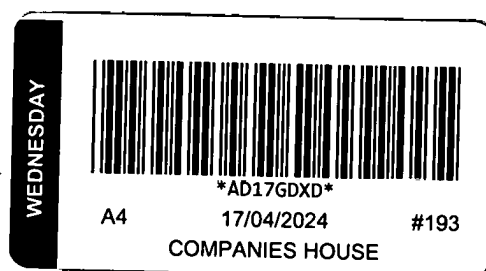


Company registration number 01531348 (England and Wales)

ACTIVE ELECTRONICS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



ACTIVE ELECTRONICS PLC

COMPANY INFORMATION

Directors	C R Scott C L Homewood D E Child M J Wellington
Company number	01531348
Registered office	Unit 6 The Valley Centre Gordon Road High Wycombe Buckinghamshire HP13 6EQ
Auditor	Haines Watts High Wycombe Limited Oakingham House Frederick Place High Wycombe Buckinghamshire HP11 1JU

ACTIVE ELECTRONICS PLC

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ACTIVE ELECTRONICS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Business review

I am pleased to report on another year of significant progress for the business.

The markets in which we operate have shown resilience compared to the overall economy and the steps we have taken over recent years to improve our market position have resulted in a successful year with a 36% growth in sales.

As was the case in 2022, the macro-economic environment of inflationary pressures, high fuel prices and high 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 strength of Active Electronics is very much built on long term strategic relationships with our customers and supply partners as well as a well embedded culture of continual improvement. This approach has served the business well and means that we have good order book visibility and confidence going into 2024.

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 2023 we achieved an operating profit of £1,067,008.

As in the previous year, our 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 tenth 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 2023

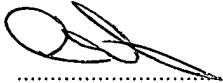
Other key performance indicators

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.

On behalf of the board



C L Homewood
Director

Date: 16/4/2024

ACTIVE ELECTRONICS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

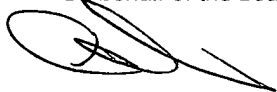
Auditor

In accordance with the company's articles, a resolution proposing that Haines Watts High Wycombe Limited be reappointed as auditor of the group 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



C L Homewood
Director

Date: 16/4/2024

ACTIVE ELECTRONICS PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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 2023 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 2023 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

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

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: 16/04/2024

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 2023

	Notes	2023 £	2022 £
Turnover	3	16,855,169	12,370,681
Cost of sales		(13,183,515)	(9,382,196)
Gross profit		3,671,654	2,988,485
Distribution costs		(107,811)	(85,426)
Administrative expenses		(2,496,835)	(2,218,429)
Operating profit	4	1,067,008	684,630
Interest receivable and similar income	3	18,474	435
Interest payable and similar expenses	9	(28,315)	(41,613)
Profit before taxation		1,057,167	643,452
Tax on profit	10	(259,657)	(119,556)
Profit for the financial year		797,510	523,896

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 2023

	2023 £	2022 £
Profit for the year	797,510	523,896
Other comprehensive income		
Currency translation gain/(loss) taken to retained earnings	3,594	(4,537)
Total comprehensive income for the year	<u>801,104</u>	<u>519,359</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

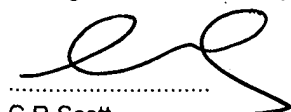
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	11		78,675		52,347
Current assets					
Stocks	14	659,287		742,385	
Debtors	15	1,719,556		1,510,948	
Cash at bank and in hand		1,483,263		1,384,450	
		3,862,106		3,637,783	
Creditors: amounts falling due within one year	16	(1,967,462)		(2,325,919)	
Net current assets			1,894,644		1,311,864
Total assets less current liabilities			1,973,319		1,364,211
Creditors: amounts falling due after more than one year	17		-		(200,000)
Provisions for liabilities					
Dilapidations provision	19	69,016		61,012	
			(69,016)		(61,012)
Net assets			1,904,303		1,103,199
Capital and reserves					
Called up share capital	21		50,009		50,009
Profit and loss reserves			1,854,294		1,053,190
Total equity			1,904,303		1,103,199

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 16 April 2024 and are signed on its behalf by:



C R Scott
Director

Company registration number 01531348 (England and Wales)

ACTIVE ELECTRONICS PLC

COMPANY BALANCE SHEET

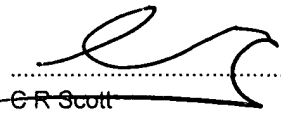
AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	11		78,584		51,642
Investments	12		1,178		1,178
			<u>79,762</u>		<u>52,820</u>
Current assets					
Stocks	14	657,441		740,434	
Debtors	15	1,820,029		1,543,606	
Cash at bank and in hand		1,473,082		1,375,292	
		<u>3,950,552</u>		<u>3,659,332</u>	
Creditors: amounts falling due within one year	16	(1,964,414)		(2,297,992)	
Net current assets			<u>1,986,138</u>		<u>1,361,340</u>
Total assets less current liabilities			<u>2,065,900</u>		<u>1,414,160</u>
Creditors: amounts falling due after more than one year	17		-		(200,000)
Provisions for liabilities					
Dilapidations provision	19	69,016		61,012	
		<u>(69,016)</u>		<u>(61,012)</u>	
Net assets			<u>1,996,884</u>		<u>1,153,148</u>
Capital and reserves					
Called up share capital	21	50,009		50,009	
Profit and loss reserves		1,946,875		1,103,139	
Total equity			<u>1,996,884</u>		<u>1,153,148</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 £843,736 (2022 - £560,389 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 April 2024 and are signed on its behalf by:


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 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2022	50,009	533,831	583,840
Year ended 31 December 2022:			
Profit for the year	-	523,896	523,896
Other comprehensive income:			
Currency translation differences	-	(4,537)	(4,537)
Total comprehensive income	-	519,359	519,359
Balance at 31 December 2022	50,009	1,053,190	1,103,199
Year ended 31 December 2023:			
Profit for the year	-	797,510	797,510
Other comprehensive income:			
Currency translation differences	-	3,594	3,594
Total comprehensive income	-	801,104	801,104
Balance at 31 December 2023	50,009	1,854,294	1,904,303

ACTIVE ELECTRONICS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2022	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
Year ended 31 December 2023:			
Profit and total comprehensive income	-	843,736	843,736
Balance at 31 December 2023	50,009	1,946,875	1,996,884

ACTIVE ELECTRONICS PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	25	273,868		549,216	
Interest paid		(28,315)		(41,613)	
Income taxes paid		(119,520)		(71)	
Net cash inflow from operating activities		126,033		507,532	
Investing activities					
Purchase of tangible fixed assets		(49,299)		(46,929)	
Interest received		18,474		435	
Net cash used in investing activities		(30,825)		(46,494)	
Net increase in cash and cash equivalents		95,208		461,038	
Cash and cash equivalents at beginning of year		1,384,450		927,949	
Effect of foreign exchange rates		3,605		(4,537)	
Cash and cash equivalents at end of year		1,483,263		1,384,450	

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023. 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.

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 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.

1.15 Retirement benefits

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

1.16 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.

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Note	2023 £	2022 £
Other revenue			
Interest income	8	18,474	435
Commissions received		29,507	-
		<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.

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	43,454	(32,589)
Depreciation of owned tangible fixed assets	22,960	40,199
Operating lease charges	103,149	105,674
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14,450	13,900
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	3,450	3,300
	<u> </u>	<u> </u>

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Employees

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

	2023 Number	Group 2022 Number
Administration	16	14
Selling	15	15
Total	31	29

Their aggregate remuneration comprised:

	2023 £	Group 2022 £
Wages and salaries	1,562,539	1,345,487
Social security costs	164,742	136,706
Pension costs	84,729	144,532
	1,812,010	1,626,725

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	525,684	315,643
Company pension contributions to defined contribution schemes	35,542	104,706
	561,226	420,349

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2022 - 1).

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

	2023 £	2022 £
Remuneration for qualifying services	237,822	107,374
Company pension contributions to defined contribution schemes	30,173	99,737

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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	14,549	435
Other interest income	3,925	-
Total income	18,474	435

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	854	7,021
Interest payable to group undertakings	27,461	34,444
	28,315	41,465
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	148
Total finance costs	28,315	41,613

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	259,657	119,556

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:

	2023 £	2022 £
Profit before taxation	1,057,167	643,452
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	264,292	122,256
Tax effect of income not taxable in determining taxable profit	(4,635)	(2,700)
Taxation charge	259,657	119,556

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

Group	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2023	472,625	76,664	549,289
Additions	24,005	25,294	49,299
Disposals	-	(20,995)	(20,995)
Exchange adjustments	(4,376)	-	(4,376)
At 31 December 2023	492,254	80,963	573,217
Depreciation and impairment			
At 1 January 2023	422,078	74,864	496,942
Depreciation charged in the year	20,105	2,855	22,960
Eliminated in respect of disposals	-	(20,995)	(20,995)
Exchange adjustments	(4,365)	-	(4,365)
At 31 December 2023	437,818	56,724	494,542
Carrying amount			
At 31 December 2023	54,436	24,239	78,675
At 31 December 2022	50,547	1,800	52,347
Company			
	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2023	390,669	76,664	467,333
Additions	24,005	25,294	49,299
Disposals	-	(20,995)	(20,995)
At 31 December 2023	414,674	80,963	495,637
Depreciation and impairment			
At 1 January 2023	340,827	74,864	415,691
Depreciation charged in the year	19,502	2,855	22,357
Eliminated in respect of disposals	-	(20,995)	(20,995)
At 31 December 2023	360,329	56,724	417,053
Carrying amount			
At 31 December 2023	54,345	24,239	78,584
At 31 December 2022	49,842	1,800	51,642

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Fixed asset investments

	Note	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	13	-	-	1,178	1,178

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 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
Active Electronics Pty Ltd	Australia	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	(92,807)	(46,492)
Roe Electronics Limited	1,078	-
Active Electronics Pty Ltd	326	266

Active Electronics Pty Ltd was incorporated on 22 May 2023. The company is a 100% owned subsidiary with registered address 8 Baulah Road, Norwood, SA 5067, Australia.

14 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Work in progress	48,887	30,586	48,887	30,586
Finished goods and goods for resale	610,400	711,799	608,554	709,848
	<u>659,287</u>	<u>742,385</u>	<u>657,441</u>	<u>740,434</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	1,489,909	1,387,935	1,489,636	1,386,090
Corporation tax recoverable	627	663	-	-
Amounts owed by group undertakings	-	-	105,518	36,472
Other debtors	106,666	13,136	106,504	13,088
Prepayments and accrued income	95,650	82,510	91,667	81,252
	<u>1,692,852</u>	<u>1,484,244</u>	<u>1,793,325</u>	<u>1,516,902</u>
Deferred tax asset (note 20)	26,704	26,704	26,704	26,704
	<u>1,719,556</u>	<u>1,510,948</u>	<u>1,820,029</u>	<u>1,543,606</u>

16 Creditors: amounts falling due within one year

	Group 2023 £	2022 £	Company 2023 £	2022 £
Trade creditors	1,159,135	1,614,499	1,157,916	1,587,910
Amounts owed to parent undertaking	-	400,000	-	400,000
Amounts owed to group undertakings	-	-	-	1,078
Corporation tax payable	259,657	119,556	259,657	119,556
Other taxation and social security	136,270	77,237	136,293	77,244
Other creditors	191,146	57,255	191,663	57,255
Accruals and deferred income	221,254	57,372	218,885	54,949
	<u>1,967,462</u>	<u>2,325,919</u>	<u>1,964,414</u>	<u>2,297,992</u>

17 Creditors: amounts falling due after more than one year

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts owed to parent undertaking	-	200,000	-	200,000
	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>

18 Financial instruments

	Group 2023 £	2022 £	Company 2023 £	2022 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,596,575</u>	<u>1,401,071</u>	<u>1,701,658</u>	<u>1,435,650</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>1,571,535</u>	<u>2,329,126</u>	<u>1,568,464</u>	<u>2,301,192</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

19 Provisions for liabilities

	Group 2023 £	2022 £	Company 2023 £	2022 £
	69,016	61,012	69,016	61,012
	<u>69,016</u>	<u>61,012</u>	<u>69,016</u>	<u>61,012</u>

Movements on provisions:

Group	£
At 1 January 2023	61,012
Additional provisions in the year	8,004
	<u>69,016</u>
At 31 December 2023	<u>69,016</u>

Company	£
At 1 January 2023	61,012
Additional provisions in the year	8,004
	<u>69,016</u>
At 31 December 2023	<u>69,016</u>

20 Deferred taxation

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

	Assets 2023 £	Assets 2022 £
Group		
Decelerated capital allowances	26,704	26,704
	<u>26,704</u>	<u>26,704</u>
	Assets 2023 £	Assets 2022 £
Company		
Decelerated capital allowances	26,704	26,704
	<u>26,704</u>	<u>26,704</u>

There were no deferred tax movements in the year.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

21 Share capital

Group and company Ordinary share capital Issued and fully paid	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of £1 each	50,009	50,009	50,009	50,009

22 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	84,729	144,532

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.

23 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 2023 £	2022 £	Company 2023 £	2022 £
Within one year	104,161	104,161	104,161	104,161
Between two and five years	414,873	416,138	414,873	416,138
In over five years	283,660	399,416	283,660	399,416
	802,694	919,715	802,694	919,715

24 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.

ACTIVE ELECTRONICS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

25 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	797,510	523,896
Adjustments for:		
Taxation charged	259,657	119,556
Finance costs	28,315	41,613
Investment income	(18,474)	(435)
Depreciation and impairment of tangible fixed assets	22,960	40,199
Increase in provisions	8,004	61,012
Movements in working capital:		
Decrease in stocks	83,098	73,839
Increase in debtors	(208,644)	(246,656)
Decrease in creditors	(698,558)	(63,808)
Cash generated from operations	<u>273,868</u>	<u>549,216</u>