

Company Registration No 1397862 (England and Wales)

ATLANTIC ELECTRONICS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009



ATLANTIC ELECTRONICS LIMITED

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ATLANTIC ELECTRONICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

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 directors are pleased with the company's results especially given the difficult trading conditions for 2009 turnover only fell by 2.3%

The dispute with HMRC over denied input VAT has continued, at the balance sheet date £1,084,034 of input VAT (old balances only) withheld remains outstanding. Recently the company has changed its advisors assisting in the dispute. Further information on the input VAT is disclosed under note 14 Debtors and Prepayments.

The company completed the redevelopment of the old warehouse in Wilesden Green which is now let and also the company has now let the flats above the Golders Green store producing additional income streams.

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 growth in the foreseeable future.

The company has maintained its sales with only a fall of 2.3%. The gross profit margin has been maintained at the same level as the previous year which only fell by 0.04%. The company has maintained its profit and loss reserves of £2.4m, the directors were pleased with this result especially in the context of a difficult trading year.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings

In the opinion of the directors, the open market value of the properties (other than the investment property which has been incorporated in these accounts at open market value as determined by the directors at £900,000) comprised in land and buildings at 31 December 2009 was £5,000,000 compared to their net book value of £2,591,396 (2008 £2,622,884).

Future developments

The directors are optimistic about the future prospects of the company, with an emphasis on the core markets in the UK and looking for profitable opportunities in other markets. The directors are also seeking to increase the company's web based sales with a team dedicated to this area.

ATLANTIC ELECTRONICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

The following directors have held office since 1 January 2009

Mr D K Patel

Mr K H Patel

MR A H Patel

Directors' interests

The directors' interests in the shares of the company were as stated below

| | 31 December 2009 | Ordinary of £1 each 1 January 2009 |
|--------------|------------------|---------------------------------------|
| Mr D K Patel | 3,000 | 3,000 |
| Mr K H Patel | - | - |
| MR A H Patel | 24,000 | 24,000 |

Charitable donations

2009

2008

£

£

During the year the company made the following payments

| | | |
|----------------------|-------|--------|
| Charitable donations | 3,101 | 18,951 |
|----------------------|-------|--------|

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 F S Dalal & Co be reappointed as auditors of the company will be put at a General Meeting

ATLANTIC ELECTRONICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 those 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,
- 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 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.

By order of the board



Mr K H Patel

Secretary

16 August 2010

ATLANTIC ELECTRONICS LIMITED

INDEPENDENT AUDITORS' REPORT TO ATLANTIC ELECTRONICS LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 25, together with the financial statements of Atlantic Electronics Limited for the year ended 31 December 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditors' report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On 18 August 2010 we reported, as auditors of Atlantic Electronics Limited, to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 December 2009, and our report included the following paragraph:

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 14 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."



Mr Sohail Chaudhry BA ACA (Senior Statutory Auditor)
for and on behalf of F S Dalal & Co

18 August 2010

Chartered Accountants
Statutory Auditor

284 Station Road
Harrow
Middx
HA1 2EA

ATLANTIC ELECTRONICS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|--------------|--------------|
| Turnover | | 13,634,962 | 13,957,106 |
| Cost of sales | | (11,978,927) | (12,255,616) |
| Gross profit | | 1,798,951 | 1,785,952 |
| Administrative expenses | | (1,390,995) | (1,548,580) |
| Operating profit | 2 | 407,956 | 237,372 |
| Exceptional items | 2 | (235,018) | - |
| | | (235,018) | - |
| Profit on ordinary activities before interest | | 172,938 | 237,372 |
| Other interest receivable and similar income | | 98 | 13,251 |
| Interest payable and similar charges | 4 | (89,368) | (207,837) |
| Profit on ordinary activities before taxation | | 83,668 | 42,786 |
| Tax on profit on ordinary activities | 5 | (30,960) | (30,411) |
| Profit for the year | 18 | 52,708 | 12,375 |

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

There are no recognised gains and losses other than those passing through the profit and loss account

ATLANTIC ELECTRONICS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2009

| | Notes | 2009 £ | £ | 2008 £ | £ |
|---|---------|--------------------|--------------------|------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 7 | 14,167 | | 19,167 | |
| Tangible assets | 8 and 9 | 3,621,290 | | 3,667,233 | |
| Investments | 10 | 1 | | 1 | |
| | | <u>3,635,458</u> | | <u>3,686,401</u> | |
| Current assets | | | | | |
| Stocks | 11 | 1,987,440 | 1,776,979 | | |
| Debtors amounts falling due within one year | 12 | 1,748,989 | 4,463,424 | | |
| Debtors amounts falling due after more than one year | 12 | 1,084,034 | 1,084,034 | | |
| Cash at bank and in hand | | 37,704 | 61,889 | | |
| | | <u>4,858,167</u> | <u>5,218,258</u> | | |
| Creditors: amounts falling due within one year | 13 | <u>(2,895,567)</u> | <u>(3,572,807)</u> | | |
| Net current assets | | <u>1,962,600</u> | | <u>1,645,451</u> | |
| Total assets less current liabilities | | <u>5,598,058</u> | | <u>5,331,852</u> | |
| Creditors amounts falling due after more than one year | 14 | (2,593,072) | (2,376,494) | | |
| Provisions for liabilities | 15 | | | | |
| Deferred tax liability | | (1,840) | (1,840) | | |
| Accruals and deferred income | 16 | (70,070) | (73,150) | | |
| | | <u>2,933,076</u> | <u>2,880,368</u> | | |
| Capital and reserves | | | | | |
| Called up share capital | 17 | 60,000 | 60,000 | | |
| Revaluation reserve | 18 | 457,484 | 457,484 | | |
| Profit and loss account | 18 | 2,415,592 | 2,362,884 | | |
| Shareholders' funds | 19 | <u>2,933,076</u> | <u>2,880,368</u> | | |

ATLANTIC ELECTRONICS LIMITED

ABBREVIATED BALANCE SHEET (CONTINUED)

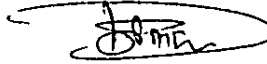
AS AT 31 DECEMBER 2009

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 16 August 2010



MR A H Patel
Director



Mr D K Patel
Director

ATLANTIC ELECTRONICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

| | £ | 2009 £ | £ | 2008 £ |
|---|-----------|-----------|-----------|-----------|
| Net cash inflow from operating activities | | 240,659 | | 1,012,647 |
| Exceptional items | | (235,018) | | |
| Returns on investments and servicing of finance | | | | |
| Interest received | 98 | | 13,251 | |
| Interest paid | (89,368) | | (198,280) | |
| Net cash outflow for returns on investments and servicing of finance | | (89,270) | | (185,029) |
| Taxation | | (30,950) | | (177,805) |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (35,119) | | (161,356) | |
| Receipts from sales of tangible assets | - | | 36,780 | |
| Net cash outflow for capital expenditure | | (35,119) | | (124,576) |
| Equity dividends paid | | - | | (60,000) |
| Net cash inflow before management of liquid resources and financing | | (149,698) | | 465,237 |
| Financing | | | | |
| New long term bank loan | 500,000 | | - | |
| Other new short term loans | - | | (75,000) | |
| Repayment of long term bank loan | (148,596) | | (45,321) | |
| Capital element of hire purchase contracts | (13,629) | | (14,000) | |
| Net cash inflow/(outflow) from financing | | 337,775 | | (134,321) |
| Increase in cash in the year | | 188,077 | | 330,916 |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2009 | | 2008 | |
|---|---|--------------------|------------------|------------------------|--------------------|
| | | £ | | £ | |
| | Operating profit | 407,956 | | 237,372 | |
| | Depreciation of tangible assets | 81,062 | | 112,877 | |
| | Amortisation of intangible assets | 5,000 | | 5,000 | |
| | Profit on disposal of tangible assets | - | | (2,996) | |
| | (Increase)/decrease in stocks | (210,461) | | 258,154 | |
| | Decrease in debtors | 546,367 | | 407,199 | |
| | (Decrease)/Increase in creditors within one year | (586,185) | | (1,879) | |
| | Movement on grant provision | (3,080) | | (3,080) | |
| | Net cash inflow from operating activities | 240,659 | | 1,012,647 | |
| 2 | Analysis of net debt | 1 January 2009 | Cash flow | Other non-cash changes | 31 December 2009 |
| | | £ | £ | £ | £ |
| | Net cash | | | | |
| | Cash at bank and in hand | 61,889 | (24,185) | - | 37,704 |
| | Bank overdrafts | (1,200,805) | 212,262 | - | (988,543) |
| | | <u>(1,138,916)</u> | <u>188,077</u> | <u>-</u> | <u>(950,839)</u> |
| | Bank deposits | - | - | - | - |
| | Debt | | | | |
| | Finance leases | (52,500) | 13,629 | - | (38,871) |
| | Debts falling due within one year | (80,876) | (121,568) | - | (202,444) |
| | Debts falling due after one year | (2,337,994) | (229,836) | - | (2,567,830) |
| | | <u>(2,471,370)</u> | <u>(337,775)</u> | <u>-</u> | <u>(2,809,145)</u> |
| | Net debt | (3,610,286) | (149,698) | - | (3,759,984) |
| 3 | Reconciliation of net cash flow to movement in net debt | 2009 | | 2008 | |
| | | £ | | £ | |
| | Increase in cash in the year | 188,077 | | 330,916 | |
| | Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | (337,775) | | 134,322 | |
| | Movement in net debt in the year | (149,698) | | 465,238 | |
| | Opening net debt | (3,610,286) | | (4,075,524) | |
| | Closing net debt | (3,759,984) | | (3,610,286) | |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 | 2% per annum on cost |
| Land and buildings Leasehold | Over the term of the lease |
| Fixtures, fittings & equipment | 20% reducing balance method |
| Motor vehicles | 25% per annum on cost |

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

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

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies (continued)

1.8 Stock

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

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.

1.9 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 deferred tax 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.

1.10 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.

1.11 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.

1.12 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 Operating profit | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Operating profit is stated after charging | | |
| Amortisation of intangible assets | 5,000 | 5,000 |
| Depreciation of tangible assets | 81,062 | 112,877 |
| Operating lease rentals | 35,000 | 35,000 |
| Auditors' remuneration (including expenses and benefits in kind) | 10,500 | 10,500 |
| and after crediting | | |
| Government grants | 3,080 | 3,080 |
| Profit on disposal of tangible assets | - | (2,996) |
| Profit on foreign exchange transactions | (21,704) | (56,753) |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

| 3 | Investment income | 2009 | 2008 |
|---|------------------------------|---------------|----------------|
| | | £ | £ |
| | Bank interest | 98 | 253 |
| | Other interest | - | 12,998 |
| | | <u>98</u> | <u>13,251</u> |
| | | | |
| 4 | Interest payable | 2009 | 2008 |
| | | £ | £ |
| | On bank loans and overdrafts | 86,393 | 198,356 |
| | Hire purchase interest | 2,975 | 2,585 |
| | On overdue tax | - | 6,896 |
| | | <u>89,368</u> | <u>207,837</u> |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

| 5 | Taxation | 2009 | 2008 |
|---|---|----------|---------|
| | | £ | £ |
| | Domestic current year tax | | |
| | U K corporation tax | 30,962 | 30,951 |
| | Adjustment for prior years | (2) | - |
| | | <hr/> | <hr/> |
| | Current tax charge | 30,960 | 30,951 |
| | Deferred tax | | |
| | Origination and reversal of timing differences | - | (540) |
| | | <hr/> | <hr/> |
| | | 30,960 | 30,411 |
| | | <hr/> | <hr/> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 83,668 | 42,786 |
| | | <hr/> | <hr/> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2008 - 28 00%) | 23,427 | 11,980 |
| | | <hr/> | <hr/> |
| | Effects of | | |
| | Non deductible expenses | 1,703 | 1,947 |
| | Depreciation add back | 22,697 | 32,964 |
| | Capital allowances | (10,451) | (7,694) |
| | Misc adjustments | (2) | (1,149) |
| | Marginal Relief | (6,414) | (7,097) |
| | | <hr/> | <hr/> |
| | | 7,533 | 18,971 |
| | | <hr/> | <hr/> |
| | Current tax charge | 30,960 | 30,951 |
| | | <hr/> | <hr/> |
| 6 | Dividends | 2009 | 2008 |
| | | £ | £ |
| | Ordinary interim paid | - | 60,000 |
| | | <hr/> | <hr/> |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

7 Intangible fixed assets

| | Goodwill £ |
|---|-----------------------|
| Cost | |
| At 1 January 2009 & at 31 December 2009 | 25,000 |
| Amortisation | |
| At 1 January 2009 | 5,833 |
| Charge for the year | 5,000 |
| At 31 December 2009 | 10,833 |
| Net book value | |
| At 31 December 2009 | 14,167 |
| At 31 December 2008 | 19,167 |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

8 Tangible fixed assets

| | Land and buildings Freehold £ | Land and buildings Leasehold £ | Fixtures, fittings & equipment £ | Motor vehicles £ | Total £ |
|--------------------------|--|---|---|------------------------|------------|
| Cost or valuation | | | | | |
| At 1 January 2009 | 3,095,589 | 58,325 | 356,118 | 63,699 | 3,573,731 |
| Additions | 3,947 | - | - | 19,962 | 23,909 |
| At 31 December 2009 | 3,099,536 | 58,325 | 356,118 | 83,661 | 3,597,640 |
| Depreciation | | | | | |
| At 1 January 2009 | 472,705 | 17,236 | 259,764 | 56,793 | 806,498 |
| Charge for the year | 35,435 | 21,209 | 19,557 | 4,861 | 81,062 |
| At 31 December 2009 | 508,140 | 38,445 | 279,321 | 61,654 | 887,560 |
| Net book value | | | | | |
| At 31 December 2009 | 2,591,396 | 19,880 | 76,797 | 22,007 | 2,710,080 |
| At 31 December 2008 | 2,622,884 | 41,089 | 96,354 | 6,906 | 2,767,233 |

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

| | Fixtures, fittings & equipment £ |
|---|---|
| Net book values | |
| At 31 December 2009 | 31,973 |
| At 31 December 2008 | 39,966 |
| Depreciation charge for the year | |
| At 31 December 2009 | 7,993 |
| At 31 December 2008 | 9,596 |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

9 Tangible fixed assets

| | Investment properties £ |
|--------------------------|-------------------------------|
| Cost or valuation | |
| At 1 January 2009 | 900,000 |
| Additions | 11,210 |
| | <hr/> |
| At 31 December 2009 | 911,210 |
| | <hr/> |

The valuations of investment properties were made as at 31 December 2009 by the directors on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £545,011 (2008 - £533,801), and aggregate depreciation of £156,651 (2008 - £145,877).

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

10 Fixed asset investments

| | Unlisted investments £ |
|---|------------------------------|
| Cost or valuation | |
| At 1 January 2009 & at 31 December 2009 | 1 |
| Net book value | |
| At 31 December 2009 | 1 |
| At 31 December 2008 | 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 % |
|--------------------------------|---|----------|------------------|
| Subsidiary undertakings | | | |
| Cambridge Hi Fi Limited | England | Ordinary | 100 00 |
| Participating interests | | | |
| 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 2009 £ | Profit/(loss) for the year 2009 £ |
|---------------------------|----------------------------|--------------------------------------|--|
| | Principal activity | | |
| Cambridge Hi Fi Limited | Dormant since April '05 | (137,345) | - |
| Westend DJ Limited | Retailing DJ equipment | 179,273 | 99,011 |
| A & M Electronics Limited | Retailing electronic goods | 353,411 | 7,274 |

11 Stocks

| | 2009 £ | 2008 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,987,440 | 1,776,979 |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

| 12 Debtors | 2009 £ | 2008 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 1,674,967 | 2,110,328 |
| Other debtors | 1,085,338 | 1,102,308 |
| Prepayments and accrued income | 72,718 | 166,754 |
| | <u>2,833,023</u> | <u>3,379,390</u> |

Amounts falling due after more than one year and included in the debtors above are

| | 2009 £ | 2008 £ |
|---------------|------------------|------------------|
| Other debtors | <u>1,084,034</u> | <u>1,084,034</u> |

Other debtors includes VAT recoverable of £1,084,034 which is in dispute with HM Revenue and Customs. The matter is being dealt with by the company's solicitors and the directors continue to be optimistic about its successful resolution. A pre trial hearing has been set for 15th October 2010 after which a date will be given for the trial. No provision has been made in the accounts however the amounts due have been shown as recoverable after more than one year.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

| 13 Creditors' amounts falling due within one year | 2009 £ | 2008 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 1,190,987 | 1,281,681 |
| Net obligations under hire purchase contracts | 13,629 | 14,000 |
| Trade creditors | 1,495,117 | 2,029,543 |
| Other creditors | 31,699 | 76,918 |
| Corporation tax | 30,962 | 30,952 |
| Other taxes and social security costs | 21,150 | 16,737 |
| Directors' current accounts | 16,453 | 19,159 |
| Other creditors | 12,446 | 45,991 |
| Accruals and deferred income | 83,124 | 57,826 |
| | <u>2,895,567</u> | <u>3,572,807</u> |

Bank overdraft and loan (including amounts shown in note 15) 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 and overdraft facilities carry interest rate of 1 10% pa and 2 9% pa respectively over the Barclays bank base rate The bank loan has a 25 year term from drawdown, which took place in 2006

A new loan was obtained during the year amounting to £500,000 with an interest rate of 3 35 above the base rate and a 10 year term

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

| 14 Creditors amounts falling due after more than one year | 2009 £ | 2008 £ |
|--|------------------|------------------|
| Bank loans | 2,567,830 | 2,337,994 |
| Net obligations under hire purchase contracts | 25,242 | 38,500 |
| | <u>2,593,072</u> | <u>2,376,494</u> |
| Analysis of loans | | |
| Not wholly repayable within five years by instalments | | |
| Bank loan | 2,770,274 | 2,418,870 |
| | <u>2,770,274</u> | <u>2,418,870</u> |
| Included in current liabilities | (202,444) | (80,876) |
| | <u>2,567,830</u> | <u>2,337,994</u> |
| Instalments not due within five years | <u>1,550,612</u> | <u>1,933,615</u> |
| Loan maturity analysis | | |
| In more than one year but not more than two years | 202,443 | 80,876 |
| In more than two years but not more than five years | 809,775 | 323,503 |
| In more than five years | <u>1,550,612</u> | <u>1,933,615</u> |
| The security and interest rate details in respect of the above bank loans are at note 15 | | |
| Net obligations under hire purchase contracts | | |
| Repayable within one year | 13,629 | 14,000 |
| Repayable between one and five years | 25,242 | 38,500 |
| | <u>38,871</u> | <u>52,500</u> |
| Included in liabilities falling due within one year | (13,629) | (14,000) |
| | <u>25,242</u> | <u>38,500</u> |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

15 Provisions for liabilities

Deferred tax liability £

| | |
|---|-------|
| Balance at 1 January 2009 & at 31 December 2009 | 1,840 |
|---|-------|

The deferred tax liability is made up as follows

| | 2009 £ | 2008 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 1,840 | 1,840 |

16 Accruals and deferred income

Government grants £

| | |
|-----------------------------|---------|
| Balance at 1 January 2009 | 73,150 |
| Amortisation in the year | (3,080) |
| Balance at 31 December 2009 | 70,070 |

17 Share capital

2009 £

2008 £

Authorised

60,000 Ordinary of £1 each

| | |
|--------|--------|
| 60,000 | 60,000 |
|--------|--------|

Allotted, called up and fully paid

60,000 Ordinary of £1 each

| | |
|--------|--------|
| 60,000 | 60,000 |
|--------|--------|

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

18 Statement of movements on reserves

| | Revaluation reserve £ | Profit and loss account £ |
|-----------------------------|-----------------------------|------------------------------------|
| Balance at 1 January 2009 | 457,484 | 2,362,884 |
| Profit for the year | - | 52,708 |
| Balance at 31 December 2009 | <u>457,484</u> | <u>2,415,592</u> |

19 Reconciliation of movements in shareholders' funds

| | 2009 £ | 2008 £ |
|-------------------------------------|------------------|------------------|
| Profit for the financial year | 52,708 | 12,375 |
| Dividends | - | (60,000) |
| Other recognised gains and losses | <u>52,708</u> | <u>(47,625)</u> |
| Net addition to shareholders' funds | - | 187,288 |
| Opening shareholders' funds | 52,708 | 139,663 |
| Closing shareholders' funds | <u>2,880,368</u> | <u>2,740,705</u> |
| | <u>2,933,076</u> | <u>2,880,368</u> |

20 Contingent liabilities

The bank has given a guarantee on behalf of the company for £80,000 in favour of H M Revenue & Customs

21 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

| | Land and buildings | |
|---|--------------------|---------------|
| | 2009 £ | 2008 £ |
| Operating leases which expire Between two and five years | <u>35,000</u> | <u>35,000</u> |

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

| 22 Directors' emoluments | 2009 £ | 2008 £ |
|------------------------------------|---------------|----------------|
| Emoluments for qualifying services | <u>95,499</u> | <u>112,021</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008 - 3)

23 Employees

Number of employees

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

| | 2009 Number | 2008 Number |
|--------------------------|----------------|----------------|
| Management | 5 | 5 |
| Selling and distribution | 28 | 30 |
| Administration | 5 | 6 |
| | <u>38</u> | <u>41</u> |

| Employment costs | 2009 £ | 2008 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 797,933 | 805,429 |
| Social security costs | 72,450 | 77,719 |
| | <u>870,383</u> | <u>883,148</u> |

24 Control

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

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

25 Related party transactions

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

Sale of goods and services

| | 2008 £ | 2008 £ |
|-------------------------|-------------------|-------------------|
| Munroview Limited | 1,503,138 | 1,568,933 |
| A&M Electronics Limited | 309,539 | 333,210 |
| Westend DJ Limited | 3,266,307 | 2,789,629 |
| | <u> </u> | <u> </u> |

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

| | 2008 £ | 2007 £ |
|-------------------------|-------------------|-------------------|
| Munroview Limited * | 746,994 | 661,589 |
| A&M Electronics Limited | (230,467) | (219,113) |
| Westend DJ Limited | 155,341 | 157,304 |
| | <u> </u> | <u> </u> |

*A provision has been made against this balance as described in note 7 to the accounts

The relationship with each of the above companies is described below

Munroview Limited Mr D K Patel holds 34% of the share capital and is a common director

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