

COMPANY REGISTRATION NUMBER 0330823

**TEKZONE SOUND AND VISION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2011**

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# **TEKZONE SOUND AND VISION LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2011**

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# TEKZONE SOUND AND VISION LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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### THE BOARD OF DIRECTORS

H M Gardner  
J R Gardner  
C Gardner  
M D Russell-Vick

### COMPANY SECRETARY

C Gardner

### REGISTERED OFFICE

Old Court  
Tyrrells Wood  
Leatherhead  
Surrey  
KT22 8QW

### AUDITOR

Menzies LLP  
Chartered Accountants  
Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

### BANKERS

HSBC Bank plc  
9 The Boulevard  
Crawley  
West Sussex  
RH10 1UT

# TEKZONE SOUND AND VISION LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2011

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the retail of photographic, video, television and audio equipment

The directors are pleased with performance during the year despite what have been difficult market conditions

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £121,132. Particulars of dividends paid are detailed in note 9 to the financial statements

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company

### DIRECTORS

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

H M Gardner  
J R Gardner  
C Gardner  
M D Russell-Vick

G M Gardner retired as a director on 22 June 2010

### DIRECTORS' RESPONSIBILITIES

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

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### PURCHASE OF OWN SHARES

During the year a shareholder requested that the company buy back 52 ordinary shares with a nominal value of £52. A value of £397,200 was agreed and paid for those shares

At the date of purchase the repurchased shares represented 20% of the called up share capital of the company

# TEKZONE SOUND AND VISION LIMITED

THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 MARCH 2011

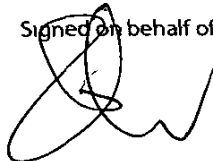
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## AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office  
Old Court  
Tyrrells Wood  
Leatherhead  
Surrey  
KT22 8QW

Signed on behalf of the directors



J R Gardner

Director

Approved by the directors on 28/4/11

# **TEKZONE SOUND AND VISION LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TEKZONE SOUND AND VISION LIMITED**

**YEAR ENDED 31 MARCH 2011**

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We have audited the financial statements of Tekzone Sound and Vision Limited for the year ended 31 March 2011 on pages 6 to 15. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

# TEKZONE SOUND AND VISION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TEKZONE SOUND AND VISION LIMITED  
(continued)

YEAR ENDED 31 MARCH 2011

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## 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

*Menzies LLP*

ANDREW HOOKWAY FCA (Senior  
Statutory Auditor)  
For and on behalf of  
MENZIES LLP  
Chartered Accountants  
& Statutory Auditor

Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

*5 December 2011*

# TEKZONE SOUND AND VISION LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
<b>TURNOVER</b>	<b>2</b>	14,348,554	15,506,526
Cost of sales		10,635,404	10,917,139
<b>GROSS PROFIT</b>		3,713,150	4,589,387
Administrative expenses		4,329,562	4,615,962
Other operating income	<b>3</b>	(767,306)	(108,329)
<b>OPERATING PROFIT</b>	<b>4</b>	150,894	81,754
Interest payable and similar charges	<b>7</b>	–	2,853
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		150,894	78,901
Tax on profit on ordinary activities	<b>8</b>	29,762	16,769
<b>PROFIT FOR THE FINANCIAL YEAR</b>		121,132	62,132

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 15 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## BALANCE SHEET

31 MARCH 2011

	Note	2011 £	£	2010 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		94,070		170,298
<b>CURRENT ASSETS</b>					
Stocks	11	1,748,475		2,164,018	
Debtors	12	523,417		412,579	
Cash at bank and in hand		746,330		824,571	
		<u>3,018,222</u>		<u>3,401,168</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>1,049,834</u>		<u>1,132,940</u>	
<b>NET CURRENT ASSETS</b>			<u>1,968,388</u>		<u>2,268,228</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,062,458</u>		<u>2,438,526</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	17		208		260
Share premium account	18		39,914		39,914
Other reserves	19		138		86
Profit and loss account	20		<u>2,022,198</u>		<u>2,398,266</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>2,062,458</u>		<u>2,438,526</u>

These financial statements were approved by the directors and authorised for issue on  
signed on their behalf by

28/4/11

, and are

J R Gardner

Company Registration Number 0330823

The notes on pages 10 to 15 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		478,690		339,359
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest element of hire purchase	—		(2,853)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		—		(2,853)
<b>TAXATION</b>		(30,835)		(48,690)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets	(28,055)		(35,720)	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(28,055)		(35,720)
<b>EQUITY DIVIDENDS PAID</b>		(100,000)		—
<b>CASH INFLOW BEFORE FINANCING</b>		319,800		252,096
<b>FINANCING</b>				
Purchase of own equity shares	(52)		—	
Premium on purchase of own equity shares	(397,148)		—	
Capital element of hire purchase	(841)		(11,562)	
<b>NET CASH OUTFLOW FROM FINANCING</b>		(398,041)		(11,562)
<b>(DECREASE)/INCREASE IN CASH</b>		(78,241)		240,534
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>				
		<b>2011</b>		<b>2010</b>
		£		£
Operating profit		150,894		81,754
Depreciation		104,283		159,429
Decrease/(increase) in stocks		415,543		(193,300)
(Increase)/decrease in debtors		(99,960)		190,262
(Decrease)/increase in creditors		(92,070)		101,214
Net cash inflow from operating activities		478,690		339,359

The notes on pages 10 to 15 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011		2010	
	£	£	£	£
(Decrease)/increase in cash in the period	(78,241)		240,534	
Cash outflow in respect of hire purchase	<u>841</u>		<u>11,562</u>	
		(77,400)		252,096
Change in net funds		(77,400)		252,096
Net funds at 1 April 2010		823,730		571,634
Net funds at 31 March 2011		<u>746,330</u>		<u>823,730</u>

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2010 £	Cash flows £	At 31 Mar 2011 £
Net cash			
Cash in hand and at bank	<u>824,571</u>	<u>(78,241)</u>	<u>746,330</u>
Debt			
Hire purchase agreements	<u>(841)</u>	<u>841</u>	<u>-</u>
Net funds	<u>823,730</u>	<u>(77,400)</u>	<u>746,330</u>

The notes on pages 10 to 15 form part of these financial statements.

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention

#### Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes

#### Fixed assets

All fixed assets are initially recorded at cost

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings - 10% - 33% straight line

#### Stocks

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

#### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	<u>14,348,554</u>	<u>15,506,526</u>

### 3. OTHER OPERATING INCOME

	2011 £	2010 £
Other operating income	<u>767,306</u>	<u>108,329</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	104,283	159,429
Auditor's remuneration		
- as auditor	3,525	3,525
Operating lease costs		
- Other	<u>62,778</u>	<u>85,177</u>

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2011 No	2010 No
Number of administrative staff	10	10
Number of operational staff	<u>58</u>	<u>77</u>
	<u>68</u>	<u>87</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,613,011	1,939,407
Social security costs	<u>179,211</u>	<u>182,401</u>
	<u>1,792,222</u>	<u>2,121,808</u>

### 6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	<u>237,659</u>	<u>280,643</u>

#### Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>92,295</u>	<u>79,133</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Finance charges	—	2,853

### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	40,640	31,557
Total current tax	40,640	31,557
Deferred tax		
Origination and reversal of timing differences	(10,878)	(14,788)
Tax on profit on ordinary activities	29,762	16,769

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
Profit on ordinary activities before taxation	150,894	78,901
Profit on ordinary activities by rate of tax	31,688	16,569
Effect of disallowed expenses	1,897	200
Capital allowances in excess of depreciation	7,055	14,788
Total current tax (note 8(a))	40,640	31,557

### 9. DIVIDENDS

#### Equity dividends

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	100,000	—

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

### 10. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
<b>COST</b>	
At 1 April 2010	1,371,397
Additions	28,055
<b>At 31 March 2011</b>	<u>1,399,452</u>
<b>DEPRECIATION</b>	
At 1 April 2010	1,201,099
Charge for the year	104,283
<b>At 31 March 2011</b>	<u>1,305,382</u>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2011</b>	<u>94,070</u>
At 31 March 2010	<u>170,298</u>

#### Hire purchase agreements

Included within the net book value of £94,070 is £Nil (2010 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2010 - £Nil).

### 11. STOCKS

	2011 £	2010 £
Stock	<u>1,748,475</u>	<u>2,164,018</u>

### 12. DEBTORS

	2011 £	2010 £
Trade debtors	348,789	154,933
Other debtors	7,635	5,383
Prepayments and accrued income	147,113	243,261
Deferred taxation (note 13)	19,880	9,002
	<u>523,417</u>	<u>412,579</u>

### 13. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 12)	<u>19,880</u>	<u>9,002</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	9,002	(5,786)
Profit and loss account movement arising during the year	10,878	14,788
Balance carried forward	<u>19,880</u>	<u>9,002</u>

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

### 13 DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of depreciation over taxation allowances	19,880	9,002
	<u>19,880</u>	<u>9,002</u>

### 14. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	653,438	753,090
Corporation tax	41,362	31,557
Other taxation and social security	200,752	243,404
Hire purchase agreements	-	841
Other creditors	1,573	23,797
Accruals and deferred income	152,709	80,251
	<u>1,049,834</u>	<u>1,132,940</u>

### 15. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 2 to 5 years	12,200	12,200
After more than 5 years	64,500	64,500
	<u>76,700</u>	<u>76,700</u>

### 16. RELATED PARTY TRANSACTIONS

Included within trade creditors in note 14 is an amount of £6,414 (2009 £12,049) owed to Elite Accessories Limited. During the year the company made purchases of £61,519 (2009 £116,052) from Elite Accessories Limited, a company of which J R Gardener is a director

### 17. SHARE CAPITAL

#### Authorised share capital:

	2011	2010
	£	£
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

#### Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
208 Ordinary shares (2010 - 260) of £1 each	<u>208</u>	<u>208</u>	<u>260</u>	<u>260</u>

### 18. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

# TEKZONE SOUND AND VISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

### 19. OTHER RESERVES

	2011 £	2010 £
<b>Capital redemption reserve:</b>		
Balance brought forward	86	86
Purchase of own shares	52	-
	<u>138</u>	<u>86</u>

During the year the company purchased 52 of its own ordinary shares from G M Gardner, a director of the company, for £397,200. Accordingly, an amount equivalent to the nominal value of these shares has been transferred to the capital redemption reserve.

### 20. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance brought forward	2,398,266	2,336,134
Profit for the financial year	121,132	62,132
Equity dividends	(100,000)	-
Purchase of own shares	(397,200)	-
Balance carried forward	<u>2,022,198</u>	<u>2,398,266</u>

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	£	2010 £	£
Profit for the financial year		121,132		62,132
Purchase of own ordinary shares	(52)		-	
Premium on purchase of own ordinary shares	(397,148)		-	
Equity dividends	<u>(100,000)</u>		<u>-</u>	
		<u>(497,200)</u>		<u>-</u>
Net (reduction)/addition to shareholders' funds		(376,068)		62,132
Opening shareholders' funds		2,438,526		2,376,394
Closing shareholders' funds		<u>2,062,458</u>		<u>2,438,526</u>

### 22. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be any one controlling party.