

ATLANTIC ELECTRONICS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



Company No. 1397862

ATLANTIC ELECTRONICS LIMITED

COMPANY INFORMATION

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Directors

Mr Rajnikant Harmanbhai Patel
Mr Dilipkumar Kantibhai Patel
Mr Kantibhai Harmanbhai Patel
Mr Ashwin Harmanbhai
Patel

Secretary

Mr Kantibhai Harmanbhai Patel

Company number

1397862

Registered office

39 High Road
Willesden
London
NW10 2TG

Auditors

F.S.Dalal & Co.
4-6 Peterborough Road
Harrow
Middlesex
HA1 2BQ

Bankers

Barclays Bank plc

Bank of India

Natwest

ATLANTIC ELECTRONICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report and the audited accounts for the company for the year ended 31st December 2001.

Principal activities and review of business

The company's principal activity continued to be that of wholesale and retail of Hi-fi and electrical appliances and there was no significant change in this activity during the year.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the state of the company's affairs to be satisfactory.

There was a modest increase in the turnover of the company during the year. The wholesale component of the turnover increased significantly while the retail sales came down, resulting in lower margins. The directors are hopeful of further improvement in the turnover in the coming years.

Dividends

Dividends amounting to £30,000 (2000 £30,000) were paid in the year (2001 - 50 pence per share, 2000 - 50 pence per share).

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st December 2001	At 1st January 2001
Mr Rajnikant Harmanbhai Patel	Ordinary	3,000	3,000
Mr Dilipkumar Kantibhai Patel	Ordinary	3,000	3,000
Mr Kantibhai Harmanbhai Patel		-	-
Mr Ashwin Harmanbhai Patel		-	-

Other shareholders, being spouses of above directors, and their shareholdings were as follows:

	31 12 2001	01 01 2001
Mrs Sumatiben K Patel (spouse of Mr K H Patel)	24,000	24,000
Mrs Chandrika C Patel* (spouse of Mr A H Patel)	24,000	24,000
Mrs Rashnita Patel (spouse of Mr D K Patel)	3,000	3,000
Mrs Pushpaben Patel (spouse of Mr R H Patel)	3,000	3,000

* Mrs Chandrika C Patel expired. Her shareholding is held by the Executors of her estate.

ATLANTIC ELECTRONICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

Market value of interests in land and buildings

In the opinion of the directors the market value of the company's interests in land and buildings exceeds its net book value by approximately £350,000.

Charitable Contributions

During the year the company made the following charitable contributions:

Other charitable contributions	4,055
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Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Auditors:

A resolution to re-appoint F S Dalal & Co., Chartered Accountants, will be put to the members at the Annual General Meeting.

This report was approved by the Board on 13 June 2002, and signed on its behalf.

By order of the Board

K H Patel

Mr Kantibhai Harmanbhai Patel, Secretary

39 High Road

Willesden

London

NW10 2TG

Date: 13 June 2002

AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLANTIC ELECTRONICS LIMITED

We have audited the accounts on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


F.S. Dalal & Co.
Chartered Accountants and Registered Auditors
4-6 Peterborough Road
Harrow
Middlesex
HA1 2BQ
Date: 14 June 2002

ATLANTIC ELECTRONICS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	2001	2000
Turnover	2	11,083,675	<i>10,659,972</i>
Cost of sales		<u>(10,065,978)</u>	<u>(9,509,386)</u>
Gross profit		1,017,697	<i>1,150,586</i>
Administrative expenses		<u>(717,612)</u>	<u>(680,933)</u>
		300,085	<i>469,653</i>
Other operating income		<u>106,079</u>	<u>123,598</u>
Operating profit	3	406,164	<i>593,251</i>
Income from fixed asset investments - Dividend received		<u>50,000</u>	<u>-</u>
		456,164	<i>593,251</i>
Exceptional items			
Profit on sale of fixed assets - Freehold property		<u>58,437</u>	<u>2,888</u>
		514,601	<i>596,139</i>
Bank deposit interest receivable		<u>4,286</u>	<u>6,825</u>
Interest payable and similar charges	4	<u>(80,334)</u>	<u>(33,795)</u>
Profit on ordinary activities before taxation		438,553	<i>569,169</i>
Tax on profit on ordinary activities	6	<u>(110,152)</u>	<u>(174,039)</u>
Profit for the financial year		328,401	<i>395,130</i>
Dividends	7	<u>(30,000)</u>	<u>(30,000)</u>
Retained profit for the year		298,401	<i>365,130</i>
Retained profit brought forward		<u>1,494,113</u>	<u>1,128,984</u>
Retained profit carried forward		<u><u>1,792,514</u></u>	<u><u>1,494,114</u></u>

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

The notes on pages 8 to 18 form part of these accounts.

ATLANTIC ELECTRONICS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 2001

	2001	2000
Statement of total recognised gains and losses		
Profit for the financial year	328,401	395,130
Total recognised gains relating to the year	<u>328,401</u>	<u>395,130</u>

ATLANTIC ELECTRONICS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	2001	2000
Fixed assets			
Tangible assets	8	3,088,809	622,311
Investments	9	<u>1</u>	<u>1</u>
		3,088,810	622,312
Current assets			
Stocks	10	1,155,085	925,819
Debtors	11	1,211,504	1,038,921
Current asset investments	12	2	2
Cash at bank and in hand		<u>336,651</u>	<u>259,916</u>
		2,703,242	2,224,658
Creditors: amounts falling due within one year	13	<u>(2,385,871)</u>	<u>(1,292,312)</u>
Net current assets		317,371	932,346
Total assets less current liabilities		3,406,181	1,554,658
Creditors: amounts falling due after more than one year	14	<u>(1,553,667)</u>	<u>(544)</u>
Net Assets		<u>1,852,514</u>	<u>1,554,114</u>
Capital and reserves			
Share capital	16	60,000	60,000
Profit and loss account		<u>1,792,514</u>	<u>1,494,114</u>
Shareholders' Funds - Equity Interest	20	<u>1,852,514</u>	<u>1,554,114</u>

These accounts were approved by the board on *13 June 2002* and signed on its behalf by:



Mr Rajnikant Harmanbhai Patel
Director

ATLANTIC ELECTRONICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001	2000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		406,164	593,251
Depreciation		55,560	44,166
Increase in stocks		(229,266)	(122,383)
Increase in debtors		(172,583)	(443,731)
Increase in creditors		539,156	11,079
Net cash inflow from operating activities		599,031	82,382
CASH FLOW STATEMENT			
Net cash inflow from operating activities		599,031	82,382
Returns on investments and servicing of finance		(26,048)	(26,970)
Taxation		(174,143)	(139,329)
Capital expenditure and financial investment		(2,463,619)	(23,948)
Equity dividends paid		(30,000)	(30,000)
Cash outflow before use of liquid resources and financing		(2,094,779)	(137,865)
Financing		1,717,284	4,521
Decrease in cash		(377,495)	(133,344)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(377,495)	(133,344)
Cash inflow from increase in net debt and lease financing	19	(1,717,284)	(4,521)
Increase in Cash		(2,094,779)	(137,865)
Net debt at 1st January 2001	19	79,539	217,402
Net Cash/Debt at 31st December 2001	24	(2,015,240)	79,537

The notes on pages 8 to 18 form part of these accounts.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Investment income

Investment income comprises dividends and interest and is accounted for on a receivable basis.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

- Freehold buildings - 4% pa
- Motor vehicles - 25% pa
- Fixtures and fittings - 20% pa
- Short Leasehold Property - Over the term of the lease

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The geographical analysis of turnover is as follows:

	2001	2000
Europe	2,263,374	878,304
Uk	6,725,984	8,280,155
Rest of World	2,094,317	1,501,513
	<u>11,083,675</u>	<u>10,659,972</u>

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
Rental income	51,233	39,319
Depreciation of tangible fixed assets:		
-owned assets	55,560	44,166
Auditors' remuneration	12,500	10,000
	<u></u>	<u></u>

Hire of equipment £2,047 (2000 £Nil)

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

4	Interest payable and similar charges	2001	2000
	Bank loan and overdrafts	78,973	32,662
	Interest payable on corporation tax	250	-
	Finance leases and hire purchase contracts	1,111	1,133
		<u>80,334</u>	<u>33,795</u>

5 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2001	2000
Wages and salaries	349,627	333,062
Social security costs	30,593	28,027
Other pension costs	19,500	58,500
	<u>399,720</u>	<u>419,589</u>

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

	2001	2000
	Number	Number
Management	2	2
Selling and distribution	20	20
Administration	4	4
	<u>26</u>	<u>26</u>

Directors' emoluments - as directors

	2001	2000
Aggregate emoluments	85,250	77,700
Directors' pension contributions under defined contribution schemes	19,500	58,500
	<u>104,750</u>	<u>136,200</u>

Retirement benefits were accruing to directors as follows:

	2001	2000
	Number	Number
Defined Contribution scheme	3	3

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

6 Taxation

	2001	2000
Based on the profit for the year:		
UK corporation tax at 30% (2000 30%)	110,152	174,143
Taxation (Over)/under provided in previous years	-	(104)
	<u>110,152</u>	<u>174,039</u>

	2001 £	2000 £
Profit before exceptional item	380,116	569,169
Exceptional item: Profit on sale of property	58,437	-
	<u>438,553</u>	<u>569,169</u>
Less: Franked investment income	(50,000)	-
Add: Normal writebacks for depreciation etc, net of capital allowances	8,069	24,349
	<u>396,622</u>	<u>593,518</u>
Profit subject to Corporation tax	396,622	593,518
Corporation Tax @ 30% net of marginal relief	110,152	174,143

7 Dividends

	2001	2000
Equity dividends		
Ordinary dividends - paid	30,000	30,000
Total equity dividends	<u>30,000</u>	<u>30,000</u>

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

8 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Short Leasehold Premises	Total
At 1st January 2001	670,392	71,030	190,684	20,051	952,157
Additions	2,676,628	-	5,976	-	2,682,604
Disposals	(178,355)	-	-	(20,051)	(198,406)
At 31st December 2001	3,168,665	71,030	196,660	-	3,436,355
Depreciation					
At 1st January 2001	98,020	57,030	154,744	20,050	329,844
Charge for the year	31,513	10,497	13,549	1	55,560
Disposals	(17,807)	-	-	(20,051)	(37,858)
At 31st December 2001	111,726	67,527	168,293	-	347,546
Net book value					
At 31st December 2001	3,056,939	3,503	28,367	-	3,088,809
<i>At 31st December 2000</i>	<i>572,372</i>	<i>14,000</i>	<i>35,940</i>	<i>1</i>	<i>622,313</i>

Assets held under finance leases originally cost £28,000 (2000:£28,000) and have a net book value of £1 (2000:£7,000).

During the year, the company purchased the freehold of premises situated at 39 High Road, London NW10 which was previously held on a short lease, and a freehold property at 970 North Circular Road, London, NW2.

Other freehold properties owned by the company are situated at 37& 37a and 295/297 High Road, London, NW10.

It sold the freehold property situated at 12/14 Village Way, London NW10.

The freehold properties comprise of freehold land and building. The directors consider the cost of the freehold land to be 50% of the cost of acquisition of properties.

Charges on fixed assets are detailed at note 13.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

9 Fixed asset investments

	Shares in group undertakings	Total
At 1st January 2001	1	1
At 31st December 2001	1	1
Net book value		
At 31st December 2001	1	1
At 31st December 2000	1	1

The company owns 50% of issued share capital of A & M Electronics Ltd on a long term basis. A & M Electronics Ltd is an unlisted company registered in England. The company's activities are retail, wholesale and export of Hi-Fi and other electrical appliances. A & M Electronics Limited's financial statements for the year ended 28th February 2001 showed a profit of £52,149 after taxation and the aggregate amount of company's share capital and reserves at that date was £174,773.

10	Stocks	2001	2000
	Finished goods	1,155,085	925,819
		<u>1,155,085</u>	<u>925,819</u>
11	Debtors	2001	2000
	Trade debtors	922,555	933,554
	Other debtors	258,589	79,613
	Prepayments and accrued income	30,360	25,754
		<u>1,211,504</u>	<u>1,038,921</u>
12	Current asset investments	2001	2000
	S/term invest shares in group companies	2	2
		<u>2</u>	<u>2</u>

Current asset investment at £2 is cost of shares in Cambridge Hi-Fi Ltd.

The company owns 100% of issued share capital of Cambridge Hi-Fi Ltd., which is an unlisted company in England. The investment is classified as a current asset investment because it is held exclusively for resale purposes and not previously consolidated. The company's activities are retail, wholesale and export of Hi-Fi and other electrical appliances.

Cambridge Hi-Fi Limited's financial statements for the year ended 30th June 2001 showed a profit of £1,091 after taxation and the aggregate amount of company's share capital and reserves at that date was £(60,394).

Shares of Cambridge Hi-Fi were bought for a consideration of £2 on 30th August 1991.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

13	Creditors: amounts falling due within one year	2001	2000
	Bank loan - current instalments	184,750	-
	Bank Overdraft	596,412	142,179
	Obligations under hire purchase and finance lease (Note 15)	556	6,667
	Trade creditors	1,104,793	849,095
	Corporation tax	110,152	174,143
	Other taxes and social security	10,705	10,103
	Other creditors	283,344	37,385
	Accruals and deferred income	78,648	41,751
	Directors' loans	16,511	30,989
		<u>2,385,871</u>	<u>1,292,312</u>

Bank overdraft (as above), letters of guarantee and letters of credit facilities outstanding from time to time (detailed in note 17) are secured by the following in favour of the bank:

First legal charge on the following freehold properties:

37 High Road, Willesden, London NW10 2TE

295 - 297 High Road, Willesden, London NW10 2JY

Debenture creating floating charge on the assets of the company

Individual guarantees of all of the directors for £1,090,000 each

Counter guarantee of the company for letters of credit and guarantee (note 17)

Bank loan of £1,738,417 is secured by first legal mortgage on freehold property at 970 North Circular Road, London NW2.

Bank overdraft bears an interest rate of Bank of India base rate plus 2%.

The loan from Natwest bears an interest of 1.25% pa plus Royal Bank of Scotland swap rate. The loan is covered by an interest rate swap agreement with the Royal Bank of Scotland for the period from 15 August 2001 to 15 August 2016 with termination allowed as of 15 August 2008 and 15 August 2011 whereunder, the company is obliged to pay to the Bank 6.48% of the amount of loan outstanding at quarterly dates of 15 November, 15 February, 15 May and 15 August, while the company will receive from the bank the weighted average of Natwest base rate in those quarters.

14	Creditors: amounts falling due after more than one year	2001	2000
	Bank loan repayable by instalments*	1,553,667	-
	Obligations under hire purchase and finance lease (Note 15)	-	544
		<u>1,553,667</u>	<u>544</u>

* Repayable in 2 to 5 years £ 739,000

Repayable after 5 years £ 814,667

£1,553,667

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

15	Obligations under hire purchase and finance leases	2001	2000
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	556	6,667
	In the second to fifth years inclusive	-	544
		<u>556</u>	<u>7,211</u>
16	Share capital	2001	2000
	Authorised		
	Equity shares		
	- Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
		<u>60,000</u>	<u>60,000</u>
	Allotted		
	Equity shares		
	60,000 Allotted, called up and fully paid ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
		<u>60,000</u>	<u>60,000</u>

17 Contingent assets/liabilities

The bank has given a guarantee on behalf of the company for £80,000 favouring H.M. Customs & Excise against counter-guarantee of the company. The company has also executed counter-guarantee for letters of credit that the bank may issue from time to time for the account of the company. Outstanding letters of credit at 31 December 2001 were £Nil (2000 £Nil).

18 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £19,500 (2000 £58,500).

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

19 Analysis of changes in net debt

	2000	Cash flows	2001
Cash at bank and in hand	259,916	76,735	336,651
Overdrafts	(142,179)	(454,233)	(596,412)
	117,737	(377,498)	(259,761)
Debt due within one year	(30,989)	(170,272)	(201,261)
Debt due after one year	-	(1,553,667)	(1,553,667)
Finance leases	(7,211)	6,655	(556)
	(38,200)	(1,717,284)	(1,755,484)
Current asset investments	2	-	2
	79,539	(2,094,782)	(2,015,243)

20 Reconciliation of movement in shareholders' funds

	2001	2000
Profit for the financial year	328,401	395,130
Dividends	(30,000)	(30,000)
Increase in the shareholders' funds	298,401	365,130
Opening shareholders' funds	1,554,113	1,188,984
Closing shareholders' funds	1,852,514	1,554,114

21 Reconciliation of net cash flow to movement in net debt

	2001	2000
Decrease in cash in the year	(377,495)	(133,344)
Cash inflow from increase in net debt and lease financing	(1,717,284)	(4,521)
Increase in Net debt	(2,094,779)	(137,865)
Net Debt at 1st January 2001	79,539	217,402
Net debt/funds at 31st December 2001	(2,015,240)	79,537

22 Note of historical cost profits and losses

	2001	2000
Profit on ordinary activities before taxation	438,553	569,169
Historical cost profits on ordinary activities before taxation	438,553	569,169
Historical cost profit transferred to reserves	298,401	365,130

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

23. Controlling party and related party transactions

During the year the company sold goods to the following companies, deemed related to the company:

1. Cambridge Hi-Fi Ltd.

Total amount of goods sold during the year amounted to £246,559 excl. VAT. The balance owed as at 31 December 2001 was £80,082. No amounts were written off during the year.

Cambridge Hi-Fi Ltd is wholly owned subsidiary of the company. Also, Mr. K.H. Patel and Mr. R. H. Patel are directors in both the companies.

2. Munroview Ltd.

Total amount of goods sold during the year amounted to £1,203,011 excl. VAT. The balance owed by the related company as at 31 December 2001 was £76,405. No amounts were written off during the year.

Munroview Ltd is related due to common directors/ shareholders as follows:

Mr. D.K. Patel Director - Atlantic Electronics Ltd/ Munroview Ltd.

Mr. R. H. Patel Director - Atlantic Electronics Ltd / Munroview Ltd

Mr. D.K. Patel's shareholding in Munroview Ltd is 34% and Mr. R. H. Patel shareholding in Munroview Ltd. is 34%.

ATLANTIC ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

3. A & M Electronics Ltd.

Total amount of goods sold during the year amounted to £1,363,745 excl. VAT.

The balance owed to the related company as at 31 December 2001 was £10,762. No amounts were written off during the year.

The company has a 50% shareholding in A & M Electronics Ltd on long term basis and therefore A & M Electronics Ltd is an associated company of Atlantic Electronics Ltd. Also, the following directors are common in both the companies.

Mr.D.K. Patel, Mr.K.H. Patel, Mr. R.H. Patel.

4. Westend D.J Ltd.

Total amount of goods sold during the year amounted to £327,679 exc VAT.

The balance outstanding payable by the related company at 31 December 2001 was £14,002. No amounts were written off during the year.

Westend D.J Ltd., is related to the company due to the fact that it is a 51% subsidiary of A&M Electronics Limited in which Atlantic Electronics Limited has a 50% shareholding.

The directors have individually guaranteed, in their personal capacity, credit facilities granted by the bank to Atlantic Electronics Limited. Details are at note 13.

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

24 Financial Commitments:

The company has entered into interest rate swap agreement with the Roayal Bank of Scotland for a period from 15 August 2001 to 15 August 2016 for £1,800,000 reduced by repayments of the loan from Natwest from time to time. The details are at note 13.