year	-	11,613
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>11,613</u>

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Creditors amounts falling due after more than one year	2012 £	2011 £
Bank loans	1,848,915	1,998,248
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments		
Bank loan	2,000,229	2,149,562
	2,000,229	2,149,562
Included in current liabilities	(151,314)	(151,314)
	1,848,915	1,998,248
Instalments not due within five years	1,092,345	1,392,992
<b>Loan maturity analysis</b>		
In more than five years	2,000,229	2,149,562

The security and interest rate details in respect of the above bank loans are at note 12

### 15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	1,840
Profit and loss account	3,232
Balance at 31 December 2012	5,072

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	5,072	1,840

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 16 Accruals and deferred income

	Government grants £
Balance at 1 January 2012	63,910
Amortisation in the year	(3,080)
Balance at 31 December 2012	<u>60,830</u>

### 17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid 60,000 Ordinary of £1 each	<u>60,000</u>	<u>60,000</u>

### 18 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2012	1,587,589	2,808,959
Loss for the year	-	(26,952)
Balance at 31 December 2012	<u>1,587,589</u>	<u>2,782,007</u>

### 19 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(26,952)	(46,093)
Other recognised gains and losses	-	1,587,589
Net (depletion in)/addition to shareholders' funds	(26,952)	1,541,496
Opening shareholders' funds	<u>4,456,548</u>	<u>2,915,052</u>
Closing shareholders' funds	<u>4,429,596</u>	<u>4,456,548</u>



# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

### 20 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire In over five years	39,000	39,000

### 21 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	99,652	83,451

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2011 - 3)

### 22 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
Management	5	5
Selling and distribution	23	25
Administration	5	5
	33	35

#### Employment costs

	2012	2011
	£	£
Wages and salaries	662,392	638,632
Social security costs	58,553	58,706
	720,945	697,338

# ATLANTIC ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

---

### 23 Control

The directors acting in concert with their spouses are the controlling party

### 24 Related party transactions

During the year the following related party transactions took place within the normal course of business

#### Sale of goods and services

	2012 £	2011 £
A&M Electronics Limited	80,782	120,751
Westend DJ Limited	<u>3,826,393</u>	<u>3,731,664</u>

As at the balance sheet date the following debtor/(creditor) balances existed

	2012 £	2011 £
A&M Electronics Limited	(105,125)	(124,206)
Westend DJ Limited	<u>531,136</u>	<u>540,388</u>

The relationship with each of the above companies is described below

A&M Electronics Limited Atlantic Electronics Limited holds 50% of the share capital of the company and Messrs DK, KH Patel are common directors

Westend DJ Limited A&M Electronics Limited holds 50% of the share capital thereof

All of the aforementioned companies are registered in England & Wales

At the balance sheet date, the company owed £40,000 to the director Mr D K Patel and his spouse, and £25,000 to Mr Dipesh Patel (and his spouse) being the son of Mr AH Patel