

Registered number
06805107
(England & Wales)

Sonic Megastore Limited
Directors Report and Audited Accounts
For the Year Ended
31 January 2019



KJA Kilner Johnson Limited
Chartered Accountants
Cleckheaton

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Sonic Megastore Limited

Company Information

Director	Parshotam Lal Showan
Statutory Auditors	KJA Kilner Johnson Limited Network House West 26 Cleckheaton West Yorkshire BD19 4TT
Bankers	Lloyds Bank Plc 1st Floor, Lisbon House 116 Wellington Street Leeds West Yorkshire LS1 4LT
Registered office	Ingleby Road Bradford West Yorkshire BD8 9AN
Registered number	06805107 (England & Wales)

Director's Report

The director presents his report and financial statements for the year ended 31 January 2019.

Principal activities

The company's principal activity during the year continued to be that of the supply of domestic electrical appliances and consumer electronics.

Directors

The following persons served as directors during the year:

Parshotam Lal Showan

Disclosure of information to auditors

The director confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 auditor is aware of that information.

This report was approved by the board on 22 October 2019 and signed on its behalf.



Parshotam Lal Showan
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, 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 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 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 accounts 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.

Strategic Report

The director presents his strategic report for the year ended 31 January 2019.

Review of the business

The company's principal activities during the year continued to be that of the supply of domestic electrical appliances and consumer electronics.

Results and Performance

The results of the company as set out on page 7 show a profit on ordinary activities before tax of £677,863 (2018: £995,942).

During the year the company has seen an increase in competition but has focused on retaining gross profit margin.

Business Environment

The company took a strategic position to not chase turnover in the year due to the ongoing political and economical uncertainty surrounding Brexit. As such turnover has reduced and accordingly all associated costs to serve the business have been further streamlined. This has resulted in the company's gross profit remaining consistent year on year.

Strategy

The business strategy for 2019 and beyond sees us focus on delivering profitable and sustainable growth through our business activities in the electrical retailing industry.

Key Performance indicators

The board monitors the progress of the company by reference to the following KPI's;

	2019	2018
	£	£
Turnover	10,907,355	12,791,635
Gross profit percentage	26.39%	26.41%
Operating profit/(loss) percentage	6.21%	7.79%

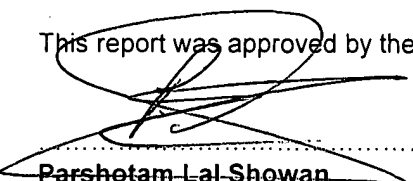
Principal risks and uncertainties

Financial risks are considered low as the company continue to show strong profitability and cash cash generation. The company has no external bank borrowings and continues to strengthen its balance sheet.

Future developments

The company feels that it is well placed to grow its customer base profitably and sustainably.

This report was approved by the board on 22 October 2019 and signed on its behalf.


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Parshotam Lal Showan
Director

Independent auditors' report to the members of Sonic Megastore Limited

We have audited the accounts of Sonic Megastore Limited for the year ended 31 January 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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), including FRS 102

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at the year end date, and its profit and loss account for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact

we have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

Independent auditors' report to the members of Sonic Megastore Limited

- the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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:

- the accounts 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; or
- the directors were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



James R Kilner BSc FCA
(Senior Statutory Auditor)
for and on behalf of
KJA Kilner Johnson Limited
Chartered Accountants and Statutory Auditors
22 October 2019

Network House
West 26
Cleckheaton
West Yorkshire
BD19 4TT

Sonic Megastore Limited

**Income Statement
for the year ended 31 January 2019**

	Notes	2019 £	2018 £
Turnover	2	10,907,355	12,791,635
Cost of sales		(8,029,386)	(9,413,877)
Gross profit		<u>2,877,969</u>	<u>3,377,758</u>
Administrative expenses		(2,285,075)	(2,485,425)
Other operating income		70,000	70,000
Operating profit	3	<u>662,894</u>	<u>962,333</u>
Income from investments		17,406	33,197
Interest receivable		-	1,788
Interest payable	6	(2,437)	(1,376)
Profit on ordinary activities before taxation		<u>677,863</u>	<u>995,942</u>
Tax on profit on ordinary activities	7	(130,478)	(190,967)
Profit for the financial year		<u>547,385</u>	<u>804,975</u>

Sonic Megastore Limited

**Statement of Financial Position
as at 31 January 2019**

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	8	163,177	111,259
Investments	9	322,580	305,174
		<u>485,757</u>	<u>416,433</u>
Current assets			
Stocks	10	3,240,808	3,237,130
Debtors	11	112,540	125,246
Cash at bank and in hand		<u>1,626,964</u>	<u>1,191,523</u>
		<u>4,980,312</u>	<u>4,553,899</u>
Creditors: amounts falling due within one year	12	(1,430,827)	(1,546,040)
Net current assets		<u>3,549,485</u>	<u>3,007,859</u>
Total assets less current liabilities		<u>4,035,242</u>	<u>3,424,292</u>
Creditors: amounts falling due after more than one year	13	(51,957)	-
Provisions for liabilities			
Deferred taxation	15	(27,059)	(15,451)
Net assets		<u>3,956,226</u>	<u>3,408,841</u>
Capital and reserves			
Called up share capital	16	332,000	332,000
Share capital redemption		68,000	68,000
Profit and loss account	17	3,556,226	3,008,841
Total equity		<u>3,956,226</u>	<u>3,408,841</u>

Total equity

Parshotam Lal Showan

Director

Approved by the board on 22 October 2019

Registered number:

06805107

Sonic Megastore Limited

**Statement of Changes in Equity
for the year ended 31 January 2019**

	Share capital £	Capital redemption £	Profit and loss account £	Total £
At 1 February 2017	332,000	68,000	2,503,866	2,903,866
Profit for the financial year	-	-	804,975	804,975
Dividends	-	-	(300,000)	(300,000)
At 31 January 2018	<u>332,000</u>	<u>68,000</u>	<u>3,008,841</u>	<u>3,408,841</u>
At 1 February 2018	332,000	68,000	3,008,841	3,408,841
Profit for the financial year	-	-	547,385	547,385
At 31 January 2019	<u>332,000</u>	<u>68,000</u>	<u>3,556,226</u>	<u>3,956,226</u>

Sonic Megastore Limited

**Statement of Cash Flows
for the year ended 31 January 2019**

	Notes	2019 £	2018 £
Operating activities			
Operating profit		662,894	962,333
Adjustments for:			
Depreciation		42,087	27,815
		<u>704,981</u>	<u>990,148</u>
Increase in stocks		(3,678)	(93,507)
Decrease in debtors		12,706	122,470
Increase/(decrease) in creditors		3,995	(301,844)
		<u>718,004</u>	<u>717,267</u>
Dividends received		17,406	33,197
Interest received		-	1,788
Interest paid		(1,775)	-
Interest element of finance lease payments		(662)	(1,376)
Corporation tax paid		(271,993)	(142,244)
		<u>460,980</u>	<u>608,632</u>
Cash generated by operating activities			
Investing activities			
Payments to acquire tangible fixed assets		(126,194)	-
Payments to acquire investments		(17,406)	(33,197)
Proceeds from sale of tangible fixed assets		32,189	2,729
		<u>(111,411)</u>	<u>(30,468)</u>
Cash used in investing activities			
Financing activities			
Equity dividends paid		-	(300,000)
Capital element of finance lease payments		85,872	(21,336)
		<u>85,872</u>	<u>(321,336)</u>
Cash generated by/(used in) financing activities			
Net cash generated			
Cash generated by operating activities		460,980	608,632
Cash used in investing activities		(111,411)	(30,468)
Cash generated by/(used in) financing activities		85,872	(321,336)
		<u>435,441</u>	<u>256,828</u>
Net cash generated			
Cash and cash equivalents at 1 February		1,191,523	934,695
Cash and cash equivalents at 31 January		<u>1,626,964</u>	<u>1,191,523</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>1,626,964</u>	<u>1,191,523</u>

Notes to the Accounts
for the year ended 31 January 2019

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	20% reducing balance
Motor vehicles	20% reducing balance
Leasehold improvements	Subject to an annual impairment review

Investments

Investments in unquoted equity instruments are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method.

The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Notes to the Accounts
for the year ended 31 January 2019

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Analysis of turnover	2019 £	2018 £
Sale of goods	10,888,578	12,769,406
Commissions	18,777	22,229
	<u>10,907,355</u>	<u>12,791,635</u>
By geographical market:		
UK	<u>10,907,355</u>	<u>12,791,635</u>

Sonic Megastore Limited

**Notes to the Accounts
for the year ended 31 January 2019**

3 Operating profit	2019	2018
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	34,160	27,815
Depreciation of assets held under finance leases and hire purchase contracts	7,927	-
Auditors' remuneration for audit services	4,470	4,225
Key management personnel compensation (including directors' emoluments)	65,000	56,930
Carrying amount of stock sold	7,767,201	9,032,564
4 Director's emoluments	2019	2018
	£	£
Emoluments	65,000	56,930
5 Staff costs	2019	2018
	£	£
Wages and salaries	1,135,922	1,300,789
Social security costs	97,265	118,684
Other pension costs	52,214	5,835
	1,285,401	1,425,308
Average number of employees during the year	Number	Number
Sales	59	54
6 Interest payable	2019	2018
	£	£
Other loans	1,775	-
Finance charges payable under finance leases and hire purchase contracts	662	1,376
	2,437	1,376

**Notes to the Accounts
for the year ended 31 January 2019**

7 Taxation	2019 £	2018 £
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	118,870	195,287
Adjustments in respect of previous periods	-	296
	<u>118,870</u>	<u>195,583</u>
Deferred tax:		
Origination and reversal of timing differences	11,608	(4,616)
	<u>130,478</u>	<u>190,967</u>
Tax on profit on ordinary activities	<u>130,478</u>	<u>190,967</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>677,863</u>	<u>995,942</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	128,794	189,229
Effects of:		
Expenses not deductible for tax purposes	1,103	26
Capital allowances for period in excess of depreciation	(11,027)	4,385
Difference in effective rate of tax	-	1,647
Adjustments to tax charge in respect of previous periods	-	296
Current tax charge for period	<u>118,870</u>	<u>195,583</u>

Notes to the Accounts
for the year ended 31 January 2019

8 Tangible fixed assets

	Land and buildings	Motor Vehicles	Plant & Machinery	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 1 February 2018	14,000	140,525	104,542	259,067
Additions	-	126,194	-	126,194
Disposals	(14,000)	(71,849)	-	(85,849)
At 31 January 2019	-	194,870	104,542	299,412
Depreciation				
At 1 February 2018	14,000	73,175	60,633	147,808
Charge for the year	-	33,305	8,782	42,087
On disposals	(14,000)	(39,660)	-	(53,660)
At 31 January 2019	-	66,820	69,415	136,235
Carrying amount				
At 31 January 2019	-	128,050	35,127	163,177
At 31 January 2018	-	67,350	43,909	111,259

	2019	2018
	£	£
Carrying value of motor vehicles included above held under finance leases and hire purchase contracts	87,194	-

9 Investments

	2019	2018
	£	£
Unlisted investments	322,580	305,174

10 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	3,240,808	3,237,130

11 Debtors

	2019	2018
	£	£
Trade debtors	85,873	125,246
Prepayments and accrued income	26,667	-
	112,540	125,246

Sonic Megastore Limited

**Notes to the Accounts
for the year ended 31 January 2019**

12 Creditors: amounts falling due within one year	2019 £	2018 £
Obligations under finance lease and hire purchase contracts	33,915	-
Trade creditors	649,862	746,001
Corporation tax	178,448	331,571
Other taxes and social security costs	226,190	209,756
Other creditors	82,604	240,430
Accruals and deferred income	259,808	18,282
	<u>1,430,827</u>	<u>1,546,040</u>

13 Creditors: amounts falling due after one year	2019 £	2018 £
Obligations under finance lease and hire purchase contracts	<u>51,957</u>	<u>-</u>

14 Obligations under finance leases and hire purchase contracts	2019 £	2018 £
Amounts payable:		
Within one year	33,915	-
Within two to five years	51,957	-
	<u>85,872</u>	<u>-</u>

15 Deferred taxation	2019 £	2018 £
Accelerated capital allowances	<u>27,059</u>	<u>15,451</u>

	2019 £	2018 £
At 1 February	15,451	20,067
Charged/(credited) to the profit and loss account	11,608	(4,616)
At 31 January	<u>27,059</u>	<u>15,451</u>

The amount of the net reversal of deferred tax expected to occur next year is £6,600, relating to the reversal of existing timing differences on tangible fixed assets.

16 Share capital	Nominal value	2019 Number	2019 £	2018 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	332,000	<u>332,000</u>	<u>332,000</u>

Sonic Megastore Limited

Notes to the Accounts for the year ended 31 January 2019

17 Profit and loss account	2019	2018
	£	£
At 1 February	3,008,841	2,503,866
Profit for the financial year	547,385	804,975
Dividends	-	(300,000)
At 31 January	<u>3,556,226</u>	<u>3,008,841</u>

18 Dividends	2019	2018
	£	£
Dividends on ordinary shares (note 17)	<u>-</u>	<u>300,000</u>

19 Controlling party

During the current and previous year the company had no controlling party by virtue of the current shareholdings.

20 Presentation currency

The financial statements are presented in Sterling.

21 Legal form of entity and country of incorporation

Sonic Megastore Limited is a limited company incorporated in England and Wales.

22 Principal place of business

The address of the company's principal place of business and registered office is:

Ingleby Road
Bradford
West Yorkshire
BD8 9AN