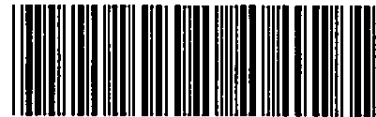


**Company number:
04229714**

**GAMATRONIC (UK) LIMITED
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

**MOORE STEPHENS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
RUTLAND HOUSE
MINERVA BUSINESS PARK
LYNCH WOOD
PETERBOROUGH
CAMBRIDGESHIRE
PE2 6PZ**

WEDNESDAY



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GAMATRONIC (UK) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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GAMATRONIC (UK) LIMITED

COMPANY INFORMATION

Company number: 04229714

Directors: S Bar Zvi
J Goren
R Hamilton (resigned 29 February 2012)
J A Mansfield (resigned 29 February 2012)

Registered office: 15 Chester Road
Colmworth Business Park
Eaton Socon
Cambridgeshire
PE19 8YT
United Kingdom

Statutory auditors: Moore Stephens
Chartered Accountants
Statutory Auditors
Rutland House
Minerva Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6PZ

Bankers: Natwest Bank PLC
48 The Centre
Feltham
Middlesex
TW13 4BD

Solicitors: Lyons Davidson
Victoria House
51 Victoria Street
Bristol
BS1 6AD

GAMATRONIC (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company in the year was that of the sale of UPS equipment

Gamatronic (UK) Limited is a company limited by shares, incorporated and domiciled in England and Wales

Review of the Business

The results for the year are set out in the Income Statement. The directors consider the results to be satisfactory given the current economic climate. Revenue of £1,112,668 (2011 £1,693,292) was achieved with a gross profit of £391,998 (2011 £469,003) giving a gross margin of 35% (2011 28%)

Future developments

The focus of the company continues to be the marketing of UPS equipment in the United Kingdom and other foreign territories. The company has faced a tougher business environment in 2012 which it plans to re-dress in 2013 by consolidating existing relationships and building relationships with new clients.

The principal risks and uncertainties continue to be the building of a sustained roster of clients as well as the emergence of competitors in the market which the company must tackle on both price competitiveness and reliability of its equipment.

Financial Instruments

The company does not use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The company is also exposed to usual foreign currency exchange fluctuations.

Fixed assets

Changes in fixed assets during the year are set out in the notes to the financial statements.

Results and dividends

The directors are unable to recommend a dividend.

Donations

The company made no political or charitable contributions during the year.

Directors

The directors who served during the year were as follows:

S Bar Zvi

J Goren

R Hamilton (resigned 29 February 2012)

J A Mansfield (resigned 29 February 2012)

GAMATRONIC UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

Responsibilities of the directors

The directors are responsible for preparing the annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 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 the case of each of the persons who are directors at the time when the directors report is approved

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that they 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

Auditors

The auditors, Moore Stephens, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006

This report was approved by the board on prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

On behalf of the board


S Bar Zvi
Director

Date 12 March 2013

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GAMATRONIC (UK) LIMITED

We have audited the financial statements of Gamatronic (UK) Limited year ended 31 December 2012 which consist of the Income Statement, the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and related notes. The financial reporting framework that has been applied in their preparation is the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement (set out in the directors' report), 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 2012 and of its loss for the year then ended, and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS regulation

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAMATRONIC (UK) LIMITED

Opinion on other matter 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

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 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

**Michael Lumsden FCA
(Senior Statutory Auditor)**

For and on behalf of Moore Stephens
Chartered Accountants
Statutory Auditors
Rutland House
Minerva Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6PZ

Dated 14 March 2013

GAMATRONIC (UK) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Continuing Operations			
Revenue	2	1,112,668	1,693,292
Cost of sales		(720,670)	(1,224,289)
Gross profit		<u>391,998</u>	<u>469,003</u>
Administrative expenses		(773,073)	(655,875)
Other operating income		(381,075) 5,900	(186,272) -
Operating loss		<u>(375,175)</u>	<u>(186,272)</u>
Finance costs	5	(5,722)	(11,968)
Loss before tax	3	<u>(380,897)</u>	<u>(198,840)</u>
Income tax	6	4,376	24,775
Loss for the year		<u><u>(376,521)</u></u>	<u><u>(174,065)</u></u>

GAMATRONIC (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	Restated 2011 £
Loss for the year		(376,521)	(174,065)
Other Comprehensive Income			
Revaluation of freehold property		-	(78,331)
Prior year restatement	23	-	(23,928)
		<hr/>	<hr/>
Other Comprehensive Income		-	(102,259)
		<hr/>	<hr/>
Total Comprehensive Income for the year		<u>(376,521)</u>	<u>(276,324)</u>

COMPANY NUMBER. 04229714

GAMATRONIC UK LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Note	2012 £	Restated 2011 £
Assets			
Non-Current Assets			
Property, plant & equipment	8	477,277	492,359
Investments	9	4	4
		<u>477,281</u>	<u>492,363</u>
Current assets			
Inventories	10	293,249	346,714
Trade and other receivables	11	415,586	902,859
Cash and cash equivalents	19	183,100	-
		<u>891,935</u>	<u>1,249,573</u>
Total assets		<u><u>1,369,216</u></u>	<u><u>1,741,936</u></u>
Equity			
Share capital	12	200	200
Retained earnings	13	(443,673)	(67,152)
Total equity		<u>(443,473)</u>	<u>(66,952)</u>
Liabilities			
Non-Current			
Borrowings	14	101,219	158,354
Deferred tax liabilities	15	-	4,376
		<u>101,219</u>	<u>162,730</u>
Current			
Trade and other payables	16	1,655,415	1,490,003
Borrowings	17	56,055	156,155
		<u>1,711,470</u>	<u>1,646,158</u>
Total liabilities		<u>1,812,689</u>	<u>1,808,888</u>
Total equity and liabilities		<u><u>1,369,216</u></u>	<u><u>1,741,936</u></u>

Approved by the board of directors and signed on its behalf


S Bar Zvi
Director

Date: 12 March 2013

GAMATRONIC (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Called up Share Capital £	Profit and loss Account £	Revaluation Reserve £	Total Equity £
Balance at 1 January 2011	200	224,719	78,331	303,250
Changes in equity				
Dividends	-	(93,878)	-	(93,878)
Total comprehensive income	-	(174,065)	(78,331)	(252,396)
Prior year restatement (note 23)	-	(23,928)	-	(23,928)
Balance at 31 December 2011	<u>200</u>	<u>(67,152)</u>	<u>-</u>	<u>(66,952)</u>
Changes in equity				
Total comprehensive income	-	(376,521)	-	(376,521)
Balance at 31 December 2012	<u><u>200</u></u>	<u><u>(443,673)</u></u>	<u><u>-</u></u>	<u><u>(443,473)</u></u>

GAMATRONIC (UK) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Cash flows from operating activities			
Cash generated from operations	18	347,356	85,951
Interest paid		(4,351)	(7,738)
Interest element of hire purchase payments paid		(1,371)	(4,230)
Net cash from operating activities		<u>341,634</u>	<u>73,983</u>
Investment activities			
Purchase of property, plant and equipment		(3,304)	(3,116)
Purchase of non-current investments		-	(4)
Sale of property, plant and equipment		1,416	11,850
Net cash from investing activities		<u>(1,888)</u>	<u>8,730</u>
Cash flows from financing activities			
Equity dividends paid		-	(62,000)
Capital element of hire purchase payments paid		(5,363)	(29,750)
Loan repayments in year		(43,430)	(42,369)
Amounts (withdrawn)/introduced by directors		589	31,411
Net cash from financing activities		<u>(48,204)</u>	<u>(102,708)</u>
Increase/(decrease) in cash and cash equivalents		291,542	(19,995)
Cash and cash equivalents at beginning of year	19	<u>(108,442)</u>	<u>(88,447)</u>
Cash and cash equivalents at end of year	19	<u><u>183,100</u></u>	<u><u>(108,442)</u></u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain non-current assets.

Turnover

Revenue from sales of goods is recognised when the goods are invoiced, delivery is probable, and orders are non-cancellable. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and sales related taxes.

Revenue generated from maintenance contracts is recognised on a straight-line basis over the specified period of the contracts. Associated costs are recognised on the same basis.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. Where a class has been revalued its carrying cost is amended to reflect the revaluation in accordance with IAS 16. The class is then revalued periodically in accordance with this standard.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Freehold land is not depreciated in accordance to the provisions of IAS 16.

Freehold land and buildings	- Straight line over remaining useful life
Fixtures and fittings	- 6 to 33% on reducing balance
Motor vehicles	- 25% on reducing balance

Inventories

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

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax assets and liabilities have arisen from temporary differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Full provision is made for all liabilities, and provision is made for assets to the extent that it is probable they will be recoverable in the foreseeable future. Provision is made using tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based upon rates enacted at the statement of financial position date.

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

Investments

Investments consist of a holding in an unlisted entity which has been included in the financial statements at cost. This valuation method is considered appropriate in the absence of a reasonable fair value estimate for the unlisted entity.

Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling, the functional currency, at the rates ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

Leasing

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Going concern

At 31 December 2012, the company owed £1,492,292 to its parent company, Gamatronic Electronic Industries Limited. The parent company have provided confirmation that they will continue to financially support Gamatronic (UK) Limited for the foreseeable future.

As a result of this, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Cash and cash equivalents

For the purposes of statement of cash flows, cash includes cash on hand and deposits held with banks or financial institutions.

Prior year restatements

The comparative figures for 2011 have been restated to correct a number of errors identified in that year. These have been restated as disclosed in note 23.

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

Financial assets and liabilities

Financial assets held by the company comprise of an unlisted investment, trade and other receivables, and cash and cash equivalents. The investment is measured using its original cost, this is deemed an appropriate method in the absence of a reasonable fair value estimate. All other financial assets are included in the financial statements at book value as this is considered a reasonable approximation of their fair value.

Financial liabilities held by the company comprise of a bank loan and trade and other payables. These have been included in the financial statements at book value as this is considered as a reasonable approximation of their fair value.

Standards issued but not yet effective

Standards issued but not yet effective up to date of issuance of Gamatronic (UK) Limited financial statements are listed below.

The intention is to adopt those standards which apply to the company when they become effective but early adoption has not been undertaken.

IAS 1 (amendment), 'Presentation of Items of Other Comprehensive Income', is effective for accounting periods beginning on or after 1 July 2012.

IFRS 7 and IFRS 9 (amendment), 'Mandatory Effective Date of IFRS 9 and Transition Disclosures'. The amendments are effective for annual periods on or after 1 January 2015.

IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2015.

IFRS 13, 'Fair Value Measurement', is effective for accounting periods beginning on or after 1 January 2013.

IFRS 7 (amendments), 'Disclosures – Offsetting Financial Assets and Financial Liabilities', is effective for accounting periods beginning on or after 1 January 2013.

IAS 32 (Amendments), 'Offsetting Financial Assets and Financial Liabilities', is effective for accounting periods beginning on or after 1 January 2014.

Annual Improvements to IFRSs 2009 – 2011 Cycle (amendments), are effective for accounting periods beginning on or after 1 January 2013.

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover

	2012	2011
	£	£
The analysis of turnover by activity is as follows		
Sale of goods	930,960	1,443,722
Rendering of services	181,708	249,570
	<u>1,112,668</u>	<u>1,693,292</u>

3 Loss before income tax

	2012	2011
	£	£
This is stated after charging		
Cost of inventories recognised as an expense	720,670	1,224,289
Auditors' remuneration	5,000	6,000
Accountancy	10,573	6,000
Depreciation of owned assets	12,528	10,965
Depreciation of assets held under finance leases and hire purchase contracts	4,265	10,610
Profit/(Loss) on disposal of fixed assets	177	(3,137)
Hire of plant and machinery	192	2,379
Operating lease rentals	3,719	-
Loss on exchange	3,170	8,573
	<u>3,170</u>	<u>8,573</u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

4 Employees and Directors

The average number of persons employed by the company, including directors, during the year was as follows

	2012	2011
Directors	2	4
Management	1	-
Administration	2	2
Sales	2	4
Warehouse & Engineer	2	2
	<u>9</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£	£
Wages and salaries	308,771	296,602
Social security costs	32,540	30,938
	<u>341,311</u>	<u>327,540</u>

	2012	2011
	£	£
Directors' remuneration	<u>38,917</u>	<u>105,195</u>

5 Net finance costs

	2012	2011
	£	£
Interest payable - bank loans and overdraft and other loans repayable within five years	<u>5,722</u>	<u>11,968</u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

6	Income tax	2012	2011
		£	£
	Analysis of tax charge		
	Current Tax:		
	Adjustments in respect of previous period	-	(24,608)
	Total current tax	<u>-</u>	<u>(24,608)</u>
	Deferred Tax:		
	Origination and reversal of timing differences	4,376	(167)
	Total tax charge/(credit) in income statement	<u>4,376</u>	<u>(24,775)</u>
	Factors affecting the tax charge		
	The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below		
		2012	2011
		£	£
	Loss on ordinary activities before tax	(380,897)	(198,840)
	Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011: 20.25%)	(76,179)	(40,265)
	Effects of		
	Expenses not allowable for tax purposes	4,424	2,373
	Capital allowances in excess of depreciation	894	1,514
	Disposal of assets	-	(635)
	Effects of prior year over provisions	-	(942)
	Effects of losses carried forward	75,647	13,347
	Other differences	(4,786)	-
	Total income tax	<u>-</u>	<u>(24,608)</u>
7	Dividends	2012	2011
		£	£
	Interim	-	93,878
		<u>-</u>	<u>93,878</u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

8 Property, Plant and Equipment

	Freehold Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2012	436,604	54,006	79,475	570,085
Additions	-	3,304	-	3,304
Disposals	-	(1,978)	-	(1,978)
	<u>436,604</u>	<u>55,332</u>	<u>79,475</u>	<u>571,411</u>
At 31 December 2012				
Depreciation				
At 1 January 2012	4,645	27,136	45,945	77,726
Charge for the year	4,645	3,766	8,382	16,793
On disposals	-	(385)	-	(385)
	<u>9,290</u>	<u>30,517</u>	<u>54,327</u>	<u>94,134</u>
At 31 December 2012				
Net book value				
At 31 December 2012	<u>427,314</u>	<u>24,815</u>	<u>25,148</u>	<u>477,277</u>
At 31 December 2011	<u>431,959</u>	<u>26,870</u>	<u>33,530</u>	<u>492,359</u>

The property was valued at an open market value of £390,000 by Lambert Smith Hampton, Property Consultants on 4th January 2012. The property was written down to its original cost to reflect the decrease in market value. No further adjustment was made for impairment of the property value on the basis that the diminution in value is temporary.

The directors are of the view that movements in the property's open market value are insignificant since the 4th January 2012 and so this valuation remains an accurate assessment of the asset's fair value.

The net book value of motor vehicles includes £12,796 (2011: £17,062) in respect of assets held under hire purchase contracts.

The property is used as security over the bank loan disclosed at note 14.

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

9	Investments		Unlisted £
	Cost		
	At 1 January 2012		4
	At 31 December 2012		4
	Net Book Values		-
	As at 31 December 2012		4
			=
	As at 31 December 2011		4
			=
10	Inventories		
		2012	2011
		£	£
	Finished goods and goods for resale	293,249	346,714
		<u>293,249</u>	<u>346,714</u>
		<u><u>293,249</u></u>	<u><u>346,714</u></u>
11	Trade and other receivables		
		2012	2011
		£	£
	Current		
	Trade debtors	347,763	744,577
	Amounts owed by group undertakings	22,153	-
	Other debtors	-	24,543
	Directors' current accounts	-	589
	Prepayments	43,432	133,150
	VAT	2,238	-
		<u>415,586</u>	<u>902,859</u>
		<u><u>415,586</u></u>	<u><u>902,859</u></u>
12	Share capital		
		2012	2011
		£	£
	Allotted, issued and fully paid		
	Ordinary £1 shares	200	200
		<u>200</u>	<u>200</u>
		<u><u>200</u></u>	<u><u>200</u></u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13 Retained earnings

	2012
	£
At 1 January 2012 as previously reported	(43,224)
Prior year restatement (note 23)	(23,928)
	<hr/>
At 1 January 2012 as restated	(67,152)
Loss for the year	(376,521)
	<hr/>
At 31 December 2012	<u>(443,673)</u>

14 Borrowings - non-current

	2012	2011
	£	£
Bank loans	101,219	145,316
Obligations under finance leases and hire purchase contracts (note 21)	-	13,038
	<hr/>	<hr/>
	<u>101,219</u>	<u>158,354</u>

The bank loan is due to be repaid within 5 years

The bank loan is secured by 1st legal charge over the freehold property at 15 Chester Road, Colmworth Business Park, and a debenture over the assets of the company

15 Provisions for liabilities

	Deferred taxation
	£
Balance at 1 January 2012	4,376
Charged for the year in the Income Statement	(4,376)
	<hr/>
Balance at 31 December 2012	<u>-</u>

The deferred tax provision arises as follows

	Provided		Maximum potential (asset)/liability	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	3,710	4,376	3,710	4,376
Unrelieved losses	(3,710)	-	(89,243)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>-</u>	<u>4,376</u>	<u>(85,533)</u>	<u>4,376</u>

GAMATRONIC (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

16 Trade and other payables - current

	2012	Restated
	£	2011
		£
Trade creditors	41,992	146,400
Amounts owed to group undertakings	1,492,292	1,213,255
Other taxes and social security	39,628	46,582
Accruals and deferred income	81,503	83,766
	<u>1,655,415</u>	<u>1,490,003</u>

17 Borrowings - current

	2012	2011
	£	£
Bank overdraft	-	108,442
Bank loans	43,430	42,763
Obligations under finance leases and hire purchase contracts (note 21)	12,625	4,950
	<u>56,055</u>	<u>156,155</u>

Hire purchase liabilities are secured over the assets purchased by the company under hire purchase agreements

**18 Reconciliation of loss before income tax
to cash generated from operations**

	2012	Restated
	£	2011
		£
Loss before income tax	(380,897)	(198,840)
Depreciation charges	16,793	21,575
Loss/(Profit) on sale of tangible fixed assets	177	(3,137)
Finance costs	5,722	11,968
Decrease in inventories	53,465	31,773
Decrease in trade and other receivables	486,684	829,389
Increase/(Decrease) in trade and other payables	165,412	(606,777)
	<u>347,356</u>	<u>85,951</u>

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19 Cash and cash equivalents

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts

Year ended 31 December 2012

	2012	2011
	£	£
Bank Account	182,917	(108,442)
Cash in hand	183	-
	<u>183,100</u>	<u>(108,442)</u>

Year ended 31 December 2011

	2011	2010
	£	£
Bank Account	(108,442)	(88,447)
	<u>(108,442)</u>	<u>(88,447)</u>

20 Leasing commitments

At 31 December 2012 the company had future minimum lease payments under non-cancellable operating leases as detailed below

Operating leases which expire

	Other	Other
	2012	2011
	£	£
Not later than one year	4,462	-
Later than one, not later than two years	4,462	-
Later than two, not later than five years	7,437	-
	<u>16,361</u>	<u>-</u>

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21 Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows

	2012	2011
	£	£
Amounts payable		
Within one year	13,038	4,950
Between one and five years	-	13,038
	<u>13,038</u>	<u>18,000</u>

The finance lease is due to be repaid within one year. Due to this short lifespan the minimum lease payments are considered a close approximation of their present values. As a result, reconciliation between the two has not been prepared.

22 Contingent liabilities

At the year end there was ongoing litigation in relation to a customer alleging supply of faulty goods and the company is being sued for damages of £61,442. The directors, after discussions with their lawyers, believe that the claim is likely to be unsuccessful and have a strong case against the claimant.

23 Prior year restatements

An inaccuracy was identified relating to the treatment of revenue and cost of sales that pertained to contracts covering periods which straddle year ends. The financial statements of 2011 have been restated to correct this error. The effect of this restatement to comparatives was to increase trade and other receivables by £39,988 and increase trade and other payables by £63,916. This gives a reduction to retained earnings at 1 January 2011 of £23,928. There is no effect on the loss for the year ended 31 December 2011.

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24 Financial Risk Management

The company has the following categories of financial instruments at the balances sheet date

	Note	2012	Restated 2011
		£	£
Financial Assets			
Investments	9	4	4
Trade and other receivables	11	415,586	902,859
Cash and cash equivalents	19	183,100	-
Total Financial Assets		<u>598,690</u>	<u>902,863</u>
Financial Liabilities			
Trade and other payables – current	16	1,655,415	1,490,003
Borrowings - current	17	56,055	156,155
Borrowings – non-current	14	101,219	158,354
Total Financial Liabilities		<u>1,812,689</u>	<u>1,804,512</u>

Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company with cash and cash equivalents. The directors are closely involved in the running of the business and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

Risk management objectives

The directors are charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company.

The main risks that the company is exposed to through its financial instruments are credit risk and liquidity risk. These are managed as follows:

Credit risk

Exposure to credit risk relating to financial assets arises from customers not honouring amounts owed to the company and also the liquidity of banking institutions used to deposit funds with.

The maximum exposure to credit risk to recognised financial assets is their carrying amount, net of any provisions for impairment.

Credit risk is reviewed regularly by management as follows:

- Potential customers are rated for their credit-worthiness taking into account factors such as their size, market position and financial standing, and
- Only banks and institutions with an acceptable credit rating are utilised.

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24 Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows

- Preparing forward looking cash flow analysis, and
- Ensuring that adequate unutilised borrowing facilities are maintained

25 Related party transactions

During the year the company purchased goods from Gamatronic Electronic Industries Limited, the parent company, amounting to £272,825 (2011 £754,335). Management charges were also paid to the parent company amounting to £11,397 (2011 £11,370).

As at 31 December 2012, amounts owed to Gamatronic Industries Limited, the parent company, amounted to £1,492,292 (2011 £1,213,255).

26 Transactions with directors

During the years ended 31 December 2012 and 31 December 2011 the two loans to directors subsisted

J A Mansfield was advanced £3,412 (2011 £8,000) and repaid £4,001 (2011 £24,411). This left £nil (2011 £589) owed to the company at the year end.

R Hamilton was advanced £nil (2011 £8,000) and repaid £nil (2011 £23,000). This left £nil (2011 £nil) owed to the company at the year end.

During the year, dividends amounting to £nil (2011 £46,000) were paid to the directors.

27 Ultimate controlling party

The company is a 100% subsidiary of Gamatronic Electronic Industries Limited, a company quoted on the Israeli stock exchange.