

SURGE COMPONENTS INC
Form 10-Q
July 13, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended May 31, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 000-27688

SURGE COMPONENTS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

11-2602030
(I.R.S. Employer Identification No.)

95 East Jefryn Blvd., Deer Park, New York
(Address of principal executive offices)

11729
(Zip code)

Issuer's telephone number: (631) 595-1818

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of July 3, 2012, there were 9,060,012 outstanding shares of the Registrant's Common Stock, \$.001 par value.

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PART I Financial Information

ITEM 1. FINANCIAL STATEMENTS.

SURGE COMPONENTS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

ASSETS	May 31, 2012 (unaudited)	November 30, 2011
Current assets:		
Cash	\$ 3,231,678	\$ 1,905,455
Accounts receivable - net of allowance for doubtful accounts of \$34,676 and \$29,676	3,664,453	4,149,068
Inventory, net	3,061,787	2,802,327
Prepaid expenses and income taxes	114,265	130,436
Deferred income taxes	255,878	293,783
Total current assets	10,328,061	9,281,069
Fixed assets – net of accumulated depreciation and amortization of \$2,096,876 and \$2,069,538	99,868	118,049
Deferred income taxes	1,023,513	1,175,133
Other assets	6,223	6,376
Total assets	\$ 11,457,665	\$ 10,580,627

See notes to consolidated financial statements

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SURGE COMPONENTS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	May 31, 2012 (unaudited)	November 30, 2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Loan payable	\$ -	\$ -
Accounts payable	2,541,827	2,019,980
Accrued expenses and taxes	649,296	669,949
Accrued salaries	511,438	517,172
Total current liabilities	3,702,561	3,207,101
Deferred rent	22,583	16,743
Total liabilities	3,725,144	3,223,844
Commitments and contingencies		
Shareholders' equity		
Preferred stock - \$.001 par value stock, 5,000,000 shares authorized:		
Series A – 260,000 shares authorized, none outstanding.		
Series B – 200,000 shares authorized, none outstanding, non-voting, convertible, redeemable.		
Series C – 100,000 shares authorized, 23,700 and 23,700 shares issued and outstanding, redeemable, convertible, and a liquidation preference of \$5 per share	24	24
Common stock - \$.001 par value stock, 75,000,000 shares authorized, 9,060,012 and 9,035,012 shares issued and outstanding	9,060	9,035
Additional paid-in capital	23,013,231	22,995,384
Accumulated deficit	(15,289,794)	(15,647,660)
Total shareholders' equity	7,732,521	7,356,783
Total liabilities and shareholders' equity	\$ 11,457,665	