

Financial Statements

Active Electronics Plc and its subsidiary undertakings

For the year ended 31 December 2012

Registered number: 1531348



Company Information

Company number	1531348
Registered office	Unit 6 The Valley Centre Gordon Road High Wycombe Buckinghamshire HP13 6EQ
Directors	P H Jones G L Ireland C L Homewood
Company secretary	G L Ireland
Bankers	Lloyds TSB Lloyds TSB Bank Plc 27-31 White Hart Street High Wycombe Buckinghamshire HP11 2HL
Solicitors	Charsley Harrison LLP Windsor House Victoria Street Windsor Berkshire SL4 1EN
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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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 activity

The principal activity of the company and the group is that of the supply of electronic equipment

Business review and future developments

Despite a small reduction in turnover, 2012 proved a profitable year for the Company. The fall in turnover was due to a delay to a significant defence contract caused by the need to effect some design changes to the product being supplied, which will now be completed in early 2013. This shortfall was mostly offset by an increase in both our procurement and kitting business. During the last quarter of 2012 the Company was successful in obtaining an exclusive supply to a UK defence group, which will result in continued growth through 2013. This growth will be further supplemented by our commitment to invest in developing new business in markets not currently serviced by the Company.

Results and dividends

The profit for the year, after taxation, amounted to £368,310 (2011 - £523,082). Particulars of dividends paid are detailed in note 17 to the financial statements.

Principal risks and uncertainties

The key risk/uncertainty affecting the group's future prospects is future demand for its products and services. Such demand is affected by economic conditions generally and, in particular, by government spending on defence.

Key Performance indicators

The group uses a number of financial and non financial key performance indicators (KPIs) to measure the performance of the group, the main performance indicators used are:

Financial key performance indicators

- Return on investment
- Gross margin control
- Budgetary control

Non financial key performance indicators

- Maintain accreditation to AS9120
- Supplier and customer on time delivery performance
- Reduction in supplier and customer rejects
- Days sales outstanding
- Market share
- On time delivery performance for both customers and suppliers as required by SC21
- Quality performance to SC21 standard

The group's performance in respect of financial KPIs can be derived from the financial statements and is briefly discussed in the business review above. Analysis of performance against non financial KPIs is not disclosed as this information is commercially sensitive.

Directors' Report

For the year ended 31 December 2012

Financial risk management objectives and policies

The group uses a variety of financial instruments including cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses two types of risk, being fair value interest rate risk and price risk. Interest rate risk is considered minimal given the group's lack of borrowings and price risk is managed by the close control over purchase and selling prices and margins.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The group finances its operations through retained earnings and hence is not exposed to significant interest rate risk.

Credit risk

The principal credit risk arises from trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Directors

The directors who served during the year were

P H Jones
G L Ireland
C L Homewood

Directors' responsibilities statement

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,

Directors' Report

For the year ended 31 December 2012

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Going concern

The group's business activities, together with the factors likely to affect its future development and position, are set out above and the group is expected to continue to generate positive cash flows for the foreseeable future.

The directors have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the group's financial position, the directors have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Political and charitable contributions

Donations to charitable organisations amounted to £510 (2011 £340).

Payment policy

The group aims to pay suppliers when their liabilities fall due on average within 30 days. The group has paid their suppliers when their liabilities fall due on average within 66 days (2011 average 36 days).

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Directors' Report

For the year ended 31 December 2012

This report was approved by the board on 26 March 2013 and signed on its behalf

A handwritten signature in black ink, appearing to be 'G L Ireland', written over a horizontal line.

G L Ireland
Director



Independent Auditor's Report to the Members of Active Electronics Plc and its subsidiary undertakings

We have audited the financial statements of Active Electronics Plc and its subsidiary undertakings for the year ended 31 December 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement, the group Statement of total recognised gains and losses 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).

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 auditor

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. 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 the group's 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 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.



Independent Auditor's Report to the Members of Active Electronics Plc and its subsidiary undertakings

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

A handwritten signature in black ink, appearing to read "Robert Napper".

Robert Napper, FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading IQ

26 March 2013

Consolidated Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	12,570,034	13,075,818
Cost of sales		<u>(9,789,089)</u>	<u>(9,944,330)</u>
Gross profit		2,780,945	3,131,488
Distribution costs		(85,785)	(101,017)
Administrative expenses		<u>(2,243,676)</u>	<u>(2,327,134)</u>
Operating profit	3	451,484	703,337
Interest receivable and similar income	6	27,916	14,836
Interest payable and similar charges		-	(11)
Profit on ordinary activities before taxation		479,400	718,162
Tax on profit on ordinary activities	7	<u>(111,090)</u>	<u>(195,080)</u>
Profit for the financial year	15	<u>368,310</u>	<u>523,082</u>

All amounts relate to continuing operations

The notes on pages 12 to 25 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2012

	Note	2012 £	2011 £
Profit for the financial year		368,310	523,082
Currency differences on foreign exchange		<u>5,526</u>	<u>2,206</u>
Total recognised gains and losses relating to the year		<u>373,836</u>	<u>525,288</u>

The notes on pages 12 to 25 form part of these financial statements

Consolidated Balance Sheet

As at 31 December 2012

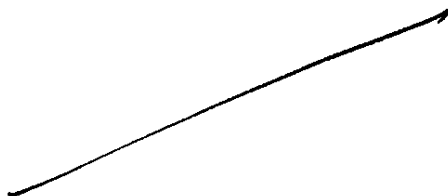
	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	8		157,525		135,056
Current assets					
Stocks	11	1,561,740		1,560,579	
Debtors	12	2,130,432		1,895,515	
Cash at bank and in hand		3,151,367		2,584,653	
		<u>6,843,539</u>		<u>6,040,747</u>	
Creditors: amounts falling due within one year	13	<u>(2,258,443)</u>		<u>(1,757,018)</u>	
Net current assets			<u>4,585,096</u>		<u>4,283,729</u>
Net assets			<u><u>4,742,621</u></u>		<u><u>4,418,785</u></u>
Capital and reserves					
Called up share capital	14		50,009		50,009
Profit and loss account	15		<u>4,692,612</u>		<u>4,368,776</u>
Shareholders' funds	16		<u><u>4,742,621</u></u>		<u><u>4,418,785</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2013

P H Jones
Director



The notes on pages 12 to 25 form part of these financial statements



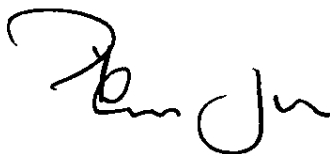
Company Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	8		155,464		131,185
Investments	9		1,178		1,178
			<u>156,642</u>		<u>132,363</u>
Current assets					
Stocks	11	1,552,038		1,542,001	
Debtors	12	2,277,656		1,870,534	
Cash at bank and in hand		3,085,211		2,564,340	
		<u>6,914,905</u>		<u>5,976,875</u>	
Creditors' amounts falling due within one year	13	(2,184,894)		(1,615,782)	
Net current assets			<u>4,730,011</u>		<u>4,361,093</u>
Net assets			<u><u>4,886,653</u></u>		<u><u>4,493,456</u></u>
Capital and Reserves					
Called up share capital	14	50,009		50,009	
Profit and loss account	15	4,836,644		4,443,447	
Shareholders' funds	16	4,886,653		4,493,456	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2013

P H Jones
Director



The notes on pages 12 to 25 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	846,356	702,280
Returns on investments and servicing of finance	19	31,451	13,634
Taxation		(193,287)	(14,535)
Capital expenditure and financial investment	19	(67,806)	(83,173)
Equity dividends paid		(50,000)	(50,000)
Increase in cash in the year		566,714	568,206

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2012

	2012 £	2011 £
Increase in cash in the year	566,714	568,206
Movement in net debt in the year	566,714	568,206
Net funds at 1 January 2012	2,584,653	2,016,447
Net funds at 31 December 2012	3,151,367	2,584,653

The notes on pages 12 to 25 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

The directors have reviewed the accounting policies and consider them to be the most applicable

The principal accounting policies of the group are set out below

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and those of its subsidiaries. The financial statements of each company in the group have been prepared to 31 December 2012. All intra-group profits are eliminated on consolidation.

The company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit before dividends but after taxation of £443,197 (2011 £485,111) which is dealt with in the financial statements of the parent company.

1.3 Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts. Turnover is recognised on delivery or, if earlier, when substantially all of the rights and rewards associated with ownership, have passed to the customer.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% straight line
Office equipment	-	15% - 25% straight line

1.5 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Cost means purchase price including transport and handling costs less trade discounts, calculated on a first in first out basis.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.6 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except where they relate to the retranslation of the opening net investment on a foreign enterprise in which case the difference is recorded as a movement on reserves.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.11 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Financial costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

The turnover and profit before taxation on continuing operations are attributable to one activity, the distribution of electronic components and equipment.

An analysis of turnover by geographical market is given below:

	2012	2011
	£	£
United Kingdom	11,913,527	12,507,728
Europe	22,616	46,384
Rest of the world	633,891	521,706
	<u>12,570,034</u>	<u>13,075,818</u>

Notes to the Financial Statements

For the year ended 31 December 2012

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the group	53,515	60,271
Auditor's remuneration	25,000	24,890
Auditor's remuneration - non-audit	7,954	8,413
Difference on foreign exchange	5,692	(751)
(Profit)/loss on sale of tangible assets	(8,304)	(3,633)
Rent of land and buildings	137,802	189,086
Hire of plant and machinery	9,973	6,533
	<u>137,802</u>	<u>189,086</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	1,351,272	1,285,878
Social security costs	136,345	132,001
Other pension costs	39,696	42,171
	<u>1,527,313</u>	<u>1,460,050</u>

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

	2012	2011
	No.	No.
Administration	25	25
Selling	18	18
	<u>43</u>	<u>43</u>

5. Directors' remuneration

	2012	2011
	£	£
Emoluments	266,133	279,224
Value of company pension contributions to money purchase schemes	16,735	16,735

During the year retirement benefits were accruing to 3 directors (2011 - 3) in respect of defined contribution pension schemes

Notes to the Financial Statements

For the year ended 31 December 2012

The highest paid director received remuneration of £132,475 (2011 - £138,982)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,554 (2011 - £9,554)

6. Interest receivable

	2012	2011
	£	£
Other interest receivable	27,916	14,836

7. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	120,000	180,765
Adjustments in respect of prior periods	(7,836)	(826)
	<u>112,164</u>	<u>179,939</u>
Foreign tax on income for the year	-	11,200
	<u>112,164</u>	<u>191,139</u>
Total current tax		
	<u>112,164</u>	<u>191,139</u>
Deferred tax		
Origination and reversal of timing differences	(1,074)	3,941
	<u>111,090</u>	<u>195,080</u>
Tax on profit on ordinary activities		

Notes to the Financial Statements

For the year ended 31 December 2012

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.1%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	<u>479,400</u>	<u>718,162</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.1%)	117,453	187,440
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,210	3,451
Depreciation in excess of capital allowances	(1,947)	1,386
Adjustments to tax charge in respect of prior periods	(7,836)	(826)
Other timing differences leading to an increase (decrease) in taxation	400	(312)
Marginal relief	(116)	-
Current tax charge for the year (see note above)	<u>112,164</u>	<u>191,139</u>

Notes to the Financial Statements

For the year ended 31 December 2012

8. Tangible fixed assets

Group	Motor vehicles £	Office equipment £	Total £
Cost			
At 1 January 2012	144,011	285,124	429,135
Additions	77,323	16,560	93,883
Disposals	(89,655)	(6,076)	(95,731)
Foreign exchange movement	-	(2,937)	(2,937)
At 31 December 2012	131,679	292,671	424,350
Depreciation			
At 1 January 2012	68,406	225,673	294,079
Charge for the year	33,383	20,132	53,515
On disposals	(71,882)	(6,076)	(77,958)
Foreign exchange movement	-	(2,811)	(2,811)
At 31 December 2012	29,907	236,918	266,825
Net book value			
At 31 December 2012	101,772	55,753	157,525
At 31 December 2011	75,605	59,451	135,056

Company	Motor vehicles £	Office equipment £	Total £
Cost			
At 1 January 2012	144,011	216,969	360,980
Additions	77,323	16,560	93,883
Disposals	(89,655)	(6,076)	(95,731)
At 31 December 2012	131,679	227,453	359,132
Depreciation			
At 1 January 2012	68,406	161,389	229,795
Charge for the year	33,383	18,448	51,831
On disposals	(71,882)	(6,076)	(77,958)
At 31 December 2012	29,907	173,761	203,668
Net book value			
At 31 December 2012	101,772	53,692	155,464
At 31 December 2011	75,605	55,580	131,185

Notes to the Financial Statements

For the year ended 31 December 2012

9. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012 and 31 December 2012	1,178
Net book value	
At 31 December 2012	1,178
At 31 December 2011	1,178

10. Principal subsidiaries

At 31 December 2012 the group had equity investments in the following companies

Company name	Country	Percentage Shareholding	Description
Roe Electronics Limited	United Kingdom	100%	Dormant
Genspark Limited	United States of America	100%	Distribution of components and equipment

Roe Electronics Limited has aggregated capital of £100 (2011 £100) and £nil profit (2011 £nil) for the year ended 31 December 2012. Genspark Limited has aggregated capital of £862 (2011 £862) and £74,887 loss (2011 profit £37,971) for the year ended 31 December 2012. Roe Electronics Limited is incorporated in the United Kingdom and operates in England and Wales. Genspark Limited is incorporated in and trades from New York State, United States of America.

11. Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Work in progress	679,725	344,278	679,725	344,278
Finished goods and goods for resale	882,015	1,216,301	872,313	1,197,723
	<u>1,561,740</u>	<u>1,560,579</u>	<u>1,552,038</u>	<u>1,542,001</u>

Notes to the Financial Statements

For the year ended 31 December 2012

12. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,979,318	1,758,321	1,952,847	1,747,098
Amounts owed by group undertakings	-	-	194,711	-
Other debtors	62,080	51,362	45,235	43,228
Prepayments and accrued income	89,034	85,832	84,863	80,208
	<u>2,130,432</u>	<u>1,895,515</u>	<u>2,277,656</u>	<u>1,870,534</u>

13. Creditors:**Amounts falling due within one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	1,775,582	1,090,161	1,730,563	954,140
Amounts owed to group undertakings	-	-	1,078	14,648
Corporation tax	122,763	196,194	122,763	184,994
Social security and other taxes	73,452	197,919	73,452	197,917
Other creditors	86,434	57,869	65,312	55,706
Accruals and deferred income	200,212	214,875	191,726	208,377
	<u>2,258,443</u>	<u>1,757,018</u>	<u>2,184,894</u>	<u>1,615,782</u>

Current taxation includes a deferred tax liability of £2,763 (2011 £4,229) in respect of timing differences between capital allowances and depreciation

14. Share capital

	2012	2011
	£	£
Authorised		
1,000,000 Ordinary shares shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
50,009 Ordinary shares shares of £1 each	<u>50,009</u>	<u>50,009</u>

Notes to the Financial Statements

For the year ended 31 December 2012

15. Reserves

	Profit and loss account £
Group	
At 1 January 2012	4,368,776
Profit for the year	368,310
Dividends Equity capital	(50,000)
Other movements	5,526
	<u>4,692,612</u>
At 31 December 2012	
	<u>4,692,612</u>
	Profit and loss account £
Company	
At 1 January 2012	4,443,447
Profit for the year	443,197
Dividends Equity capital	(50,000)
	<u>4,836,644</u>
At 31 December 2012	
	<u>4,836,644</u>

16. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Group		
Opening shareholders' funds	4,418,785	3,943,497
Profit for the year	368,310	523,082
Dividends (Note 17)	(50,000)	(50,000)
Other recognised gains and losses during the year	5,526	2,206
	<u>4,742,621</u>	<u>4,418,785</u>
Closing shareholders' funds		
	<u>4,742,621</u>	<u>4,418,785</u>
	2012 £	2011 £
Company		
Opening shareholders' funds	4,493,456	4,058,345
Profit for the year	443,197	485,111
Dividends (Note 17)	(50,000)	(50,000)
	<u>4,886,653</u>	<u>4,493,456</u>
Closing shareholders' funds		
	<u>4,886,653</u>	<u>4,493,456</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

Notes to the Financial Statements

For the year ended 31 December 2012

17. Dividends

	2012 £	2011 £
Dividends paid on equity capital	<u>50,000</u>	<u>50,000</u>

18. Net cash flow from operating activities

	2012 £	2011 £
Operating profit	451,484	703,337
Depreciation of tangible fixed assets	53,515	60,271
Profit on disposal of tangible fixed assets	(8,304)	(3,633)
Increase in stocks	(1,160)	(403,266)
Increase in debtors	(226,191)	(168,153)
Increase in creditors	571,320	511,251
Unrealised exchange loss	5,692	2,473
Net cash inflow from operating activities	<u>846,356</u>	<u>702,280</u>

19. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	31,451	13,645
Interest paid	-	(11)
Net cash inflow from returns on investments and servicing of finance	<u>31,451</u>	<u>13,634</u>
Taxation		
Corporation tax	(191,927)	(13,399)
Overseas tax paid	(1,360)	(1,136)
Net cash outflow from taxation	<u>(193,287)</u>	<u>(14,535)</u>

Notes to the Financial Statements

For the year ended 31 December 2012

19. Analysis of cash flows for headings netted in cash flow statement (continued)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(93,883)	(88,823)
Sale of tangible fixed assets	26,077	5,650
Net cash outflow from capital expenditure	(67,806)	(83,173)

20. Analysis of changes in net debt

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	2,584,653	566,714	-	3,151,367
Net funds	2,584,653	566,714	-	3,151,367

21. Pension commitments

The group operates a defined contributions pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

Notes to the Financial Statements

For the year ended 31 December 2012

22. Operating lease commitments

Operating lease payments amounting to £151,239 (2011 - £148,249) are due within one year. The leases to which these amounts relate expire as follows

Group	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date.				
Within 1 year	32,406	-	2,211	2,076
Between 2 and 5 years	9,000	45,316	7,621	6,451
After more than 5 years	100,000	100,000	-	-
	<u>141,406</u>	<u>145,316</u>	<u>9,832</u>	<u>8,527</u>

At 31 December 2012 the Company had annual commitments under non-cancelable operating leases as follows

Company	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date				
Between 2 and 5 years	9,000	12,300	7,621	6,451
After more than 5 years	100,000	100,000	-	-
	<u>109,000</u>	<u>112,300</u>	<u>7,621</u>	<u>6,451</u>

23. Ultimate Controlling Party

P H Jones and J M Jones are considered by the directors as the ultimate controlling parties of the parent undertaking as trustees of the "G Roe Trust", which holds 48,486 ordinary shares of £1 each, representing 97% of the issued share capital of Active Electronics Plc

24. Related party transactions

The parent undertaking holds 100% of the voting rights of all its subsidiary undertakings and as such has taken the exemption under Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions between group entities

The following loan balances existed at the year end with related parties

	2012	2011
	Group and company	Group and company
	£	£
Mrs J A Roe - loan to group (shown with Other creditors)	(22,122)	(14,518)
Mr S Roe - loan from group (shown with Other debtors)	<u>30,000</u>	<u>30,000</u>

Notes to the Financial Statements

For the year ended 31 December 2012

24. Related party transactions (continued)

These persons are considered to be related parties as beneficiaries of the 'G Roe Trust'. During the year Mr S Roe received salary payments amounting to £13,000 (2011 - £13,000) from the group.

25. Post balance sheet events

No significant events have taken place since the balance sheet date.