

REGISTERED NUMBER: 01397862

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2014  
for  
Atlantic Electronics Ltd

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for the Year Ended 31 December 2014

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Atlantic Electronics Ltd

Company Information  
for the Year Ended 31 December 2014

**DIRECTORS:**

KH Patel  
AH Patel  
DK Patel

**SECRETARY:**

KH Patel

**REGISTERED OFFICE:**

970 North Circular Road  
London  
NW2 7JR

**REGISTERED NUMBER:**

01397862

**SENIOR STATUTORY AUDITOR:** Mr Sohail Chaudhry FCA

**AUDITORS:**

Blandfords & Co Ltd  
284 Station Road  
Harrow  
Middlesex  
HA1 2EA

Strategic Report  
for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

**REVIEW OF BUSINESS**

The directors are pleased with the results and the strategic direction taken by the company. The company has two streams of income being its trading income and rental income. Significant rental income is being generated thanks to the letting out of the Willesden Green shops. The industry has been in flux in last few years with changing consumer habits. This has led to a change in the product mix with emphasis being placed more on white goods.

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 company did in fact lose the case in its hearing in January 2015. The judgement, whilst not in favour of the company, left significant scope for an appeal and the company's solicitors acting in this matter have obtained permission to appeal to the upper tribunal and the process is in motion.

Further information on the input VAT is disclosed under note 12 Debtors and Prepayments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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.

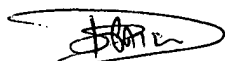
**KEY PERFORMANCE INDICATORS**

The directors regard gross profit margins and shareholders funds as key performance indicators. The company achieved a gross profit margin of 14% (2013: 14%). Shareholders funds were £4.5m (2013: £4.4m).

**POSITION OF THE COMPANY AT THE YEAR END**

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.

**ON BEHALF OF THE BOARD:**



DK Patel - Director

29 September 2015

Report of the Directors  
for the Year Ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

**DIVIDENDS**

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

**FUTURE DEVELOPMENTS**

With the changes that have taken place in the year the directors are currently expanding the business through internet and online intermediaries. They also hope to reinvigorate exports which have been much subdued in recent years due to various constraints.

The directors recognise the importance of the internet market and have been developing strategies to expand the internet business through Search Engine Optimisation and improving the website. These efforts are continuing.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

KH Patel  
AH Patel  
DK Patel

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


Atlantic Electronics Ltd

Report of the Directors  
for the Year Ended 31 December 2014

**AUDITORS**

The auditors, Blandfords & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature, likely of DK Patel, is enclosed within an oval shape.

DK Patel - Director

29 September 2015

Report of the Independent Auditors to the Members of  
Atlantic Electronics Ltd

We have audited the financial statements of Atlantic Electronics Ltd for the year ended 31 December 2014 on pages seven to twenty one. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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.

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 amount due to the company.

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

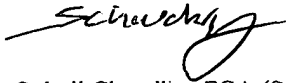
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of  
Atlantic Electronics Ltd

**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 Ltd  
284 Station Road  
Harrow  
Middlesex  
HA1 2EA

30 September 2015



Atlantic Electronics Ltd

Profit and Loss Account  
for the Year Ended 31 December 2014

	Notes	31.12.14 £	31.12.13 £
<b>TURNOVER</b>	2	7,423,653	9,196,876
Cost of sales		<u>6,379,400</u>	<u>7,940,373</u>
<b>GROSS PROFIT</b>		1,044,253	1,256,503
Administrative expenses		<u>1,090,162</u>	<u>1,334,825</u>
		(45,909)	(78,322)
Other operating income		<u>176,577</u>	<u>165,740</u>
<b>OPERATING PROFIT</b>	4	130,668	87,418
Interest payable and similar charges	6	<u>88,964</u>	<u>94,980</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		41,704	(7,562)
Tax on profit/(loss) on ordinary activities	7	<u>5,694</u>	<u>(2,245)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>36,010</u></u>	<u><u>(5,317)</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

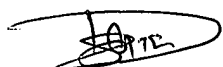
The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

Balance Sheet

31 December 2014

	Notes	31.12.14		31.12.13	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	8		-		-
Tangible assets	9		2,851,910		4,329,624
Investments	10		1		1
Investment property	11		1,500,000		-
			<u>4,351,911</u>		<u>4,329,625</u>
<b>CURRENT ASSETS</b>					
Stocks	12	1,841,497		1,817,363	
Debtors	13	2,003,533		2,101,601	
Investments	14	47,602		40,577	
Cash at bank and in hand		16,455		101,182	
		<u>3,909,087</u>		<u>4,060,723</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	2,191,232		2,207,892	
<b>NET CURRENT ASSETS</b>			<u>1,717,855</u>		<u>1,852,831</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,069,766		6,182,456
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(1,546,287)		(1,697,601)
<b>PROVISIONS FOR LIABILITIES</b>	20		(8,521)		(2,827)
<b>ACCRUALS AND DEFERRED INCOME</b>	21		(54,670)		(57,750)
<b>NET ASSETS</b>			<u>4,460,288</u>		<u>4,424,278</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		60,000		60,000
Revaluation reserve	23		1,587,589		1,587,589
Profit and loss account	23		2,812,699		2,776,689
<b>SHAREHOLDERS' FUNDS</b>	26		<u>4,460,288</u>		<u>4,424,278</u>

The financial statements were approved by the Board of Directors on 29 September 2015 and were signed on its behalf by:



DK Patel - Director

The notes form part of these financial statements

**Atlantic Electronics Ltd**

**Cash Flow Statement  
for the Year Ended 31 December 2014**

		31.12.14		31.12.13	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	1		209,356		389,294
<b>Returns on investments and servicing of finance</b>	2		(88,964)		(94,980)
<b>Capital expenditure and financial investment</b>	2		(53,644)		(25,670)
			66,748		268,644
<b>Financing</b>	2		(151,314)		(151,314)
<b>(Decrease)/increase in cash in the period</b>			(84,566)		117,330
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
(Decrease)/increase in cash in the period		(84,566)		117,330	
Cash outflow from increase in liquid resources		7,025		24,420	
Cash outflow from decrease in debt		81,314		91,314	
Change in net debt resulting from cash flows			3,773		233,064
<b>Movement in net debt in the period</b>			3,773		233,064
<b>Net debt at 1 January</b>			(2,455,866)		(2,688,930)
<b>Net debt at 31 December</b>			(2,452,093)		(2,455,866)

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2014

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.14	31.12.13
	£	£
Operating profit	130,668	87,418
Depreciation charges	24,333	18,578
Government grants	(3,080)	(3,080)
Increase in stocks	(24,134)	(35,056)
Decrease in debtors	101,148	187,538
(Decrease)/increase in creditors	(19,579)	133,896
<b>Net cash inflow from operating activities</b>	<b>209,356</b>	<b>389,294</b>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.12.14	31.12.13
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(88,964)	(94,980)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(88,964)</b>	<b>(94,980)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(46,619)	(1,250)
Purchase of current assets investments	(7,025)	(24,420)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(53,644)</b>	<b>(25,670)</b>
<b>Financing</b>		
Loan repayments in year	(151,314)	(151,314)
<b>Net cash outflow from financing</b>	<b>(151,314)</b>	<b>(151,314)</b>

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2014

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.14 £	Cash flow £	At 31.12.14 £
Net cash:			
Cash at bank and in hand	101,182	(84,727)	16,455
Bank overdrafts	(473,210)	161	(473,049)
	<u>(372,028)</u>	<u>(84,566)</u>	<u>(456,594)</u>
Liquid resources:			
Current asset investments	40,577	7,025	47,602
	<u>40,577</u>	<u>7,025</u>	<u>47,602</u>
Debt:			
Debts falling due within one year	(426,814)	(70,000)	(496,814)
Debts falling due after one year	(1,697,601)	151,314	(1,546,287)
	<u>(2,124,415)</u>	<u>81,314</u>	<u>(2,043,101)</u>
Total	<u>(2,455,866)</u>	<u>3,773</u>	<u>(2,452,093)</u>

Notes to the Financial Statements  
for the Year Ended 31 December 2014

1. **ACCOUNTING POLICIES**

**Accounting convention**

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

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

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

**Goodwill**

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

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- not provided
Short leasehold	- in accordance with the property
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% 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 last 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.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

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 SSAP 19 Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 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.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

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.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

1. **ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**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.

**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**

The turnover and profit (2013 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.14	31.12.13
	£	£
United Kingdom	7,370,076	9,111,260
Rest of the world	53,577	85,616
	<u>7,423,653</u>	<u>9,196,876</u>

3. **STAFF COSTS**

	31.12.14	31.12.13
	£	£
Wages and salaries	681,453	674,771
Social security costs	52,686	57,497
	<u>734,139</u>	<u>732,268</u>

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

	31.12.14	31.12.13
Management	5	5
Selling and distribution	24	24
Administration	5	5
	<u>34</u>	<u>34</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

4. **OPERATING PROFIT**

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

	31.12.14	31.12.13
	£	£
Other operating leases	39,000	39,000
Depreciation - owned assets	24,333	18,578
Audit fees	7,000	10,500
Foreign exchange differences	344	599
Government grants	(3,080)	(3,080)
	<u>89,960</u>	<u>94,630</u>
Directors' remuneration	<u>89,960</u>	<u>94,630</u>

5. **EXCEPTIONAL ITEMS**

Operating profit is stated after charging exceptional legal costs relating to the VAT appeal amounting to £19,265 (2013: £145,044).

6. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.14	31.12.13
	£	£
Bank loan interest	<u>88,964</u>	<u>94,980</u>

7. **TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	31.12.14	31.12.13
	£	£
Deferred tax timing difference	<u>5,694</u>	<u>(2,245)</u>
Tax on profit/(loss) on ordinary activities	<u>5,694</u>	<u>(2,245)</u>

**Factors affecting the tax charge/(credit)**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.14	31.12.13
	£	£
Profit/(loss) on ordinary activities before tax	<u>41,704</u>	<u>(7,562)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 20%)	8,341	(1,512)
Effects of:		
Expenses not deductible for tax purposes	1,075	475
Capital allowances in excess of depreciation	(5,669)	-
Depreciation in excess of capital allowances	-	2,256
Utilisation of tax losses	(3,747)	(1,219)
	<u>-</u>	<u>-</u>
Current tax charge/(credit)	<u>-</u>	<u>-</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

## 8. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2014	
and 31 December 2014	25,000
<b>AMORTISATION</b>	
At 1 January 2014	
and 31 December 2014	25,000
<b>NET BOOK VALUE</b>	
At 31 December 2014	-
At 31 December 2013	-

## 9. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2014	4,275,685	59,575	373,763	106,856	4,815,879
Additions	-	-	25,729	20,890	46,619
Reclassification/transfer	(1,500,000)	-	-	-	(1,500,000)
At 31 December 2014	2,775,685	59,575	399,492	127,746	3,362,498
<b>DEPRECIATION</b>					
At 1 January 2014	-	58,382	332,856	95,017	486,255
Charge for year	-	125	13,187	11,021	24,333
At 31 December 2014	-	58,507	346,043	106,038	510,588
<b>NET BOOK VALUE</b>					
At 31 December 2014	2,775,685	1,068	53,449	21,708	2,851,910
At 31 December 2013	4,275,685	1,193	40,907	11,839	4,329,624

The freehold and leasehold land and buildings were valued on an open market basis by a firm of independent Chartered Surveyors in 2011.

The directors are not aware of any material change in value in the of the freehold property.

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.

This historic cost of the freehold land and buildings (excluding that reclassified as investment property, would be £2,588,577 (2013: £2,588,577).

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

## 10. FIXED ASSET INVESTMENTS

	Unlisted investments £
<b>COST</b>	
At 1 January 2014	
and 31 December 2014	1
<b>NET BOOK VALUE</b>	
At 31 December 2014	1
At 31 December 2013	1

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary****Cambridge Hi Fi Limited**

Country of incorporation: England and Wales  
Nature of business: Dormant Company since 2005

	% holding	31.12.14 £	31.12.13 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(137,345)	(137,345)

**Associated companies****West End DJ Limited**

Country of incorporation: England and Wales  
Nature of business: Retailing DJ equipment

	% holding	30.6.14 £	30.6.13 £
Class of shares:			
Ordinary	25.50		
Aggregate capital and reserves		103,828	162,198
Loss for the year		(58,370)	(17,128)

**A&M Electronics Limited**

Country of incorporation: England and Wales  
Nature of business: Supply of electronic goods

	% holding	28.2.13 £	28.2.13 £
Class of shares:			
Ordinary	50.00		
Aggregate capital and reserves		169,522	179,821
Loss for the year		(10,301)	(38,707)

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

## 11. INVESTMENT PROPERTY

	Total £
<b>COST</b>	
Reclassification/transfer	1,500,000
	<hr/>
At 31 December 2014	1,500,000
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2014	1,500,000
	<hr/> <hr/>

The investment property has been transferred from company assets as it is now let to an external party and not used by the company.

The investment property is stated at open market value and was valued by the directors at the balance sheet date. A full valuation by external chartered surveyors was carried out in 2011.

## 12. STOCKS

	31.12.14 £	31.12.13 £
Finished goods	1,841,497	1,817,363
	<hr/>	<hr/>

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.14 £	31.12.13 £
Trade debtors	710,702	847,813
Amounts owed by participating interests	162,747	135,635
VAT	1,052,593	1,041,070
Prepayments	77,491	77,083
	<hr/>	<hr/>
	2,003,533	2,101,601
	<hr/>	<hr/>

The net VAT balance includes a disputed amount recoverable of £1,128,138. The first tier tribunal released its judgement in January 2015, which was in favour of HM revenue and Customs, however the company was in the judges words a victim in this case. The company's legal advisors have advised that there are strong grounds to appeal and have obtained permission to appeal to the upper tier tribunal. The directors are optimistic based on the legal advise and the grounds of appeal that are available. No adjustments have been made in the accounts should the amount not be recovered.

## 14. CURRENT ASSET INVESTMENTS

	31.12.14 £	31.12.13 £
Unlisted investments	47,602	40,577
	<hr/>	<hr/>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.14	31.12.13
	£	£
Bank loans and overdrafts (see note 17)	624,363	624,524
Other loans (see note 17)	345,500	275,500
Trade creditors	888,360	967,796
Amounts owed to participating interests	231,728	231,728
Social security and other taxes	8,564	10,489
Other creditors	11,040	11,040
Wages and salaries	21,143	21,402
Directors' current accounts	392	392
Accruals and deferred income	60,142	65,021
	<u>2,191,232</u>	<u>2,207,892</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.14	31.12.13
	£	£
Bank loans (see note 17)	<u>1,546,287</u>	<u>1,697,601</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	31.12.14	31.12.13
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	473,049	473,210
Bank loans	151,314	151,314
Other loans	345,500	275,500
	<u>969,863</u>	<u>900,024</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	<u>1,546,287</u>	<u>1,697,601</u>

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.

**18. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:\*

	Land and buildings	
	31.12.14	31.12.13
	£	£
Expiring:		
In more than five years	<u>39,000</u>	<u>39,000</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.14	31.12.13
	£	£
Bank overdrafts	473,049	473,210
Bank loans	1,697,601	1,848,915
	<u>2,170,650</u>	<u>2,322,125</u>

Bank overdraft and loan 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.

20. PROVISIONS FOR LIABILITIES

	31.12.14	31.12.13
	£	£
Deferred tax		
Deferred tax B/f	2,827	5,072
Deferred tax movement	5,694	(2,245)
	<u>8,521</u>	<u>2,827</u>

	Deferred tax £
Balance at 1 January 2014	2,827
Provided during year	5,694
Balance at 31 December 2014	<u>8,521</u>

21. ACCRUALS AND DEFERRED INCOME

	31.12.14	31.12.13
	£	£
Deferred government grants	<u>54,670</u>	<u>57,750</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.14	31.12.13
Number:	Class:	Nominal value:	£	£
60,000	Ordinary	£1	<u>60,000</u>	<u>60,000</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

23. **RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2014	2,776,689	1,587,589	4,364,278
Profit for the year	36,010		36,010
At 31 December 2014	<u>2,812,699</u>	<u>1,587,589</u>	<u>4,400,288</u>

24. **RELATED PARTY DISCLOSURES**

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

	31.12.14	31.12.13
<b>Sales of good and services</b>		
A & M Electronics Limited	17,786	27,752
West End DJ Limited	<u>3,335,331</u>	<u>3,782,631</u>

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

A & M Electronics Limited	(99,126)	(84,893)
West End DJ Limited	<u>532,296</u>	<u>538,692</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.

As at the balance sheet date the company owed to the director Mr D K Patel £50,000 (2013: 50,000); Ms S Patel (a shareholder) was owed £25,000 (2013: £25,000); and £50,500 (2013: £50,500) was owed to Mr Dipesh Patel (son of the director Mr A H Patel). In addition £70,000 (2013: Nil) was owed to the brother of Mr AH and Mr KH Patel.

25. **ULTIMATE CONTROLLING PARTY**

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

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

26. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.14	31.12.13
	£	£
Profit/(loss) for the financial year	36,010	(5,317)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	36,010	(5,317)
Opening shareholders' funds	4,424,278	4,429,595
	<hr/>	<hr/>
Closing shareholders' funds	4,460,288	4,424,278
	<hr/>	<hr/>