

ACTIVE ELECTRONICS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ACTIVE ELECTRONICS PLC

COMPANY INFORMATION

Directors	C L Homewood C R Scott M J Wellington (appointed 1 January 2022) D E Child (appointed 1 January 2022)
Registered number	01531348
Registered office	Unit 6 The Valley Centre Gordon Road High Wycombe Buckinghamshire HP13 6EQ
Independent auditors	James Cowper Kreston Chartered Accountants and Statutory Auditors Reading Bridge House George Street Reading Berkshire RG1 8LS
Bankers	Lloyds Bank Plc 27-31 White Hart Street High Wycombe Buckinghamshire HP11 2HL
Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter EX2 5WR

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 - 28

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Business review

As the business continued to operate with the backdrop of the Covid-19 pandemic, it is pleasing to report on another year of significant progress for the business.

The steps we have taken to ensure the long-term sustainable growth of the business continue to bear fruit. This has involved investment in new franchises as well as developing new business partnerships which seek to enhance and complement our existing product ranges. These initiatives have led to much greater visibility of future business as we the business successfully transitions to a higher percentage of project led opportunities. Encouragingly, the order book increased significantly throughout 2021, which subsequently has provided a historical high order backlog for 2022 and beyond.

The market for electronic components has seen disruption for a variety of reasons, such as the Covid-19 pandemic, Brexit disruption to supply chains and shortages in certain key raw materials. The change in strategy outlined above has enabled Active to withstand this and we were able to deliver a further improvement in operating profit to £360,064, up 30% on the prior year.

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 eighth 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 potential for future disruption from national lockdowns and new variants is now well documented and understood. The Directors have taken action to address the impact of the pandemic on the Company, workforce, suppliers and customers it serves. Whilst the Covid-19 pandemic has presented some significant challenges to our business operations, impact on the business has been well managed and so far, has been minimal. The Company will continue to monitor the situation and develop strategies to deal with any future issues as they arise.

The Covid-19 outbreak has 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

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 on its behalf.

.....
C L Homewood

Director

Date: 25 April 2022

ACTIVE ELECTRONICS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

C L Homewood
C R Scott

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Principal activity

The principal activity of the Group is the supply of electronic components, assemblies and kits of components primarily to the aerospace and defence industries.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

ACTIVE ELECTRONICS PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditors

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
C L Homewood

Director

Date: 25 April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVE ELECTRONICS PLC

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 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of 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 of the parent Company's affairs as at 31 December 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 or the 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVE ELECTRONICS PLC (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 set out on page 3, 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 Group's and 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVE ELECTRONICS PLC (CONTINUED)

Auditors' 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 Auditors' 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 Group 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditors

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

3 May 2022

ACTIVE ELECTRONICS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover		10,340,722	10,556,571
Cost of sales		(8,039,799)	(8,355,800)
Gross profit		2,300,923	2,200,771
Distribution costs		(100,116)	(119,241)
Administrative expenses		(1,855,997)	(1,908,133)
Other operating income		15,252	104,454
Operating profit	5	360,062	277,851
Other interest receivable and similar income		61	348
Interest payable and similar charges		(38,403)	(51,365)
Profit before taxation		321,720	226,834
Tax on profit	9	(67,475)	94,025
Profit for the financial year		254,245	320,859
Currency translation differences		(735)	(4,613)
Other comprehensive income for the financial year		(735)	(4,613)
Total comprehensive income for the financial year		253,510	316,246

The notes on pages 14 to 28 form part of these financial statements.

ACTIVE ELECTRONICS PLC
REGISTERED NUMBER: 01531348

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	45,617	64,487
		<u>45,617</u>	<u>64,487</u>
Current assets			
Stocks	13	816,224	1,005,708
Debtors: amounts falling due within one year	14	1,264,221	1,420,466
Cash at bank and in hand	15	927,949	786,296
		<u>3,008,394</u>	<u>3,212,470</u>
Creditors: amounts falling due within one year	16	(1,670,171)	(1,746,627)
Net current assets		<u>1,338,223</u>	<u>1,465,843</u>
Total assets less current liabilities		<u>1,383,840</u>	<u>1,530,330</u>
Creditors: amounts falling due after more than one year	17	(800,000)	(1,200,000)
Provisions for liabilities			
Net assets		<u><u>583,840</u></u>	<u><u>330,330</u></u>
Capital and reserves			
Called up share capital		50,009	50,009
Profit and loss account		533,831	280,321
		<u><u>583,840</u></u>	<u><u>330,330</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

.....
C R Scott

Director

Date: 25 April 2022

The notes on pages 14 to 28 form part of these financial statements.

ACTIVE ELECTRONICS PLC
REGISTERED NUMBER: 01531348

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	43,743	61,667
Investments	12	1,178	1,178
		<u>44,921</u>	<u>62,845</u>
Current assets			
Stocks	13	814,447	1,002,794
Debtors: amounts falling due within one year	14	1,278,433	1,392,822
Cash at bank and in hand	15	918,952	761,073
		<u>3,011,832</u>	<u>3,156,689</u>
Creditors: amounts falling due within one year	16	(1,663,994)	(1,755,503)
Net current assets		<u>1,347,838</u>	<u>1,401,186</u>
Total assets less current liabilities		<u>1,392,759</u>	<u>1,464,031</u>
Creditors: amounts falling due after more than one year	17	(800,000)	(1,200,000)
Net assets excluding pension asset		<u>592,759</u>	<u>264,031</u>
Net assets		<u><u>592,759</u></u>	<u><u>264,031</u></u>
Capital and reserves			
Called up share capital		50,009	50,009
Profit and loss account		542,750	214,022
		<u><u>592,759</u></u>	<u><u>264,031</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

.....
C R Scott

Director

Date: 25 April 2022

The notes on pages 14 to 28 form part of these financial statements.

ACTIVE ELECTRONICS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2021	50,009	280,321	330,330
Comprehensive income for the year			
Profit for the year	-	254,245	254,245
Currency translation differences	-	(735)	(735)
Total comprehensive income for the year	-	253,510	253,510
At 31 December 2021	50,009	533,831	583,840

The notes on pages 14 to 28 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2020	50,009	(35,925)	14,084
Comprehensive income for the year			
Profit for the year	-	320,859	320,859
Currency translation differences	-	(4,613)	(4,613)
Total comprehensive income for the year	-	316,246	316,246
At 31 December 2020	50,009	280,321	330,330

The notes on pages 14 to 28 form part of these financial statements.

ACTIVE ELECTRONICS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2021	50,009	214,022	264,031
Comprehensive income for the year			
Profit for the year	-	328,728	328,728
Total comprehensive income for the year	-	328,728	328,728
At 31 December 2021	50,009	542,750	592,759

The notes on pages 14 to 28 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2020	50,009	(69,688)	(19,679)
Comprehensive income for the year			
Profit for the year	-	283,710	283,710
Total comprehensive income for the year	-	283,710	283,710
At 31 December 2020	50,009	214,022	264,031

The notes on pages 14 to 28 form part of these financial statements.

ACTIVE ELECTRONICS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	254,245	320,859
Adjustments for:		
Depreciation of tangible assets	36,660	43,771
Loss on disposal of tangible assets	-	(2,133)
Interest paid	38,403	51,020
Interest received	(61)	-
Taxation charge	77,897	(93,874)
Decrease/(increase) in stocks	189,484	(292,590)
Decrease in debtors	78,347	395,754
(Decrease)/increase in creditors	(76,456)	44,274
(Decrease) in amounts owed to groups	(400,000)	(400,000)
Foreign exchange	(747)	1,424
Net cash generated from operating activities	197,772	68,505
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,777)	(2,566)
Sale of tangible fixed assets	-	14,458
Interest received	61	-
Net cash from investing activities	(17,716)	11,892
Cash flows from financing activities		
Interest paid	(38,403)	(50,741)
Net cash used in financing activities	(38,403)	(50,741)
Net increase in cash and cash equivalents	141,653	29,656
Cash and cash equivalents at beginning of year	786,296	756,640
Cash and cash equivalents at the end of year	927,949	786,296
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	927,949	786,296
	927,949	786,296

The notes on pages 14 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group accounting policies (see note 2).

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any consideration paid.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the 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 balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.9 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

1.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

1.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. General information

Active Electronics Plc is a Public limited company which was incorporated in England and Wales. The addresss of its registered office and principal place of business is:

Unit 6 The Valley Centre

Gordon Road

High Wycombe

Buckinghamshire

HP13 6EQ

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. 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.

4. Turnover

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.

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	36,660	43,771
Exchange differences	2,653	(5,593)
Operating lease rentals - land and buildings	131,281	151,615
Defined contribution pension cost	<u>51,246</u>	<u>49,418</u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>14,700</u>	<u>14,200</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	<u>3,700</u>	3,600
	<u>3,700</u>	<u>3,600</u>

ACTIVE ELECTRONICS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs including directors remuneration, were as follows:

	2021	2020
	£	£
Wages and salaries	1,111,630	1,145,378
Social security costs	107,730	108,799
Cost of defined contribution scheme	51,246	50,914
	<u>1,270,606</u>	<u>1,305,091</u>

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

	2021	2020
	No.	No.
Administration	13	16
Selling	14	14
	<u>27</u>	<u>30</u>

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	150,092	174,458
Company contribution to defined contribution pension scheme	3,664	7,201
	<u>153,756</u>	<u>181,659</u>

During the year retirement benefits were accruing to 1 directors (2020 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £95,120 (2020 - £91,482).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,664 (2020 - £7,201).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	(238)	248
	<u>(238)</u>	<u>248</u>
Foreign tax		
Foreign tax on income for the year	(10,184)	10,184
Foreign tax in respect of prior periods	-	960
	<u>(10,184)</u>	<u>11,144</u>
Total current tax	<u><u>(10,422)</u></u>	<u><u>11,392</u></u>
Deferred tax		
Origination and reversal of timing differences	77,897	(105,417)
	<u>77,897</u>	<u>(105,417)</u>
Total deferred tax	<u><u>77,897</u></u>	<u><u>(105,417)</u></u>
Taxation on profit/(loss) on ordinary activities	<u><u>67,475</u></u>	<u><u>(94,025)</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>321,720</u>	<u>226,834</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	61,127	43,098
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(768)	(30,652)
Tax losses (utilised)/carried forward	-	(105,762)
Other differences leading to an increase/(decrease) in the tax charge	7,116	(709)
Total tax charge for the year	<u><u>67,475</u></u>	<u><u>(94,025)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £328,728 (2020 - £283,710).

11. Tangible fixed assets**Group**

	Motor vehicles £	Office equipment £	Total £
Cost or valuation			
At 1 January 2021	76,664	407,204	483,868
Additions	-	17,777	17,777
Exchange adjustments	-	715	715
	<hr/>	<hr/>	<hr/>
At 31 December 2021	76,664	425,696	502,360
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2021	42,526	376,855	419,381
Charge for the year	19,152	17,508	36,660
Exchange adjustments	-	702	702
	<hr/>	<hr/>	<hr/>
At 31 December 2021	61,678	395,065	456,743
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	<u>14,986</u>	<u>30,631</u>	<u>45,617</u>
At 31 December 2020	<u>34,138</u>	<u>30,349</u>	<u>64,487</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Tangible fixed assets (continued)

Company

	Motor vehicles	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2021	76,664	334,952	411,616
Additions	-	17,544	17,544
	<hr/>	<hr/>	<hr/>
At 31 December 2021	76,664	352,496	429,160
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2021	42,526	307,423	349,949
Charge for the year	19,152	16,316	35,468
	<hr/>	<hr/>	<hr/>
At 31 December 2021	61,678	323,739	385,417
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2021	<u>14,986</u>	<u>28,757</u>	<u>43,743</u>
At 31 December 2020	<u>34,138</u>	<u>27,529</u>	<u>61,667</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Fixed asset investments

Company

Investments in
subsidiary
companies
£

Cost or valuation

At 1 January 2021

1,178

At 31 December 2021

1,178

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Genspark Limited	USA	Ordinary Shares	100 %
Roe Electronics Limited	U.K	Ordinary Shares	100 %

13. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Work in progress (goods to be sold)	15,664	153,587	15,664	153,587
Finished goods and goods for resale	800,560	852,121	798,783	849,207
	<u>816,224</u>	<u>1,005,708</u>	<u>814,447</u>	<u>1,002,794</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	1,121,950	1,199,024	1,110,614	1,198,799
Amounts owed by group undertakings	-	-	33,490	-
Other debtors	36,499	36,922	36,376	14,625
Prepayments and accrued income	78,476	80,443	71,249	74,675
Deferred taxation	27,296	104,077	26,704	104,723
	<u>1,264,221</u>	<u>1,420,466</u>	<u>1,278,433</u>	<u>1,392,822</u>

15. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	927,949	786,296	918,952	761,073
	<u>927,949</u>	<u>786,296</u>	<u>918,952</u>	<u>761,073</u>

16. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	983,406	954,236	980,316	920,157
Amounts owed to group undertakings	400,000	400,000	401,078	450,522
Corporation tax	-	10,184	-	10,184
Other taxation and social security	104,414	195,028	104,414	195,028
Other creditors	90,349	90,826	89,382	89,381
Accruals and deferred income	92,002	96,353	88,804	90,231
	<u>1,670,171</u>	<u>1,746,627</u>	<u>1,663,994</u>	<u>1,755,503</u>

17. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed to group undertakings	800,000	1,200,000	800,000	1,200,000
	<u>800,000</u>	<u>1,200,000</u>	<u>800,000</u>	<u>1,200,000</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Cash and cash equivalents	927,949	786,296	918,952	761,073
Loans and receivables measured at amortised cost	1,158,449	1,235,946	1,180,480	1,213,424
	<u>2,086,398</u>	<u>2,022,242</u>	<u>2,099,432</u>	<u>1,974,497</u>
Financial liabilities				
Loans and payables measured at amortised cost	<u>(2,365,757)</u>	<u>(2,741,415)</u>	<u>(2,365,757)</u>	<u>(2,741,415)</u>

19. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	104,077	(1,427)
Charged to profit or loss	(76,781)	105,504
At end of year	<u>27,296</u>	<u>104,077</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Deferred taxation (continued)

Company

	2021 £	2020 £
At beginning of year	104,723	(781)
Charged to profit or loss	(78,019)	105,504
At end of year	26,704	104,723

The deferred tax asset is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
At beginning of year	8,541	4,689	8,541	4,689
Charged to profit or loss	18,755	99,388	18,163	100,034
	27,296	104,077	26,704	104,723

20. Pension commitments

The group operates a defined contribution 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.

21. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	113,735	122,570	104,400	93,834
Later than 1 year and not later than 5 years	414,311	247	414,311	247
Later than 5 years	386,809	-	386,809	-
	914,855	122,817	905,520	94,081

22. 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 FRS 102 not to disclose transactions between group entities.

ACTIVE ELECTRONICS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Ultimate Controlling party

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.