

Company registration number 01531348 (England and Wales)

**ACTIVE ELECTRONICS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# ACTIVE ELECTRONICS PLC

## COMPANY INFORMATION

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<b>Directors</b>	C R Scott C L Homewood D E Child M J Wellington	(Appointed 1 January 2022) (Appointed 1 January 2022)
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<b>Company number</b>	01531348
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<b>Registered office</b>	Unit 6 The Valley Centre Gordon Road High Wycombe Buckinghamshire HP13 6EQ
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<b>Auditor</b>	Haines Watts High Wycombe Limited Oakingham House Frederick Place High Wycombe Buckinghamshire HP11 1JU
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# ACTIVE ELECTRONICS PLC

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# ACTIVE ELECTRONICS PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### Business review

We are pleased to report on another year of significant progress for the business.

The markets in which we operate started to recover during 2022 following the Covid 19 pandemic. In addition, we are starting to see some signs of component lead-times recovering back to normal pre-pandemic levels.

The macro-economic environment of inflationary pressures, high fuel prices and increasing interest rates has meant that our customers have favoured suppliers who have strong financial resources. This has benefitted Active Electronics as we do not rely on external funding to run the business.

The changes to working practices that were implemented during the pandemic such as flexible working have now been developed into a permanent operating environment and during 2022 we successfully went live with an upgrade to our business systems that allows us to operate effectively in the post pandemic era.

The steps we have taken to ensure the long-term sustainable growth of the business continue to benefit us. We continue to develop new business partnerships which seek to enhance and complement our existing product ranges. The strategy to concentrate on programme led opportunities has continued to bear fruit and the order book increased by 16% during the year and is at an historical high, giving good visibility and confidence going into 2023.

The continued development of our strategy and the operational improvements we have implemented have enabled Active to report a further improvement in our financial performance and in 2022 we achieved an operating profit of £685,222.

As in the previous year, a core purpose remains to be a leading service provider for electronic components and assemblies to the aerospace, defence and other high reliability Industries. Quality and delivery performance is key in these markets and we are pleased to have maintained our extensive accreditations throughout the period. Indeed, it is pleasing to report that on-time delivery ended the year at historically high levels. During the year, the business attained SC21 Silver status for the ninth consecutive year.

#### Principal risks and uncertainties

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

The Covid-19 outbreak and the current macro-economic environment have highlighted the benefits of having strong financial resources and the Company is pleased to report that it retains sufficient working capital to continue trading for the foreseeable future.

Furthermore, the shareholders and ultimate parent Company have expressed their commitment to supporting the Company financially during any unprecedented situation if needed.

#### Financial key performance indicators

The group uses a number of financial and non-financial key performance indicators (K.P.I.s) to measure the performance of the group and the prime financial key performance indicators are:

- Return on investment
- Gross margin control
- Budgetary control
- Day sales outstanding

These objectives are achieved through both strong financial management and competitive cost-effective sourcing of electronic components.

# ACTIVE ELECTRONICS PLC

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Other key performance indicators

Non-financial key performance indicators are:

- Maintain accreditation to BS EN 9120 and BS EN 9100
- Quality performance to SC21 silver standard
- Reduction in supplier and customer rejects
- Market Share
- On-time delivery performance of in excess of 95%

The group's performance in respect of financial K.P.I.s can be derived from the financial statements. Analysis of performance against non-financial K.P.I.s is not disclosed as this information is commercially sensitive.

This report was approved by the board and signed for and on behalf of Active Electronics Plc.

On behalf of the board

*Clive Homewood*

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C L Homewood

**Director**

Date: 17 / 04 / 2023  
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# ACTIVE ELECTRONICS PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Principal activities

The principal activity of the company and group continued to be that of the supply of electronic components, assemblies and kits of components primarily to the aerospace and defence industries.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C R Scott

C L Homewood

D E Child

M J Wellington

(Appointed 1 January 2022)

(Appointed 1 January 2022)

#### Auditor

Haines Watts High Wycombe Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

*Clive Homewood*

.....

C L Homewood

Director

Date: 17 / 04 / 2023  
.....

# **ACTIVE ELECTRONICS PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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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 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 group and company, 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ACTIVE ELECTRONICS PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ACTIVE ELECTRONICS PLC

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#### Opinion

We have audited the financial statements of Active Electronics PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 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.

#### 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 group and parent 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.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



# ACTIVE ELECTRONICS PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ACTIVE ELECTRONICS PLC

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

#### 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### Extent to which the audit was considered capable of detecting irregularities, including fraud

During the audit we identify and assess the risk of material misstatements of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud and error; and to respond appropriately to those risks.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK GAAP, UK corporation tax laws and the Data Protection Act.
- We obtained an understanding of how the group and parent company are complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and noncompliance with laws and regulations.
- We corroborated our enquiries, where possible, through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies and also obtained management representations regarding compliance with applicable laws and regulations.

# ACTIVE ELECTRONICS PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ACTIVE ELECTRONICS PLC

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We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:

- Identifying and assessing the controls, management has in place to prevent and detect fraud, including the existence of supervisory controls;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process including the existence of a monthly management accounts review process;
- Challenging assumptions and judgements made by management in its significant accounting estimates and judgements, (in particular in relation to sales provisions, bad debt provisions and depreciation);
- Identifying and testing journal entries, in particular, journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions. There is always the unavoidable risks that material misstatements in the financial statements may not be detected despite the audit being properly performed in accordance with UK Auditing standards.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. 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.

**Kapil Davda (Senior Statutory Auditor)**

**For and on behalf of Haines Watts High Wycombe Limited**

Date: .....17/04/2023

**Chartered Accountants**

**Statutory Auditor**

Oakingham House  
Frederick Place  
High Wycombe  
Buckinghamshire  
HP11 1JU

# ACTIVE ELECTRONICS PLC

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	12,370,682	10,340,722
Cost of sales		(9,382,196)	(8,039,799)
<b>Gross profit</b>		<b>2,988,486</b>	<b>2,300,923</b>
Distribution costs		(85,426)	(100,116)
Administrative expenses		(2,218,430)	(1,855,997)
Other operating income	3	-	15,252
<b>Operating profit</b>	4	<b>684,630</b>	<b>360,062</b>
Interest receivable and similar income	3	435	61
Interest payable and similar expenses	9	(41,613)	(38,403)
<b>Profit before taxation</b>		<b>643,452</b>	<b>321,720</b>
Tax on profit	10	(119,556)	(67,475)
<b>Profit for the financial year</b>		<b>523,896</b>	<b>254,245</b>

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 27 form part of these financial statements.

# ACTIVE ELECTRONICS PLC

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022 £	2021 £
Profit for the year	523,896	254,245
Other comprehensive income		
Currency translation loss taken to retained earnings	(4,537)	(735)
Total comprehensive income for the year	<u>519,359</u>	<u>253,510</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The notes on pages 15 to 27 form part of these financial statements.

# ACTIVE ELECTRONICS PLC

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		52,347		45,617
<b>Current assets</b>					
Stocks	14	742,385		816,224	
Debtors	15	1,510,948		1,264,221	
Cash at bank and in hand		1,384,450		927,949	
		<u>3,637,783</u>		<u>3,008,394</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,386,931)</u>		<u>(1,670,171)</u>	
<b>Net current assets</b>			<u>1,250,852</u>		<u>1,338,223</u>
<b>Total assets less current liabilities</b>			<u>1,303,199</u>		<u>1,383,840</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(200,000)</u>		<u>(800,000)</u>
<b>Net assets</b>			<u><u>1,103,199</u></u>		<u><u>583,840</u></u>
<b>Capital and reserves</b>					
Called up share capital	20	50,009		50,009	
Profit and loss reserves		1,053,190		533,831	
<b>Total equity</b>			<u><u>1,103,199</u></u>		<u><u>583,840</u></u>

The notes on pages 15 to 27 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 17 / 04 / 2023 and are signed on its behalf by:

*Clive Scott*

C R Scott  
Director

Company registration number 01531348 (England and Wales)

# ACTIVE ELECTRONICS PLC

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		51,642		43,743
Investments	12		1,178		1,178
			<u>52,820</u>		<u>44,921</u>
<b>Current assets</b>					
Stocks	14	740,434		814,447	
Debtors	15	1,543,606		1,278,433	
Cash at bank and in hand		1,375,292		918,952	
		<u>3,659,332</u>		<u>3,011,832</u>	
<b>Creditors: amounts falling due within one year</b>	16	(2,359,004)		(1,663,994)	
<b>Net current assets</b>			<u>1,300,328</u>		<u>1,347,838</u>
<b>Total assets less current liabilities</b>			<u>1,353,148</u>		<u>1,392,759</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(200,000)		(800,000)
<b>Net assets</b>			<u>1,153,148</u>		<u>592,759</u>
<b>Capital and reserves</b>					
Called up share capital	20	50,009		50,009	
Profit and loss reserves		1,103,139		542,750	
<b>Total equity</b>			<u>1,153,148</u>		<u>592,759</u>

The notes on pages 15 to 27 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £560,389 (2021 - £328,728 profit).

The financial statements were approved by the board of directors and authorised for issue on 17 / 04 / 2023 and are signed on its behalf by:

*Clive Scott*

C R Scott  
Director

Company registration number 01531348 (England and Wales)

# ACTIVE ELECTRONICS PLC

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2021</b>	50,009	280,321	330,330
<b>Year ended 31 December 2021:</b>			
Profit for the year	-	254,245	254,245
Other comprehensive income:			
Currency translation differences	-	(735)	(735)
Total comprehensive income for the year	-	253,510	253,510
<b>Balance at 31 December 2021</b>	50,009	533,831	583,840
<b>Year ended 31 December 2022:</b>			
Profit for the year	-	523,896	523,896
Other comprehensive income:			
Currency translation differences	-	(4,537)	(4,537)
Total comprehensive income for the year	-	519,359	519,359
<b>Balance at 31 December 2022</b>	50,009	1,053,190	1,103,199

# ACTIVE ELECTRONICS PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021	50,009	214,022	264,031
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	328,728	328,728
Balance at 31 December 2021	50,009	542,750	592,759
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	560,389	560,389
Balance at 31 December 2022	50,009	1,103,139	1,153,148



# ACTIVE ELECTRONICS PLC

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	549,216		199,398	
Interest paid		(41,613)		(38,403)	
Income taxes paid		(71)		(878)	
<b>Net cash inflow from operating activities</b>		<b>507,532</b>		<b>160,117</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(46,929)		(17,777)	
Interest received		435		61	
<b>Net cash used in investing activities</b>		<b>(46,494)</b>		<b>(17,716)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>461,038</b>		<b>142,401</b>	
Cash and cash equivalents at beginning of year		927,949		786,296	
Effect of foreign exchange rates		(4,537)		(748)	
<b>Cash and cash equivalents at end of year</b>		<b>1,384,450</b>		<b>927,949</b>	

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Active Electronics PLC ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 6, The Valley Centre, Gordon Road, High Wycombe, Buckinghamshire, HP13 6EQ.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company Active Electronics PLC together with all entities controlled by the parent company, its subsidiaries.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	15% - 25% on a straight line basis
Motor vehicles	25% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour cost and attributable overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

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 group after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

#### Stock provision

Judgement is exercised in applying the above accounting policy in respect of stock impairment provisions.

### 3 Turnover and other revenue

	2022	2021
	£	£
Other revenue		
Interest income	435	61
Grants received	-	15,252
	<u>          </u>	<u>          </u>

The analysis of turnover by geographic market has not been disclosed because, in the opinion of the directors, public disclosure of this information would be seriously prejudicial to the interests of the company.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(32,589)	2,653
Depreciation of owned tangible fixed assets	40,199	36,660
Operating lease charges	105,674	131,281

#### 5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	13,900	14,700
<b>For other services</b>		
Taxation compliance services	3,300	3,700

#### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2022 Number	Group 2021 Number
Administration	14	13
Selling	15	14
Total	29	27

Their aggregate remuneration comprised:

	2022 £	Group 2021 £
Wages and salaries	1,345,487	1,111,630
Social security costs	136,706	107,730
Pension costs	144,532	51,246
	1,626,725	1,270,606



# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	315,643	150,092
Company pension contributions to defined contribution schemes	104,706	3,664
	<u>420,349</u>	<u>153,756</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	107,374	95,120
Company pension contributions to defined contribution schemes	99,737	3,664
	<u>207,111</u>	<u>98,784</u>

The directors consider the key management personnel to be the same as the directors. The key management remuneration is therefore the same as the directors' remuneration.

#### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	435	61
	<u>435</u>	<u>61</u>

#### 9 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	7,021	104
Interest payable to group undertakings	34,444	37,675
	<u>41,465</u>	<u>37,779</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	148	624
	<u>148</u>	<u>624</u>
<b>Total finance costs</b>	<u>41,613</u>	<u>38,403</u>

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	119,556	-
Adjustments in respect of prior periods	-	(238)
Total UK current tax	119,556	(238)
Foreign current tax on profits for the current period	-	(10,184)
Total current tax	119,556	(10,422)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	77,897
Total tax charge	119,556	67,475

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	643,452	321,720
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	122,256	61,127
Tax effect of income not taxable in determining taxable profit	(2,700)	(768)
Other tax differences	-	7,116
Taxation charge	119,556	67,475

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11 Tangible fixed assets

Group	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 2022	425,696	76,664	502,360
Additions	46,929	-	46,929
At 31 December 2022	472,625	76,664	549,289
<b>Depreciation and impairment</b>			
At 1 January 2022	395,065	61,678	456,743
Depreciation charged in the year	27,013	13,186	40,199
At 31 December 2022	422,078	74,864	496,942
<b>Carrying amount</b>			
At 31 December 2022	50,547	1,800	52,347
At 31 December 2021	30,631	14,986	45,617
<b>Company</b>	<b>Office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2022	352,496	76,664	429,160
Additions	38,173	-	38,173
At 31 December 2022	390,669	76,664	467,333
<b>Depreciation and impairment</b>			
At 1 January 2022	323,739	61,678	385,417
Depreciation charged in the year	17,088	13,186	30,274
At 31 December 2022	340,827	74,864	415,691
<b>Carrying amount</b>			
At 31 December 2022	49,842	1,800	51,642
At 31 December 2021	28,757	14,986	43,743

#### 12 Fixed asset investments

	Note	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	1,178	1,178

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Genspark Limited	USA	Ordinary shares	100.00
Roe Electronics Limited	UK	Ordinary shares	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Genspark Limited	(49,849)	(36,493)
Roe Electronics Limited	1,078	-

#### 14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Work in progress	30,586	15,664	30,586	15,664
Finished goods and goods for resale	711,799	800,560	709,848	798,783
	<u>742,385</u>	<u>816,224</u>	<u>740,434</u>	<u>814,447</u>

#### 15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,387,935	1,121,950	1,386,090	1,110,614
Corporation tax recoverable	663	-	-	-
Amounts owed by group undertakings	-	-	36,472	33,490
Other debtors	13,136	36,499	13,088	36,376
Prepayments and accrued income	82,510	78,476	81,252	71,249
	<u>1,484,244</u>	<u>1,236,925</u>	<u>1,516,902</u>	<u>1,251,729</u>
Deferred tax asset (note 19)	26,704	27,296	26,704	26,704
	<u>1,510,948</u>	<u>1,264,221</u>	<u>1,543,606</u>	<u>1,278,433</u>

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	1,614,499	983,406	1,587,910	980,316
Amounts owed to parent undertaking	400,000	400,000	400,000	400,000
Amounts owed to group undertakings	-	-	1,078	1,078
Corporation tax payable	119,556	-	119,556	-
Other taxation and social security	77,237	104,414	77,244	104,414
Other creditors	57,255	90,349	57,255	89,382
Accruals and deferred income	118,384	92,002	115,961	88,804
	<u>2,386,931</u>	<u>1,670,171</u>	<u>2,359,004</u>	<u>1,663,994</u>

#### 17 Creditors: amounts falling due after more than one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts owed to parent undertaking	<u>200,000</u>	<u>800,000</u>	<u>200,000</u>	<u>800,000</u>

#### 18 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	<u>1,401,071</u>	<u>1,158,449</u>	<u>1,435,650</u>	<u>1,180,480</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	<u>2,390,138</u>	<u>2,365,757</u>	<u>2,362,204</u>	<u>2,359,580</u>

#### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2022 £	Assets 2021 £
<b>Group</b>		
Decelerated capital allowances	<u>26,704</u>	<u>27,296</u>

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Deferred taxation

(Continued)

Company	Assets 2022 £	Assets 2021 £
Decelerated capital allowances	26,704	26,704
Movements in the year:	Group 2022 £	Company 2022 £
Asset at 1 January 2022	(27,296)	(26,704)
Charge to profit or loss	592	-
Asset at 31 December 2022	(26,704)	(26,704)

### 20 Share capital

Group and company Ordinary share capital Issued and fully paid	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of £1 each	50,009	50,009	50,009	50,009

### 21 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	144,532	51,246

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# ACTIVE ELECTRONICS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 22 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	104,161	113,735	104,161	104,400
Between two and five years	416,138	414,311	416,138	414,311
In over five years	399,416	386,809	399,416	386,809
	<u>919,715</u>	<u>914,855</u>	<u>919,715</u>	<u>905,520</u>

### 23 Controlling party

The parent company is Active Electronics (Holdings) Limited. Mr. C R Scott is considered as the ultimate controlling party, as director and majority shareholder of Active Electronics (Holdings) Limited.

### 24 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	523,896	254,245
<b>Adjustments for:</b>		
Taxation charged	119,556	67,475
Finance costs	41,613	38,403
Investment income	(435)	(61)
Depreciation and impairment of tangible fixed assets	40,199	36,660
<b>Movements in working capital:</b>		
Decrease in stocks	73,839	189,484
(Increase)/decrease in debtors	(246,656)	79,464
Decrease in creditors	(2,796)	(466,272)
<b>Cash generated from operations</b>	<u>549,216</u>	<u>199,398</u>